

1995-96 SESSION
COMMITTEE HEARING
RECORDS

Committee Name:

Joint Committee on
Finance (JC-Fi)

Sample:

Record of Comm. Proceedings ... RCP

- 05hrAC-EdR_RCP_pt01a
- 05hrAC-EdR_RCP_pt01b
- 05hrAC-EdR_RCP_pt02

➤ Appointments ... Appt

➤ **

➤ Clearinghouse Rules ... CRule

➤ **

➤ Committee Hearings ... CH

➤ **

➤ Committee Reports ... CR

➤ **

➤ Executive Sessions ... ES

➤ **

➤ Hearing Records ... HR

➤ **

➤ Miscellaneous ... Misc

➤ 95hrJC-Fi_Misc_pt70

➤ Record of Comm. Proceedings ... RCP

➤ **

XIV. Higher Educational Aids Board -- Valorie T. Olson, Executive Secretary

HEAB requests approval of an amendment to the interstate reciprocity agreement between Gateway Technical College and McHenry County College of Illinois as required by s. 39.42.

Governor's Recommendation

Approve the request.

CORRESPONDENCE MEMORANDUM

STATE OF WISCONSIN
Department of Administration

Date: April 10, 1996

To: Members, Joint Committee on Finance

From: James R. Klauser, Secretary
Department of Administration

Subject: Section 13.10 Request from the Higher Educational Aids Board for approval of an interstate agreement as required by s. 39.42.

Request

The Higher Educational Aids Board (HEAB) requests the approval of the Joint Committee on Finance (JCF) to amend the existing interstate agreement between Gateway Technical College and McHenry County College of Illinois.

Background

Under s. 39.42, HEAB has the authority to approve interstate agreements between public, postsecondary educational institutions in Wisconsin and those institutions in other states. There are currently four other active reciprocity agreements between Wisconsin Technical College System (WTCS) institutions and similar institutions in the state of Illinois, the most recent of which was approved by the JCF in September 1995. The other four agreements include the following institutions: Gateway Technical College (Kenosha) and Lake County Community College (Illinois); Gateway Technical College and Rock Valley College (Illinois); Chippewa Valley Technical College (Eau Claire Area) and Rock Valley College (Illinois); and Blackhawk Technical College (Janesville) and Rock Valley College. In addition, the WTCS also has agreements with institutions in Michigan and Minnesota.

The existing agreement treats students attending Gateway Technical College and McHenry County College as in-state residents of the district in which they are enrolled. For the 1995-96 school year, Wisconsin resident tuition is \$48.20 per credit while McHenry County's resident tuition is \$38 per credit. The agreement stipulates that in the event that resident tuition rates differ between the two institutions, all students would be charged the rate at Gateway Technical College. The agreement requires that admission priority is given to residents of the receiving institution and that no residents of the state of the receiving institution may be displaced from the receiving institution under the agreement. However, after the first semester of enrollment, students enrolled under the agreement are given the same priority as residents of the institution where they are enrolled. The agreement is unlike the statewide Wisconsin-Minnesota reciprocity agreement since no payments are made between the two participating institutions or states. The Appendix contains the revised list of programs for the existing agreement between the two institutions.

Members, Joint Committee on Finance

April 10, 1996

Page 2

The WTCS and HEAB Boards approved the revised interstate agreement earlier this year. If the agreement is approved by the JCF, the agreement would be effective immediately.

Analysis

Other than the proposed changes to the individual courses of study offered by both institutions, the agreement remains identical to the four other current WTCS agreements with Illinois community colleges.

WTCS staff indicate the impetus for the proposed changes to the agreement stem from a desire to expand training opportunities for Wisconsin residents and to make additional training opportunities available for Wisconsin employers. In addition, the agreement will continue to provide students at both colleges the opportunity to participate in programs of study not currently available at their respective institutions. WTCS staff also cite other benefits, which include making additional training opportunities available to Wisconsin employers (who may prefer a program at a particular institution) and filling classroom slots that would otherwise be left unfilled.

The proposed changes to the existing agreement will likely have little fiscal impact as three Gateway Technical College students attended McHenry County College in 1994-95, while four McHenry students attended Gateway in the same year. In addition, the sharing of resources (equipment, facilities and staff) will continue to allow each institution to avoid having to establish any new programs and expenses it may otherwise incur if it implemented new courses of study. Finally, both states should realize additional funds by filling available slots that would otherwise be left empty.

Recommendation

Approve the request.

Prepared by: Brian Pahnke
264-8259

APPENDIX

Gateway Programs

Aeronautics-Pilot Training
Alcohol and Other Drug Abuse
Air Conditioning-Heating/Refrigeration Technology
Airframe & Powerplant Mechanics
Automated Manufacturing Systems Technician*
Auto Body and Paint Technician
Barber/Cosmetologist
Civil Engineering Technician
Composite Manufacturing Technology
Corrections Science
Court and Conference Reporting
Dental Assistant
Electronic Graphic Design
Engine Performance and Emissions Specialist*
Facility Maintenance Service*
Fluid Power Maintenance
Fluid Power Technology
Graphic Technologies-Designer*
Hotel/Hospitality Management
Human Services Associate
Industrial Mechanic
Industrial Screen Printing*
Interior Design
Legal Secretary
Machine Operation
Marketing-Consumer
Marketing-Business to Business
Materials Management
Medical Assistant
Radio Broadcasting Technician
Surgical Technician
Travel Agent

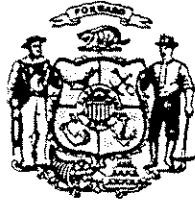
McHenry Programs

Business Management
CAPS-Chrysler Automotive Program
Developmental Disability Aide*
Electronic Engineering Technician
EMT-Ambulance
EMT-Paramedic
General Studies Courses
Homehealth Aide
International Business
~~Rehabilitation Aide~~

* Denotes programs added to existing agreement.

