



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #391

### Wisconsin Covenant Scholars Grants (HEAB)

[LFB 2015-17 Budget Summary: Page 250, #1 and 251, #3]

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#### CURRENT LAW

Students who signed the Wisconsin Covenant pledge as eighth graders and successfully complete the pledge as high school seniors are eligible to receive Wisconsin Covenant Scholars grants while enrolled in UW institutions, technical colleges, private nonprofit colleges and universities, and tribal colleges located in this state. The first class of Wisconsin Covenant Scholars enrolled in postsecondary education and received Wisconsin Covenant Scholars grants during the 2011-12 academic year. Grants range from \$125 to \$1,500 and are based on the student's financial need and enrollment status. Base level funding for the Wisconsin Covenant Scholars grant program is \$12,170,000.

Under 2011 Act 32, no student may sign the Wisconsin Covenant Scholars pledge after September 30, 2011. The last class of Wisconsin Covenant Scholars will enroll in higher education in fall, 2015, and the last Wisconsin Covenant Scholars grants will be awarded to those students during the 2019-20 academic year.

#### GOVERNOR

Provide \$3,000,000 in 2015-16 and \$4,000,000 in 2014-15 for the Wisconsin Covenant Scholars grant program. Total program funding would be \$15,170,000 in 2015-16 and \$16,170,000 in 2016-17. In addition, delete 1.0 grants specialist project position related to the Wisconsin Covenant Scholars grant program beginning on July 1, 2015.

## DISCUSSION POINTS

1. Table 1 shows the number of students who received Wisconsin Covenant Scholars grants and the total amount of those grants in 2011-12, 2012-13, and 2013-14. The total amount of grants awarded in 2014-15 is estimated based on grants awarded through April 1, 2015.

**TABLE 1**

### **Wisconsin Covenant Scholars Grants**

	<u>Grant Recipients</u>	<u>Total Grants</u>
2011-12	5,093	\$3,650,800
2012-13	9,091	6,574,000
2013-14	12,569	9,001,500
2014-15*	15,866	11,400,000

\*Estimated.

2. Wisconsin Covenant Scholars grant expenditures are anticipated to increase in 2015-16 when the last class of eligible students enrolls in higher education. This is due in part to the large number of students who signed up for the program as eighth graders in 2011. In that year, 20,139 students signed the pledge which was 1,884 more students than signed the pledge in 2010. Based on a completion rate of approximately 30%, it is estimated that 6,042 students may receive Wisconsin Covenant Scholars grants as first-year students in 2015-16 while only 4,931 first-year students received grants in 2014-15.

3. In addition, students who are designated as Wisconsin Covenant Scholars are eligible to receive grants for up to eight semesters during the first five years after high school graduation. Wisconsin Covenant Scholars who first enrolled in higher education in 2011-12 and have been continuously enrolled since that time will have exhausted their eligibility for grants at the end of the current academic year. However, students who did not enroll in one or more semesters since first enrolling in fall, 2011, will be eligible to receive one or two more semesters of funding. For the purpose of estimating program expenditures in 2015-16 and 2016-17, it is assumed that 45% of Wisconsin Covenant Scholars who do not exhaust their eligibility for grants during the first four years following high school graduation will receive in grants in the fifth year. This implies that the other 55% of Wisconsin Covenant Scholars who do not exhaust their eligibility for grants during the first four years will not receive grants either because they are not enrolled in higher education or because they are not enrolled in a UW institution, Wisconsin technical college, or a private, nonprofit or tribal college or university located in this state.

4. Table 2 shows Wisconsin Covenant Scholars grants recipients by high school graduation class for 2013-14 and 2014-15 and estimated for 2015-16 and 2016-17. The number of recipients in 2015-16 and 2016-17 were estimated based on the number of students who signed the pledge in 2011, the number of pledge signers who have been designated as scholars in previous years, and prior year retention rates. As noted above, it is assumed that 45% of Wisconsin

Covenant Scholars who graduated from high school in 2011 and have not exhausted their eligibility for grants in the current year will receive grants in 2015-16. Similarly it is assumed that 45% of Wisconsin Covenant Scholars who graduated from high school in 2012 and have not exhausted their eligibility for grants in 2015-16 will receive grants in 2016-17.

