



State of Wisconsin
2023 - 2024 LEGISLATURE

LRBs0091/1
JAM:cdc&emw

**ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO ASSEMBLY BILL 86**

October 6, 2023 - Offered by Representative SORTWELL.

1 **AN ACT to create** 36.28, 38.25 and 39.55 of the statutes; **relating to:** permissible
2 financial aid reductions in higher education.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

3 **SECTION 1.** 36.28 of the statutes is created to read:

4 **36.28 Financial aid reduction restrictions.** (1) DEFINITIONS. In this
5 section:

6 (a) "Cost of attendance" has the meaning given in 20 USC 1087ll.

7 (b) "Expected family contribution" means the amount determined in
8 accordance with 20 USC 1087nn, except that, upon implementation of section 702
9 of the FAFSA Simplification Act, Title VII of Division FF of P.L. 116-260, as affected
10 by section 102 of the FAFSA Simplification Act Technical Corrections Act, Division
11 R of P.L. 117-103, "expected family contribution" shall be determined consistently
12 with requirements for determining the student aid index under 20 USC ch. 28.

1 (c) “Financial need” means a student’s cost of attendance minus the student’s
2 expected family contribution.

3 (d) “Gift aid” means all financial aid that is not a loan or work-study program,
4 including grants, scholarships, tuition waivers, and third-party payments.

5 (e) “Institutional gift aid” means gift aid that is funded by the system, the
6 board, or an institution.

7 (f) “Private scholarship” means a scholarship of \$5,000 or less awarded by a
8 Wisconsin-based company, private foundation, nonprofit organization, or service
9 group. “Private scholarship” does not include an award funded by a private
10 organization that is affiliated with the system, the board, or an institution and that
11 requests that the system, the board, or an institution provide assistance in selecting
12 recipients.

13 (g) “Wisconsin-based company” means any of the following:

14 1. An entity that has its primary place of business located in this state.

15 2. A local or state branch of an entity that has its primary place of business
16 located in the United States if the local or state branch of the entity has its primary
17 place of business located in this state.

18 **(2) FINANCIAL AID REDUCTION RESTRICTIONS.** (a) An institution may reduce a
19 student’s institutional gift aid offer as a result of a private scholarship award only
20 as described in one or more of the following manners:

21 1. Subject to par. (b), if a student’s total gift aid from all sources exceeds the
22 student’s financial need, an institution may reduce the student’s institutional gift aid
23 until the student’s total gift aid no longer exceeds the student’s financial need. Before
24 an institution may reduce the student’s institutional gift aid offer in accordance with
25 this subdivision, the institution shall alert the student that the student may request

1 the institution to reassess the student's cost of attendance figure, and the institution
2 shall reassess the student's cost of attendance figure if requested by the student.

3 2. In addition to the reduction authorized under subd. 1., an institution may
4 further reduce a student's institutional gift aid if the institution receives approval
5 from the company, private foundation, nonprofit organization, or service group that
6 awarded the private scholarship that triggered the reduction authorized under subd.
7 1.

8 3. An institution may reduce a student athlete's institutional gift aid in order
9 to comply with a governing national intercollegiate athletic association's individual
10 or team financial aid restrictions.

11 (b) If the award of a private scholarship causes a student's total aid from all
12 sources to exceed the student's financial need, an institution may reduce the
13 student's institutional gift aid until the student's total aid no longer exceeds the
14 student's financial need if, before reducing the institutional gift aid, the institution
15 first attempts to correct for the excess by reducing the portion of the student's total
16 aid associated with a loan or a work-study program or, if applicable and to the extent
17 permitted by the federal department of education, replacing some or all of the
18 student's expected family contribution amount with an amount associated with a
19 loan or work-study program. If, after this attempt, the student's total aid still
20 exceeds the student's financial need, before the institution may reduce the student's
21 institutional gift aid, the institution shall alert the student that the student may
22 request the institution to reassess the student's cost of attendance figure, and the
23 institution shall reassess the student's cost of attendance figure if requested by the
24 student.

1 (c) If a student has received a private scholarship that has been awarded to the
2 student in a manner that constrains how the institution may apply the private
3 scholarship amount to the student's cost of attendance, the institution shall make a
4 sincere attempt to contact the private scholarship award provider and ask for the
5 private scholarship to be rescinded and re-awarded to the student in a way that does
6 not constrain how the institution applies the private scholarship to the student's cost
7 of attendance. The provider of the private scholarship is not required to comply with
8 the institution's request.