Tommy G. Thompson
Governor

Valorie T. Olson
Executive Secretary



HEAB Mailing Address:
Post Office Box 7885
Madison, WI 53707-7885

FAX No. 267-2808

State of Wisconsin Higher Educational Aids Board

XIV

131 West Wilson Street, Madison, Wisconsin

February 21, 1996

The Honorable Timothy Weeden
Joint Committee on Finance, Co-Chair
Suite #1 - 119 Martin Luther King Boulevard
Madison, Wisconsin 53702

The Honorable Ben Brancel
Joint Committee on Finance, Co-Chair
Room LL4 - 119 Martin Luther King Boulevard
Madison, Wisconsin 53702

Dear Senator Weeden and Representative Brancel:

Enclosed is the s. 13.10 request of the Higher Educational Aids Board for the new interstate agreement proposed between Gateway Technical College of Wisconsin and McHenry County College of Illinois. In addition, forty (40) copies have been sent to Dan Caucutt, Division of State Executive Budget and Finance and two (2) copies to the Legislative Fiscal Bureau.

I am requesting that in conformance with the s. 39.42, that the agreement be placed on the April 16, 1996 agenda of Joint Finance.

If additional information is required, please contact me at 267-2206.

Sincerely,

A handwritten signature in cursive script, appearing to read "Valorie T. Olson".

Valorie T. Olson
Executive Secretary

Enclosures

CC: Dwight York, WTCS
Debbie Mahaffey, WTCS
Bob Wood, Governor's Office
Dan Clancy, Legislative Fiscal Bureau
Brian Pahnke, DOA Budget Analyst

INTERSTATE RECIPROCITY AGREEMENT

Gateway Technical College District of Wisconsin

and

McHenry County College of Illinois

The Higher Educational Aids Board will be represented by the Executive Secretary, Valorie T. Olson, at the April 16, 1996 meeting of the Joint Committee on Finance.

Brief Summary of the Request

This agreement is very similar to the existing agreement between Gateway Technical College and McHenry County College. Other than individual program designations, all provisions within the proposed agreement are identical to other interstate agreements currently in force between Wisconsin college districts and Illinois institutions.

Background of the Request

The impetus for the agreement stems from a desire to expand training opportunities for Wisconsin residents and to make available training opportunities for Wisconsin employers. Both colleges have mutual program interests and graduate employment patterns which indicate that reciprocity would benefit students of both institutions.

How the Request Meets the Statutory Criteria

The purpose of s. 39.42 is met by fostering the common usage of public higher education facilities and programs in Wisconsin and Illinois by a greater number of residents of each state without significant cost increase to either institution.

A JOINT EDUCATION AGREEMENT

BETWEEN

MCHENRY COUNTY COLLEGE AND GATEWAY TECHNICAL COLLEGE

THIS AGREEMENT entered into this 9th day of November, 1995 by and between the BOARD OF TRUSTEES OF ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 528, MCHENRY COUNTY COLLEGE, hereinafter referred to as McHenry, and GATEWAY TECHNICAL COLLEGE DISTRICT BOARD, hereinafter referred to as Gateway, for the express purpose of providing additional educational programs to the students of each district involved in this agreement.

Programs included under this Agreement are as follows:

McHenry programs available to Gateway residents

Business Management (A.A.S.)
CAPS - Chrysler Automotive Program
Developmental Disability Aide (Certificate)
Electronic Engineering Technician - FAA Option (A.A.S.)
EMT - Ambulance (Certificate)
EMT - Paramedic (A.A.S.)
EMT - Paramedic (Certificate)
Homehealth Aide (Certificate)
International Business (Certificate)
General Studies Courses (non-degree credit)

And any individual course not offered by the "sending" institution. Enrollment in certain courses shall be limited to afternoon and evening enrollments. When any program offered by both the "sending" and "receiving" institution has reached enrollment capacity at either institution, students may be admitted to the institutional program having available enrollment space.

Gateway programs available to McHenry County residents

Aeronautics-Pilot Training (A.A.S.)
Automated Manufacturing Systems Technician (A.A.S.)
Air Conditioning, Heating & Refrigeration Technology (A.A.S.)
Airframe & Powerplant Mechanics (Diploma) *
Auto Body and Paint Technician (Diploma) *
Barber/Cosmetologist (Diploma) *
Civil Engineering Technician - Structural (A.A.S.)
Corrections Science (A.A.S.)
Court & Conference Reporting (A.A.S.)
Dental Assistant (Diploma) *
Facility Maintenance Service (Diploma) *
Fluid Power Maintenance (Diploma) *
Fluid Power Technology (A.A.S.)
Graphic Technologies--Designer (A.A.S.)
Hotel/Hospitality Management (A.A.S.)
Human Services Associate (A.A.S.)
Industrial Mechanic (Diploma) *
Industrial Screen Printing (Diploma) *
Interior Design (A.A.S.)
Legal Secretary (A.A.S.)
Machine Operation (Diploma) *
Marketing-Consumer (A.A.S.)
Marketing-Business to Business (A.A.S.)
Materials Management (A.A.S.)

