



SHAE SORTWELL

STATE REPRESENTATIVE • 2nd ASSEMBLY DISTRICT

Hearing Testimony
Assembly Committee on Colleges and Universities
March 8, 2022
Assembly Bill 1057

Representative Murphy and members of the Assembly Committee on Colleges and Universities – thank you for giving me the opportunity to speak on Assembly Bill 1057, relating to permissible financial aid reductions in higher education.

Assembly Bill 1057 addresses the unfair practice of scholarship displacement, which is the situation where a student has their college financial aid package reduced due to receiving a private scholarship.

A constituent of mine, from whom you will receive written testimony, noted to me that his daughter had received a private scholarship from her rotary club for academic achievement. Instead of truly being rewarded for her achievements, her academic institution, UW-Madison, decided to penalize her due to her success at the school by reducing her financial aid package by the amount of her private scholarship.

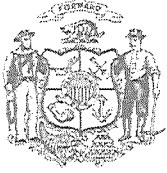
Responses akin to UW-Madison's punish those making the effort to earn outside scholarships, disincentivize academic success, place a further burden on the student to pay off their debt, and discourage donors from giving to private scholarship programs.

Unfortunately, this intelligent young lady is not the only person to face this situation. According to a 2021 survey by Student Beans, 50% of U.S. college students who earned a private scholarship experienced scholarship displacement.

Legislation to address this practice was led by Maryland in 2017, the first state to sign it into law, which this bill is modeled after.

Assembly Bill 1057 would ban the practice of scholarship displacement by the UW system and tech colleges with a few exceptions, ensuring Wisconsin students get rewarded for their success.

I want to thank the committee for your time and consideration. I am happy to answer any questions members of the committee may have.



ANDRÉ JACQUE

STATE SENATOR • 1ST SENATE DISTRICT

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*Testimony before the Assembly Committee on Colleges and Universities
State Senator André Jacque
March 8, 2022*

Chair Murphy and Members of the Assembly Committee on Colleges and Universities,

Thank you for the opportunity to testify before you today on Assembly Bill 1057, relating to permissible financial aid reductions in higher education.

This proposal addresses the unfair practice of scholarship displacement, which is the situation where a student has their college financial aid package reduced due to receiving a private scholarship.

A constituent of mine noted to me that she had received a private scholarship from her rotary club for academic achievement. Instead of truly being rewarded for her achievements, her academic institution, UW-Madison, decided to penalize her due to her success at the school by reducing her financial aid package by the amount of her private scholarship. Not only is the response from UW-Madison unethical, but it disincentivizes academic success and places a further burden on the student to pay off their debt.

Unfortunately, this intelligent young lady is not the only person to face this situation. According to a survey by Student Beans, 50% of U.S. college students who receive private scholarships experience scholarship displacement.

Legislation to address this practice has been tackled by four states, including Maryland (the first state to ban it in 2017), of which this legislation is modeled after.

Assembly Bill 1057 would ban the practice of scholarship displacement by the UW System and technical colleges with a few exceptions, ensuring Wisconsin students get rewarded for their success.

Thank you for your consideration of AB 1057.



WISCONSIN
UNIVERSITY OF WISCONSIN-MADISON

Assembly Committee on Colleges & Universities

2021 Assembly Bill 1057

Relating to permissible financial aid reductions in higher education.

March 8, 2022

Chairman Murphy and members of the Assembly Committee on Colleges & Universities:

My name is Helen Faith, and I am the Director of the Office of Student Financial Aid at the University of Wisconsin–Madison. At UW–Madison, I am responsible for overseeing the office that advises students on their financial aid options, administers university aid programs including Bucky’s Tuition Promise and Badger Promise, and provides emergency and basic needs support to students at the university. Thank you to the committee for the opportunity to provide testimony on Assembly Bill 1057, relating to permissible financial aid reductions in higher education.

The University of Wisconsin–Madison strives to make higher education affordable for all students. One way we do this is by providing financial aid to those who demonstrate a need in order to attend college. Financial aid includes federal student loans, scholarships, grants, work programs or other gift aid.