9 (d) This subsection shall be implemented to the maximum extent that federal
10 law permits.

11 **SECTION 2.** 38.25 of the statutes is created to read:

12 **38.25 Financial aid reduction restrictions. (1) DEFINITIONS.** In this
13 section:

14 (a) "Cost of attendance" has the meaning given in 20 USC 1087ll.

15 (b) "Expected family contribution" means the amount determined in
16 accordance with 20 USC 1087nn, except that, upon implementation of section 702
17 of the FAFSA Simplification Act, Title VII of Division FF of P.L. 116-260, as affected
18 by section 102 of the FAFSA Simplification Act Technical Corrections Act, Division
19 R of P.L. 117-103, "expected family contribution" shall be determined consistently
20 with requirements for determining the student aid index under 20 USC ch. 28.

21 (c) "Financial need" means a student's cost of attendance minus the student's
22 expected family contribution.

23 (d) "Gift aid" means all financial aid that is not a loan or work-study program,
24 including grants, scholarships, tuition waivers, and third-party payments.

1 (e) “Institutional gift aid” means gift aid that is funded by the board, a district
2 board, or a technical college.

3 (f) “Private scholarship” means a scholarship of \$5,000 or less awarded by a
4 Wisconsin-based company, private foundation, nonprofit organization, or service
5 group. “Private scholarship” does not include an award funded by a private
6 organization that is affiliated with the board, a district board, or a technical college
7 and that requests that the board, a district board, or a technical college provide
8 assistance in selecting recipients.

9 (g) “Wisconsin-based company” means any of the following:

10 1. An entity that has its primary place of business located in this state.

11 2. A local or state branch of an entity that has its primary place of business
12 located in the United States if the local or state branch of the entity has its primary
13 place of business located in this state.

14 **(2) FINANCIAL AID REDUCTION RESTRICTIONS.** (a) A technical college may reduce
15 a student’s institutional gift aid offer as a result of a private scholarship award only
16 as described in one or more of the following manners:

17 1. Subject to par. (b), if a student’s total gift aid from all sources exceeds the
18 student’s financial need, a technical college may reduce the student’s institutional
19 gift aid until the student’s total gift aid no longer exceeds the student’s financial need.
20 Before a technical college may reduce the student’s institutional gift aid offer in
21 accordance with this subdivision, the technical college shall alert the student that
22 the student may request the technical college to reassess the student’s cost of
23 attendance figure, and the technical college shall reassess the student’s cost of
24 attendance figure if requested by the student.

1 2. In addition to the reduction authorized under subd. 1., a technical college
2 may further reduce a student's institutional gift aid if the technical college receives
3 approval from the company, private foundation, nonprofit organization, or service
4 group that awarded the private scholarship that triggered the reduction authorized
5 under subd. 1.

6 3. A technical college may reduce a student athlete's institutional gift aid in
7 order to comply with a governing national intercollegiate athletic association's
8 individual or team financial aid restrictions.

9 (b) If the award of a private scholarship causes a student's total aid from all
10 sources to exceed the student's financial need, a technical college may reduce the
11 student's institutional gift aid until the student's total aid no longer exceeds the
12 student's financial need if, before reducing the institutional gift aid, the technical
13 college first attempts to correct for the excess by reducing the portion of the student's
14 total aid associated with a loan or a work-study program or, if applicable and to the
15 extent permitted by the federal department of education, replacing some or all of the
16 student's expected family contribution amount with an amount associated with a
17 loan or work-study program. If, after this attempt, the student's total aid still
18 exceeds the student's financial need, before the technical college may reduce the
19 student's institutional gift aid, the technical college shall alert the student that the
20 student may request the technical college to reassess the student's cost of attendance
21 figure, and the technical college shall reassess the student's cost of attendance figure
22 if requested by the student.

23 (c) If a student has received a private scholarship that has been awarded to the
24 student in a manner that constrains how the technical college may apply the private
25 scholarship amount to the student's cost of attendance, the technical college shall

1 make a sincere attempt to contact the private scholarship award provider and ask
2 for the private scholarship to be rescinded and re-awarded to the student in a way
3 that does not constrain how the technical college applies the private scholarship to
4 the student's cost of attendance. The provider of the private scholarship is not
5 required to comply with the technical college's request.

6 (d) This subsection shall be implemented to the maximum extent that federal
7 law permits.