Medical Assistant (Diploma) *
Radio Broadcasting Technician (A.A.S.)
Surgical Technician (Diploma) *
Travel Agent (Diploma) *
Alcohol and Other Drug Abuse (ATC)
Composite Manufacturing Technology (ATC)
Electronic Graphic Design (ATC)
Engine Performance and Emissions Specialist (ATC)

Also, any individual courses not offered by the "sending" institution. Enrollment in individual courses shall be limited to afternoon and evening offerings. When any program offered by both the "sending" and "receiving" institution has reached enrollment capacity at either institution, students may be admitted to the institutional program having available enrollment space.

*For purposes of this contract, certificates and diplomas are synonymous.

WHEREAS, it is the desire of the parties hereto to expand educational services to the greatest number of students in each district served by the parties; and

WHEREAS, McHenry is empowered by virtues of Section 3-40 of the Public Community College Act (III. Rev. Stat., Ch. 122, Sec. 103-40) "To enter into contracts with any person, organization, association, or governmental agency for providing or securing educational services;" and

WHEREAS, Gateway is empowered by virtue of Section 39.42 of the State of Wisconsin Revised Statutes which has been amended to read:

"39.42 INTERSTATE AGREEMENTS. The board, with the approval of the joint committee on finance acting under s. 13.101, or the governing boards of any publicly supported institution of post-high school education, with the approval of the board and the joint committee on finance acting under s. 13.101, may enter into agreements or understandings which include remission of nonresident tuition for designated categories of students at institutions of higher education in other states to facilitate use of public higher education institutions of this state and other states. Such agreements and understandings shall have as their purpose the mutual improvement of educational advantages for residents of this state and such other states or institutions of other states with which agreements are made"; and

WHEREAS, the parties hereto believe this Agreement should be one means of implementing a viable method of cooperation between the parties hereto; and

WHEREAS, by means of this Agreement, the parties hereto desire to share programs of each institution and thereby maximize the utilization of the finances, facilities, equipment, and personnel of each institution, and by so doing, provide educational services that might otherwise be unavailable for either of the parties individually; and

WHEREAS, the parties hereto believe that implementation of this Agreement holds great promise for further development of higher education in Illinois and Wisconsin.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, the parties hereto agree as follows:

1. INSTITUTIONAL IDENTIFICATION

For the purpose of the Agreement, the district sending the students to another district will be referred to as the "sending district" and the institution receiving students from another district will be referred to as the "receiving institution."

2. TERMS OF AGREEMENT

Any educational program offered by the parties to this Agreement shall be a program approved by the Illinois Community College Board and/or the Wisconsin Technical College System Board.

3. DURATION AND TERMINATION OF AGREEMENT

The administration of each of the parties hereto shall confer and agree upon an educational program to be subject to the terms of this Agreement prior to the beginning of such an instructional offering, and such initial Agreement shall be in force until either party issues a letter of intent to cancel the Agreement. This Agreement may be terminated at the end of any spring semester at the request of either party provided such notice is given in writing on or before March 1 of the semester. In the event of termination, students who have entered a program will be allowed a maximum of five (5) years from the date of termination to complete the program under the terms of this Agreement.

4. AMENDMENT TO AGREEMENT

Amendments and/or revisions to this Agreement may be made in writing at any time by mutual consent of all parties. The procedure for approval of such amendments and/or revisions shall follow the same procedure employed in securing approval by all parties in the original cooperative agreement.

5. CLASS SCHEDULES

Each of the parties shall work cooperatively to develop a schedule of class offerings that will attempt to be of maximum convenience to students taking classes of all districts which are a part of this Agreement. Institutional class schedules shall be exchanged and kept available for student planning.

6. APPLICATION

Applications of first time students from the "sending district" shall be accepted by the "receiving institution" only within 60 days of the beginning of the semester for which application is made. Priority for admission to the "receiving district" shall be given to residents of the state of the "receiving institution." No residents of the state of the "receiving institution" may be displaced from the "receiving institution" due to this Agreement. Continuing students shall be treated as in-district students for priority purposes in subsequent registrations. The only exception to this procedure will be in limited access programs previously cited.

7. REGISTRATION

Students, after having secured the required joint educational agreement from and information from the "sending district," shall then register at the "receiving institution" and shall be treated as members of that district for the terms of their enrollments. The "receiving institution" shall retain the rights to deny registration if the requested courses are not considered to be appropriate to this Agreement.

8. ADDITIONAL EDUCATIONAL SERVICES

The "receiving institution" shall provide support services for students from the "sending district," similar to those provided for any other student at its campus.