Recently, the UW has pioneered programs aimed at giving students from low-income families a post-secondary education with little or no debt after graduation. These programs include Bucky’s Tuition Promise and Badger Promise, both of which provide Wisconsin students a period of tuition-free education so that they can complete their degrees. The financial aid process can be a confusing process for families. Eligibility for these programs is also simple and clear: for Bucky’s Tuition Promise, Wisconsin residents from families who have a household income of \$60,000 or less who are admitted to UW-Madison are guaranteed four years of tuition and fees. There are now almost 3,500 UW-Madison receiving a tuition-free education through Bucky’s Tuition Promise, which represents roughly one in five in-state students. Bucky’s Tuition Promise recipients represent 63 of 72 counties for fall 2021. The median household income is \$33, 886. For Badger Promise, first-generation Wisconsin transfer students from many of our public 2-year institutions receive a year of study at UW-Madison tuition-free and two years if they are in a low-income household. These programs have proven very successful at reducing student debt and increasing graduation rates for students from low-income families, and we intend to keep these operating well into the future.

Assembly Bill 1057 would prohibit the reduction of institutional gift aid, or aid that is not from a loan or work-study program, below a student’s financial need when a student receives private scholarships. We believe that the bill would limit the university’s ability to best use its limited resources to maximize student financial aid efforts. By design, programs like Bucky’s Tuition Promise have a “last-dollar” structure where UW-Madison covers the gap between scholarships and the cost of tuition and fees with institutional aid. Both private

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scholarship providers and institutions providing need-based grant aid share the goal of making college more affordable and are both demonstrating this commitment with funding. Institutions impacted by this bill and laws like it around the country are those that provide significant institutional funds to students with financial need, like we do at UW–Madison. Institutions of higher education are attempting to fill need gaps through the careful allocation of often scarce resources, and we should encourage more schools to commit to affordability through the provision of institutional aid like Bucky’s Tuition Promise and our other gift aid programs. We worry that this bill and others like it will have a chilling effect on such efforts, which runs counter to the intent of both scholarship providers and financial aid offices.

Thank you for the opportunity to testify on the impact this legislation would have on UW–Madison. I’m happy to answer questions from committee members at this time.

Bucky's Tuition Promise

A commitment to Wisconsin students.

Introduced in February 2018, Bucky's Tuition Promise guarantees scholarships and grants to pay for tuition and segregated fees for students whose household adjusted gross income (AGI) is \$60,000 or less. The program also simplifies the financial aid process, giving families clear, easy-to-follow information about what they can expect from us.

There are now almost 3,500 UW-Madison students receiving free tuition through Bucky's Tuition Promise. The first full class of recipients will graduate spring 2022.

ELIGIBILITY REQUIREMENTS:

- 1) Wisconsin Resident
- 2) Incoming Freshman or Transfer Student
- 3) Household Adjusted Gross Income of \$60,000 or less

BENEFITS:

Free tuition and segregated fees for four years for freshman and two years for transfer students

A COMMITMENT TO WISCONSIN STUDENTS

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5 Roughly one in five UW-Madison incoming in-state students benefit from Bucky's Tuition Promise, bringing an education at Wisconsin's flagship university into reach for more outstanding students.

Bucky's Tuition Promise Facts and Figures (2021-22)

961 New freshmen & transfer students covered under the program

96% Wisconsin counties represented by the newest Bucky's Tuition Promise students (63 of 72)

21% of new recipients are from small towns and rural communities*

81% of new Bucky's Tuition Promise students are first-generation

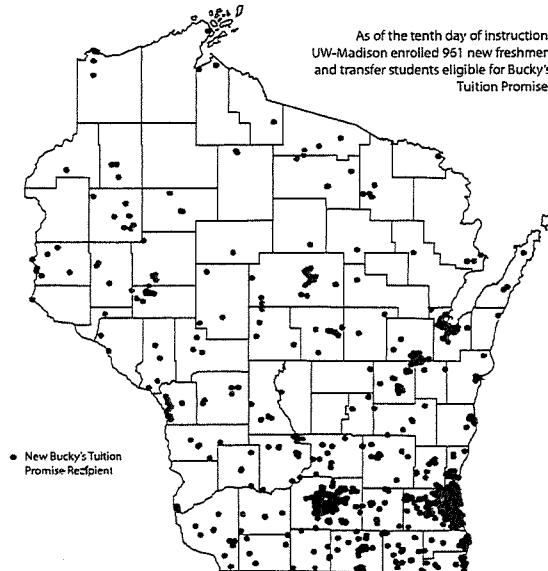
19% of new Bucky's Tuition Promise students are transfer students

\$33,886 Median household income of students

HOW STUDENTS APPLY

Funds are awarded automatically to eligible students who have completed the Free Application for Federal Student Aid (FAFSA). There is no separate application; the Office of Student Financial Aid simply notifies eligible students.