8 **SECTION 3.** 39.55 of the statutes is created to read:

9 **39.55 Financial aid reduction restrictions. (1) DEFINITIONS.** In this
10 section:

11 (a) "Cost of attendance" has the meaning given in 20 USC 1087ll.

12 (b) "Expected family contribution" means the amount determined in
13 accordance with 20 USC 1087nn, except that, upon implementation of section 702
14 of the FAFSA Simplification Act, Title VII of Division FF of P.L. 116-260, as affected
15 by section 102 of the FAFSA Simplification Act Technical Corrections Act, Division
16 R of P.L. 117-103, "expected family contribution" shall be determined consistently
17 with requirements for determining the student aid index under 20 USC ch. 28.

18 (c) "External scholarship" means a scholarship of \$5,000 or less awarded by a
19 Wisconsin-based company, private foundation, nonprofit organization, or service
20 group. "External scholarship" does not include an award funded by an external
21 organization that is affiliated with private higher education institution and that
22 requests that the private higher education institution provide assistance in selecting
23 recipients.

24 (d) "Financial need" means a student's cost of attendance minus the student's
25 expected family contribution.

1 (e) “Gift aid” means all financial aid that is not a loan or work–study program,
2 including grants, scholarships, tuition waivers, and third–party payments.

3 (f) “Institutional gift aid” means gift aid that is funded by a private higher
4 education institution.

5 (g) “Private higher education institution” means a private, nonprofit
6 institution of higher education that is a member of the Wisconsin Association of
7 Independent Colleges and Universities.

8 (h) “Wisconsin–based company” means any of the following:

9 1. An entity that has its primary place of business located in this state.

10 2. A local or state branch of an entity that has its primary place of business
11 located in the United States if the local or state branch of the entity has its primary
12 place of business located in this state.

13 **(2) FINANCIAL AID REDUCTION RESTRICTIONS.** (a) A private higher education
14 institution may reduce a student’s institutional gift aid offer as a result of an external
15 scholarship award only as described in one or more of the following manners:

16 1. Subject to par. (b), if a student’s total gift aid from all sources exceeds the
17 student’s financial need, a private higher education institution may reduce the
18 student’s institutional gift aid until the student’s total gift aid no longer exceeds the
19 student’s financial need. Before a private higher education institution may reduce
20 the student’s institutional gift aid offer in accordance with this subdivision, the
21 private higher education institution shall alert the student that the student may
22 request the private higher education institution to reassess the student’s cost of
23 attendance figure, and the private higher education institution shall reassess the
24 student’s cost of attendance figure if requested by the student.

1 2. In addition to the reduction authorized under subd. 1., a private higher
2 education institution may further reduce a student's institutional gift aid if the
3 private higher education institution receives approval from the company, private
4 foundation, nonprofit organization, or service group that awarded the external
5 scholarship that triggered the reduction authorized under subd. 1.

6 3. A private higher education institution may reduce a student athlete's
7 institutional gift aid in order to comply with a governing national intercollegiate
8 athletic association's individual or team financial aid restrictions.

9 (b) If the award of an external scholarship causes a student's total aid from all
10 sources to exceed the student's financial need, a private higher education institution
11 may reduce the student's institutional gift aid until the student's total aid no longer
12 exceeds the student's financial need if, before reducing the institutional gift aid, the
13 private higher education institution first attempts to correct for the excess by
14 reducing the portion of the student's total aid associated with a loan or a work-study
15 program or, if applicable and to the extent permitted by the federal department of
16 education, replacing some or all of the student's expected family contribution amount
17 with an amount associated with a loan or work-study program. If, after this attempt,
18 the student's total aid still exceeds the student's financial need, before the private
19 higher education institution may reduce the student's institutional gift aid, the
20 private higher education institution shall alert the student that the student may
21 request the private higher education institution to reassess the student's cost of
22 attendance figure, and the private higher education institution shall reassess the
23 student's cost of attendance figure if requested by the student.

24 (c) If a student has received an external scholarship that has been awarded to
25 the student in a manner that constrains how the private higher education institution

1 may apply the external scholarship amount to the student's cost of attendance, the
2 private higher education institution shall make a sincere attempt to contact the
3 external scholarship award provider and ask for the external scholarship to be
4 rescinded and re-awarded to the student in a way that does not constrain how the
5 private higher education institution applies the external scholarship to the student's
6 cost of attendance. The provider of the external scholarship is not required to comply
7 with the private higher education institution's request.

8 (d) This subsection shall be implemented to the maximum extent that federal
9 law permits.

10 (END)