Courses, seminars, workshops and in-service programs related to any educational program bound by this Agreement may be offered within the district confines of any "receiving" or "sending" institution with the consent of both districts. Said programs may be carried on singly by the "sending" or "receiving" institution or jointly by both "sending" and "receiving" institutions.

9. AWARDING OF DEGREES

Earned degrees and diplomas will be provided and awarded by the "receiving institution."

10. MINIMUM OF INSTRUCTIONAL DAYS

The parties understand and agree to comply with the requirement of a minimum of fifteen weeks (75 days) of instruction, or its equivalent, per semester, exclusive of registration or days set aside for final examinations.

11. SCHOLARSHIPS AND STUDENT ACTIVITIES

The "receiving institution" shall be considered the home district for the student. Students from the "sending district" may be eligible at the "receiving institution" for any of the extracurricular activities, scholarships, or other recognition of excellence in the program for which they are attending at the "receiving institution."

12. RECORDS

The "receiving institution" shall maintain appropriate full-time equivalency (FTE), headcount, program, and course enrollment records for students from the "sending district" in accordance with standard procedures while that student is in attendance, and will provide copies of said records to the "sending district" and interested state agencies upon request, so long as established procedures are followed.

13. CERTIFICATION OF STUDENTS

Certification procedures shall be mutually agreed upon and shall meet institutional and state agency requirements applicable to the "receiving institution."

14. PUBLICITY

Any educational program offered through this Agreement shall be duly publicized as a cooperative program in the participating district's catalogs and other informative brochures consistent with institutional policy or other similar publicity.

15. IDENTIFICATION OF CONDITIONS OF AGREEMENT TO STUDENTS

It shall be the responsibility of the "sending district" to identify the terms of this Agreement to their students going to a "receiving institution." Said students shall be subject to all normal operating rules and conditions of the campus he/she is on at any given time.

16. CONTRACTUAL RATES CHARGED STUDENTS

The parties to this Agreement shall charge the student the same contractual rate. This contractual rate shall be based upon the institution's in-district, in-state charge. In the event this rate differs between the two institutions, the Wisconsin rate will be charged.

17. REIMBURSEMENT

The "receiving institution" shall ascertain if they are eligible to file any claims for federal reimbursement for any student enrolled in its classes.

18. STATE AND OTHER FUNDING

It is agreed by the parties to this Agreement that applications for federal and state educational funds for the "sending district" students shall be made only by the "sending district." Private or foundation grants which further the educational goals of and generally benefit all students attending the "receiving institution," whether or not they are "sending district" students, may be applied for either separately or jointly. In no event shall the ability of either or both parties to obtain federal or state educational funds be jeopardized.

19. FINANCIAL AID

The "receiving institution" is under no obligation to provide financial aid to students from the "sending district."

20. VETERAN REPORTING REQUIREMENTS

Veterans Administration reporting requirements shall be mutually agreed upon and shall meet state and federal guidelines.

21. SECONDARY SCHOOL VISITATIONS

Requests from secondary schools in the "sending district" for visitation by "receiving institution" officials will be scheduled in cooperation with the "sending district" officials.

22. TRANSPORTATION

Students shall be responsible and liable for their own transportation to and from both "sending" and "receiving" districts.

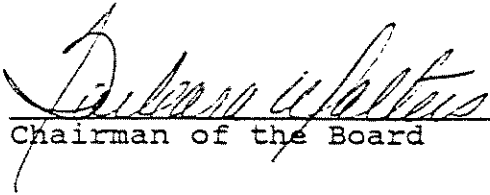
23. EFFECTIVE DATE

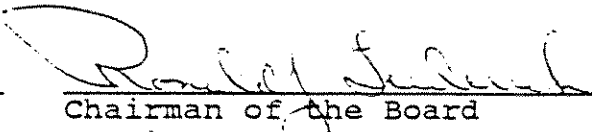
This agreement shall be in effect upon approval of the Wisconsin Joint Committee on Finance as required under s. 39.42, Wis. Stats., or on July 21, 1996 whichever is later.

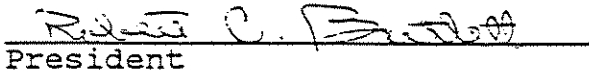
IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate as of the date and year first above written.

BOARD OF TRUSTEES OF ILLINOIS
COMMUNITY COLLEGE DISTRICT 528

GATEWAY TECHNICAL COLLEGE
BOARD


Chairman of the Board


Chairman of the Board


President


President

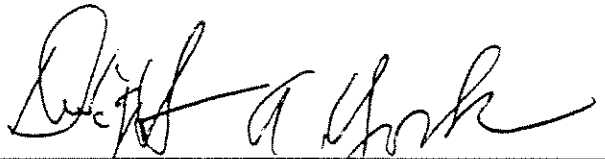

Attest: Secretary of the Board



Attest: Secretary of the Board

Date: 11/9/95

Date: December 14, 1995

Effective Date: November 9, 1995


Dwight N. York, State Director
Wisconsin Technical College System
Board


Val Olsen, Executive Secretary
State of Wisconsin Higher
Educational Aids Board



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

April 16, 1996

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Higher Educational Aids Board--Proposed Amendment to the Minnesota-Wisconsin Tuition Reciprocity Agreement--Agenda Item XV

BACKGROUND

Under the current Minnesota-Wisconsin tuition reciprocity agreement (which is in effect from July 1, 1991 through June 30, 1998), Minnesota and Wisconsin residents can attend public universities and community colleges in the adjacent state while paying tuition equal to that of a comparable institution in their home state. Students enrolled in any undergraduate, graduate or professional school program (including law school but excluding medical, dental and veterinary programs) are eligible for tuition reciprocity. Students from each state are considered as residents of the other state for admission purposes. In 1994-95, 11,519 Minnesota residents enrolled in UW System institutions and 8,724 Wisconsin residents enrolled in Minnesota institutions.