**TABLE 2**

**Wisconsin Covenant Scholars Grant Recipients by High School Graduating Class in 2013-14 and 2014-15 and Estimated for 2015-16 and 2016-17**

High School Graduating Class	2013-14	2014-15*	Estimates	
			2015-16	2016-17
Class of 2011	3,948	3,551	694	0
Class of 2012	4,121	3,634	3,327	651
Class of 2013	4,500	3,750	3,456	3,137
Class of 2014		4,931	4,181	3,787
Class of 2015			<u>6,042</u>	<u>5,123</u>
Total Awards	<u>12,569</u>	<u>15,866</u>	17,701	12,698
Total Expenditures	\$9,001,526	\$11,400,000	\$12,720,000	\$9,130,000
Average Award	\$716	\$719	\$719	\$719

\*Total expenditures and average award is estimated based on the number of recipients, average awards in previous years, and expenditures through April 1, 2015.

5. Table 2 also shows total expenditures for the Wisconsin Covenant Scholars grant program in 2013-14 and estimated program expenditures for 2014-15, 2015-16, and 2016-17. As shown in the table, program expenditures are estimated to be \$12,720,000 in 2015-16 and \$9,130,000 in 2016-17, or \$2,450,000 less than provided in the Governor's budget bill in 2015-16 and \$7,040,000 less in 2016-17. Because Wisconsin Covenant Scholars grant program expenditures are estimated to be less than the amount provided in the Governor's budget bill, the Committee could reduce the funding for the program by \$2,450,000 in 2015-16 and by \$7,040,000 in 2016-17.

6. In its budget request, HEAB requested that the Wisconsin Covenant grants specialist position be converted from a project position to a permanent position and that \$53,200 GPR be added to the agency's base budget to fund that position. Under the Governor's budget bill, this position would be eliminated. Although no new students would be eligible for the Wisconsin Covenant Scholars program after 2015-16, students designated as Wisconsin Covenant Scholars would remain eligible for grants through the 2019-20 academic year. For this reason, the Committee may wish to authorize the Wisconsin Covenant grants specialist project position for an additional two years.

7. Under another provision of the Governor's budget bill, the authority to enter into a student reciprocity agreement with the state of Minnesota, as well as the responsibility for administering that agreement, would be transferred from HEAB to the proposed UW System Authority on July 1, 2016. Although the transfer of the reciprocity agreement would reduce

HEAB's workload, the Governor's budget would not delete any positions related to the proposed transfer. If the transfer of the reciprocity agreement is approved, it could be possible for the grants specialist who is currently responsible for administering that agreement to assume the responsibilities of the grant specialist who is currently responsible for the administration of the Wisconsin Covenant Scholars grant program. In that case, the Committee may wish to authorize the Wisconsin Covenant grants specialist project position for one additional year, through July 1, 2016, at which time the responsibilities of that position would be assumed by the grants specialist who currently administers the Minnesota-Wisconsin student reciprocity agreement.

**ALTERNATIVES**

**A. Wisconsin Covenant Scholars Grant Program Funding**

1. Approve the Governor's recommendation.
2. Reestimate Wisconsin Covenant Scholars grant program expenditures at \$12,720,000 in 2015-16 and \$9,130,000 in 2016-17 based on actual expenditure and retention data. Decrease funding under the bill for the Wisconsin Covenant Scholars grant program by \$2,450,000 in 2015-16 and \$7,040,000 in 2016-17.

<b>ALT A2</b>	<b>Change to Bill</b>
GPR	- \$9,490,000

**B. Wisconsin Covenant Grants Specialist Position**

1. Approve the Governor's recommendation. This would delete the Wisconsin Covenant grants specialist position beginning on July 1, 2015.
2. Authorize the Wisconsin Covenant grants specialist position for an additional two years.

<b>ALT B2</b>	<b>Change to Bill</b>	
	Funding	Positions
GPR	\$106,400	1.00

3. Authorize the Wisconsin Covenant grants specialist position for an additional year.

<b>ALT B3</b>	<b>Change to Bill</b>
GPR	\$53,200

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