Fall 2021 New Bucky's Tuition Promise Recipients



Source: InfoAccess Data Warehouse and records maintained by the Office of Admissions and Recruitment. Student locations are based on home address at the time of application and geocoded using Bing Maps API. Addresses that could not be reliably geocoded are excluded. WI counties provided by the state Department of Natural Resources.



“UW-Madison was always my dream school; I didn't think I'd be able to afford it. Bucky's Tuition Promise made it happen.”

Jonah Dixon, Milwaukee



“With Bucky's Tuition Promise, I realize I have a chance to be a student now, and that's especially important as a first-generation student. After I get my bachelor's degree, I really hope I can start helping other people. That's why I want this education.”

Samantha Bullard, Rhinelander



Visit go.wisc.edu/tuitionpromise for additional information.

*Based on a state classification of high schools that is only available for freshmen students who attended public schools. Transfer students and students who attended private schools have been excluded to get this rate.

Kevin A. Bauer
5542 Sportsman Drive
De Pere, WI 54115

RE: Assembly Bill 1057

07 March 2022

Dear Representatives,

I am writing today in support of Assembly Bill 1057 that has been drafted to address what I feel is an unfair and underhanded practice of scholarship displacement within the University of Wisconsin system. Scholarship displacement is when the receipt of private scholarships leads to a reduction in other forms of financial aid to the student. In our case, My Daughter Hannah was awarded a \$2500 scholarship from our local Rotary Club, based on not only her academic success, but also for her work in the community.

The scholarship was to be paid in 2 installments of \$1250 each of her first two semesters. The check from the Rotary Club for the first semester was made payable directly to UW, and was submitted to the bursar and was cashed. However when it was applied to her account, there was a subsequent adjustment of the same amount to her other need based financial aid. In light of that action, we have asked the Rotary Club to withhold the second half of the payment until such time as this policy can be changed, and hopefully might provide actual benefit to the student they selected to reward.

We find this practice to be fundamentally unfair to students that work hard in their high school careers, and are rewarded by their communities only to have that reward taken away by the university. This practice is a disincentive to hard working students, and is also unfair to the groups that raise the funds to award the students only to have those funds redistributed to the system at large. The Rotary Club of De Pere was unaware of this practice within the UW system.

I thank you for your time and consideration of this matter, and hope that you will work to move AB 1057 forward to be passed and signed into law. If you have additional questions of me, feel free to reach out by phone 920-309-1436 or e-mail kevin@re-serve.com.

Yours sincerely,

Kevin A. Bauer

C. David Stellpflug
1988 Tyler Lane
De Pere, WI 54115

RE: Assembly Bill 1057

March 8, 2022

Dear Representatives,

This is in support of Assembly Bill 1057 which is intended to stop the practice of scholarship displacement within the University of Wisconsin system.

I am Executive Director of the De Pere Rotary Club Foundation, a small foundation formed by members of the De Pere Rotary Club in 1969 for the purpose of providing financial aid in the form of scholarships to graduating high school seniors who reside within the boundaries of the De Pere school districts. This is probably not unlike service clubs in your own communities who provide scholarships to local students.

Our scholarship funds are raised largely through contributions from club members who donate with the understanding that the funds will be used to award scholarships to local students. In addition, fundraising in the De Pere community is done with the representation that the funds raised will be used to award scholarships to local students.

Local guidance counselors help select our scholarship recipients by prescreening prospective applicants. Our Club has a committee of four people interview the applicants and make our final selections based on 5 criteria. Finally, we host a scholarship dinner where we honor the students and try to make it a nice evening for the students and their parents. Again, this is probably not unlike what happens in your local community.

With this background, I was dismayed and disappointed to find out that despite our requirement of local residency, in the face of local fundraising and a rigorous local selection process, the scholarship we award to a local student can be of no benefit to them, but rather, be displaced for the benefit a student from anywhere who we had no role in selecting. This result is simply not right. I personally find it offensive.

I hope that you will work to end the practice of scholarship displacement by supporting AB 1057. If you have any questions, please call me at 920-621-3370 or email me at dave.stellpflug@gmail.com.

Sincerely,


C. David Stellpflug