The reciprocity agreement is negotiated and administered by the Minnesota Higher Educational Services Office (MHESO) and the Wisconsin Higher Educational Aids Board (HEAB). Under current law, any changes to the reciprocity agreement must be approved by the Joint Committee on Finance.

There are two components to the agreement: the student's reciprocity tuition and each state's reciprocity liability. A student pays the same tuition at the school they attend in the other state as they would have paid at a comparable school in their home state. (Segregated fees are excluded from the agreement.) Because Minnesota's resident tuition has historically been higher than Wisconsin's, UW System institutions collect more tuition revenue from Minnesota residents than would otherwise be paid by Wisconsin residents. However, the University does not retain this tuition differential; instead, the money is deposited into the general fund as GPR-Earned which, in fiscal year 1994-95 equalled nearly \$4.2 million.

Since 1979-80, the same formula has been used to calculate each state's reciprocity liability. Specifically, the number of credits taken by reciprocity students in each state is

multiplied by a "reciprocity cost" per credit hour amount which equals 64% of total per credit instructional costs of a student attending a Wisconsin institution (Wisconsin costs have been utilized to calculate liability for both states based on the assumption that instructional costs are similar for both states). From this product, the total amount of actual tuition paid by reciprocity students is subtracted to arrive at each state's liability. The state with the higher liability amount determined under the formula pays the difference to the other state. Due to the larger number of Minnesota students attending UW institutions, Minnesota has always made a reciprocity payment to Wisconsin. For the 1994-95 academic year, the payment was approximately \$1.7 million (which was paid to HEAB in fiscal year 1995-96).

Over the last decade, the percentage of Wisconsin residents participating in the reciprocity program has increased (from 30.8% in 1985-86 to 42% in 1994-95). As a result, Minnesota's payment to Wisconsin has declined from a high of \$6.6 million in 1991-92 to \$1.7 million in 1995-96. However, as noted earlier, Wisconsin receives additional GPR-Earned through the UW System. Because Minnesota resident tuition has grown much faster in recent years than Wisconsin resident tuition, this additional revenue has offset, to some degree, the decline in Minnesota's reciprocity payment. Total GPR-Earned equalled \$5.9 million for the 1994-95 academic year compared to a high of \$8.5 million for the 1990-91 academic year.

In the current academic year (1995-96), 81 Wisconsin residents are enrolled at the University of Minnesota-Twin Cities' law school and 13 Minnesota residents are enrolled at UW-Madison's law school. Resident tuition for 1995-96 at Minnesota's law school is \$7,788, which is \$2,909 higher than resident tuition at Wisconsin's law school (\$4,879). Consequently, Wisconsin residents attending Minnesota pay 37% less than Minnesota residents.

REQUEST

The Higher Educational Aids Board (HEAB) requests the Committee's approval of an amendment to the Minnesota-Wisconsin tuition reciprocity agreement as it pertains to Wisconsin residents enrolled in the law school at the University of Minnesota-Twin Cities. Specifically, the amendment would provide that:

- Wisconsin residents currently enrolled at Minnesota's law school for the 1995-96 academic year would continue to pay Wisconsin resident tuition for the remainder of their enrollment at Minnesota.
- Wisconsin residents entering Minnesota's law school in the fall of 1996 would pay Wisconsin resident tuition for the 1996-97 academic year and Minnesota resident tuition beginning in the 1997-98 academic year.
- Wisconsin residents entering Minnesota's law school in the fall of 1997 would pay Minnesota resident tuition beginning in the 1997-98 academic year.

The proposed amendment would not change the tuition amount paid by Minnesota residents who attend Wisconsin's law school; they will continue to pay Minnesota resident tuition.

ANALYSIS

Since the fall of 1993, Minnesota has discussed changes to the agreement related to Wisconsin residents attending Minnesota's law school. The fact that a Wisconsin resident pays significantly less than a Minnesota resident has created both a political and a financial problem for Minnesota's law school. Initially, Minnesota sought to remove both law school programs from the agreement. Then, it threatened to remove its law school from the agreement unless Wisconsin agreed to an amendment to charge the higher Minnesota resident tuition to all Wisconsin residents beginning in the fall of 1995. After negotiations between the two states' higher education agencies, a "grandfather" clause was agreed to: Wisconsin residents currently enrolled at Minnesota's law school would be fully exempt from the higher rates and Wisconsin residents entering in the fall of 1996 would receive a one-year exemption before the higher tuition rates would be imposed.

The proposed amendment would have an impact on Wisconsin's liability to Minnesota. Because Wisconsin residents enrolled in Minnesota's law school would pay more reciprocity tuition, Wisconsin's liability to Minnesota would decrease. Under current conditions in which Wisconsin receives a reciprocity payment because Minnesota's liability is higher than Wisconsin's, the payment to Wisconsin would be higher. For example, if the number of Wisconsin residents attending Minnesota's law school remained at approximately 80, an increase in reciprocity tuition of approximately \$3,000 would result in a reduction in Wisconsin's liability of \$240,000 which in turn would raise Minnesota's payment to Wisconsin by the same amount. Even if the number of Wisconsin residents attending Minnesota's law school declined, this would cause Wisconsin's liability to decrease; thus, increasing Minnesota's payment to Wisconsin. It should be noted that the impact on Wisconsin's liability would not occur until 1997-98 and the full impact would occur in 1998-99 when the provision is applied to all Wisconsin residents attending Minnesota's law school.

It is difficult to predict how the amendment would affect the number of Wisconsin residents who would enroll in Minnesota's law school. On the one hand, the increase in tuition may be significant enough to deter some students from applying to Minnesota, especially since resident tuition at Wisconsin's law school is lower. On the other hand, the other options available to a Wisconsin resident (that is, a law school at either another state's public university or a private university) would be more expensive. Minnesota's resident tuition for law school students is currently \$5,896 lower than its nonresident tuition of \$13,684.

The argument made by HEAB in support of the proposed amendment is that Minnesota has made a "compelling case to justify taking this action now." In addition, it is argued that if Wisconsin does not adopt the change, it is possible that Minnesota may seek to unilaterally remove the law school entirely from the agreement (which would mean Wisconsin residents

would have to pay nonresident tuition). Minnesota notes that in 1986, Wisconsin requested removal of the medical, dental and veterinary programs from the agreement, beginning in 1987-88, and Minnesota agreed to that request which had a far greater impact on the reciprocity agreement than the current proposal. It should be noted that Wisconsin also made a one-time payment of \$1.1 million to Minnesota to compensate for that change.

If the Committee does not approve the amendment, HEAB would most likely continue to discuss other alternatives with Minnesota to resolve the issue. However, it appears unlikely that another option could be developed which is satisfactory to both states. Minnesota believes that it has made extraordinary efforts to accommodate Wisconsin's concerns regarding the "grandfathering" of Wisconsin residents and that under the proposed amendment, Wisconsin residents will be informed well in advance that their tuition rates will increase beginning in the 1997-98 academic year.

Several arguments could be made against the amendment. First, the change would dramatically increase the cost to Wisconsin residents to attend Minnesota's law school. Second, because the current reciprocity agreement expires on June 30, 1998, a new agreement will have to be negotiated and approved by the Committee within the next year; thus, the law school would seem to be an appropriate issue to discuss at that time when all other issues related to the reciprocity agreement are presented by both parties. Third, the modification to tuition for the law school could set precedent for other programs or the entire agreement when it is renegotiated. Minnesota's other tuition rates are higher than Wisconsin's and have recently increased significantly. If the amendment is adopted, will the stage be set to modify the tuition for all other programs as well? There may be merit in such a change, however, it may be desirable to negotiate all such changes at the same time.

Finally, an argument can be made that the amendment is not in compliance with the Wisconsin statute which governs the Minnesota-Wisconsin reciprocity agreement. Specifically, s. 39.47(2) states:

where is it specified that this language applies to all law school, but not med, dental & vet schools?

"The agreement shall also establish a reciprocal fee structure for higher education, other than vocational schools, located in the other state. The reciprocal fee shall be the average academic fee that would be charged the student at a comparable public institution of higher education located in his or her state of residence, as specified in the agreement."

Legal counsel of the Legislative Council staff are of the opinion that, under the statute, students cannot be charged more than the average academic fee charged at a comparable institution in their home state. Another view on this is that the clause "as specified in the agreement" provides latitude to agree to a different tuition rate than that charged by a comparable institution in the student's home state. This clause, however, more likely relates to the need to define or specify "a comparable public institution" or "average academic fee" and not the rate of tuition.

In addition to s. 39.47, which addresses the Minnesota-Wisconsin reciprocity agreement, another section of the statutes (s. 39.42) contains generic language governing interstate educational agreements which HEAB can enter into with the approval of the Joint Committee on Finance. This section has been primarily used for technical college reciprocity agreements. HEAB indicates that if the language under s. 39.47 prohibits adoption of the amendment, a new agreement could be structured under s. 39.42 and thus, the language of 39.47 could be by-passed. Such an interpretation, however, requires a restructured agreement and still does not address the tuition language which specifically governs the agreement between the two states.

These alternatives are presented for the Committee.

- Alternative 1 would approve the request and adopt the amendment.
- Alternative 2 would be to approve the amendment contingent upon enactment of legislation which would address the legal issues which have been identified. After enactment of the statutory change, the amendment would take effect. Adoption of this alternative would indicate to Minnesota that the Committee supports the amendment but that a statutory modification is necessary.
- Alternative 3 would be to direct that legislation be drafted which would address the legal issues. Subsequent to enactment of this legislation, the request could be resubmitted to the Committee for its approval. This alternative would allow the Committee to review the statutory change prior to taking action on the amendment.
- Alternative 4 would deny the request. This could be selected because of various issues related to the merits of the proposal or on the basis of the legal issues raised in this paper.

ALTERNATIVES

to do this would a new agreement require statutory change? if so, should probably do alt. 2

1. Approve the request to amend the agreement as it pertains to Wisconsin residents enrolled in the University of Minnesota's law school.

However, JFC recognizes that legislation is necessary to

2. Approve the request ~~contingent upon enactment of legislation which would ensure~~ that the amendment to the agreement complies with the Wisconsin Statutes.

3. Direct that legislation be drafted in order to ensure that any subsequent approval of the request by the Committee would comply with the Wisconsin statutes.

4. Deny the request.

Prepared by: Dan Clancy

XV. Higher Educational Aids Board -- Valorie T. Olson, Executive Secretary

HEAB requests approval of an amendment to the Minnesota-Wisconsin Tuition Reciprocity Agreement, in compliance with s. 39.47, as required by s. 39.42.

Governor's Recommendation

Approve the request.

CORRESPONDENCE MEMORANDUM

STATE OF WISCONSIN
Department of Administration

Date: April 10, 1996

To: Members, Joint Committee on Finance

From: James R. Klauser, Secretary
Department of Administration

Subject: Section 13.10 Request from the Higher Educational Aids Board (HEAB) for an amendment to the existing Minnesota-Wisconsin Tuition Reciprocity Agreement.

Request

At the behest of the state of Minnesota, this request recommends a change to the current Minnesota-Wisconsin Tuition Reciprocity Agreement. The amendment would require that Wisconsin students entering the University of Minnesota-Twin Cities (UM-TC) Law School in academic year 1997-98 would pay the Minnesota resident tuition fee as opposed to the Wisconsin resident tuition fee (currently residents of both states attending institutions in the other state pay their own state's resident tuition for all programs). Wisconsin students currently attending the UM-TC Law School would continue to pay the Wisconsin resident rate until their degree is completed.

Background

Since the initial agreement was implemented in the 1968-69 academic year, the fundamental goals of the Minnesota-Wisconsin Tuition Reciprocity Program have remained virtually unchanged. The agreement, negotiated and administered by the Minnesota Higher Educational Services Office (MHESO) and the Wisconsin Higher Educational Aids Board (HEAB), and reviewed each even-numbered year by the administering agencies has sought to:

- Maximize both states' ability to meet their educational needs by increasing the availability and accessibility of post-secondary educational opportunities for both Minnesota and Wisconsin residents, and;
- Benefit both states and their citizens equally so that taxpayers in each state pay no more or less than if the participating students had attended a similar higher educational institution in their own state.

Introduction of an amendment to the existing agreement does not set a new precedent. In 1986, Wisconsin requested the removal of the medical, dental and veterinary programs, effective for the 1987-88 school year, and made a one-time payment of \$1.1 million to Minnesota in 1987-88 to compensate for that change. Since Minnesota's proposal does not request removal of the law program from the reciprocity agreement, Minnesota will not make any payments to Wisconsin related to this proposed change.

Professional programs remaining in the reciprocity agreement include the law and business master's programs, in addition to all undergraduate and graduate programs offered by institutions in both states. In 1995-96, 81 Wisconsin residents attend the UM-TC Law School under the reciprocity agreement, while 13 Minnesota residents attend the UW-Madison Law School.

The current agreement and state liability calculation is effective through June 30, 1998. If the current agreement is not renewed in 1998, students enrolled at that time could continue to participate in the program for up to three additional years or until their degree is complete, whichever occurs first.

For the law school program, the reciprocity agreement establishes a single "reciprocity cost" equal to 64% of the total instructional cost for a student attending the UW Law School. The law school reciprocity cost for 1995-96 is \$472.10 per credit (although almost all law school students actually pay a semester rate). This cost is applied to both the UW-Madison and UM-TC law schools and represents the total payment each state receives for a student who "crosses the border." Reimbursement of this cost is split between student tuition and a state liability payment.

Student Liability

In order to be eligible to participate in the reciprocity program, students must apply to the administering entity in their home state. Under the current agreement, students from each state are considered as residents of the other state for admission purposes (i.e. Minnesota students are considered as Wisconsin residents for admission to Wisconsin public post-secondary institutions)

For example, a Wisconsin law student attending the UM-TC Law School would pay \$4,879 for the 1995-96 academic year, or the amount of tuition (fees are excluded from the reciprocity agreement) he or she would have paid at the UW-Madison Law School. Similarly, a Minnesota student attending the UW-Madison Law School, for example, would pay approximately \$7,788, or the same amount of tuition he or she would have paid if they would have attended the UM-TC Law School.

For Minnesota students attending the UW-Madison Law School, UW-Madison collects the Minnesota reciprocity tuition (\$7,788) and deposits the difference between it and the Wisconsin law school resident tuition (\$4,879) into a UW GPR-earned account that lapses to the general fund at the end of the same fiscal year.

The state liability payment per student is the difference between student tuition and the reciprocity cost. For Minnesota students attending the UW-Madison Law School, the state of Minnesota's liability is the difference between \$7,788 and \$11,330, or \$3,542

per student. For Wisconsin, the liability is \$6,451 per student. However, for administrative simplicity, an overall liability for the entire reciprocity program (undergraduate, graduate and professional school students) is calculated for each state and compared. Only the state with the overall greater liability actually makes a payment to the other state.

Since the enactment of this formula in the 1979-80 academic year, Minnesota has always made a reciprocity payment to Wisconsin, ranging from \$2.0 million to \$6.6 million, due to the larger number of Minnesota students attending UW institutions.

Table 1

Academic Year	% Minnesota Students	Minnesota Students	Wisconsin Students	Reciprocity Payment*	Tuition Differential**	Total GPR-Earned
1985-86	69.2	10,164	4,516	3,091,421	2,167,820	5,259,241
1986-87	68.3	10,267	4,773	3,908,053	1,709,530	5,617,583
1987-88	66.7	10,978	5,472	3,288,003	1,240,431	4,528,434
1988-89	64.4	11,245	6,207	4,605,503	1,197,068	5,802,571
1989-90	63.3	11,625	6,737	5,672,984	1,534,870	7,207,854
1990-91	62.8	12,035	7,136	6,622,526	1,884,083	8,506,609
1991-92	62.2	12,342	7,492	3,288,269	4,335,986	7,624,255
1992-93	60.1	11,985	7,965	2,457,728	4,982,720	7,440,448
1993-94	56.9	11,519	8,724	2,012,073	4,444,771	6,456,844
1994-95	58.0	10,518	8,703	1,744,944	4,158,818	5,903,762

* Paid by the State of Minnesota to HEAB as GPR-earned in the following fiscal year.

** Paid by Minnesota students to the UW as GPR-earned in the same fiscal year. (Reflects the additional tuition paid by Minnesota students beyond that retained by the UW System.)

Source: HEAB and UW System

At the request of the UM-TC Law School, MHESO staff first raised concerns related to the law program in a meeting between the MHESO and HEAB staff in the fall of 1993. At that time, Minnesota discussed repealing both states' law programs from the reciprocity agreement, primarily due to criticism from the UM that the low tuition paid by Wisconsin residents yielded less revenue for the UM-TC Law School.

Correspondence from MHESO's executive director of December 5, 1994 specifically noted that Minnesota complied with a similar request from Wisconsin in 1986 to remove

the medicine, dental, and veterinary programs in 1987-88. On December 21, 1994, HEAB replied that, since discussions related to renegotiation of the entire agreement would soon be underway, it would be prudent to discuss the law school issue as a part of a total review of the reciprocity program.

Since MHESO chose to not continue to pursue this issue, it was assumed that Minnesota officials concurred with HEAB's response, until November 29, 1995 when the two negotiating teams from Wisconsin and Minnesota met in St. Paul for discussions related to renegotiation of the entire agreement. At that time, Minnesota officials informed Wisconsin staff that the UM threatened to unilaterally remove its law school from the agreement unless Wisconsin agreed to an amendment whereby Wisconsin students attending the UM-TC Law School would immediately begin to pay Minnesota resident tuition in 1995-96. This action, which represented a change from Minnesota's previous position of removing both state's law programs from the agreement, caused concern about the status of the entire agreement among Wisconsin's negotiating team, which was communicated in a letter from HEAB Executive Secretary Olson to the MHESO Director on December 4, 1995.

After numerous discussions between both states, the UM agreed not to remove its law program from the agreement and not to immediately impose the Minnesota resident rate upon Wisconsin residents attending the UM-TC Law School in the 1996-97 academic year. Ultimately, the compromise reached between both states would do the following:

- Wisconsin residents currently enrolled at the UM-TC Law School would pay Wisconsin resident rates for the duration of their program enrollment;
- Wisconsin residents enrolling in the UM-TC Law School in Fall 1996 pay the Wisconsin resident rate for the 1996-97 academic year with the assurance these students would be notified upon acceptance that their tuition rate would change to the Minnesota resident rate beginning in the 1997-98 academic year; and
- Wisconsin residents enrolling in the UM-TC Law School in Fall 1997 and thereafter would pay the Minnesota resident rate.

It should be noted that the approximately 13 Minnesota students currently enrolled at the UW-Madison Law School will remain unaffected by this proposed change since Minnesota students already pay the higher Minnesota tuition rate to attend the UW-Madison Law School.

Analysis

As indicated earlier, the Minnesota-Wisconsin Tuition Reciprocity Agreement has been in effect for nearly 30 years and has provided benefits to thousands of students crossing the borders of each state. The agreement has also been financially beneficial to Wisconsin as well, generating over \$100 million in cumulative GPR-earned payments since 1973-74 to the state general fund from the State of Minnesota and Minnesota students.

The State of Minnesota's rationale behind this proposed amendment is based on three factors, the latter two of which have been long-standing concerns:

- First, the UM is moving all of its professional programs to what it identifies as "responsibility-based management" whereby each individual program is expected to generate a larger share of its revenues through tuition. Currently, as Table 2 below indicates, UM-TC Law School resident tuition is approximately 60% higher than UW-Madison Law School resident tuition. Thus, the UM-TC Law School "loses" nearly \$3,000 per Wisconsin student enrolled in the UM-TC Law School since Wisconsin students pay their own resident rate.

Table 2

Institution	1995-96 Resident Law School Tuition	1995-96 Non-Resident Law School Tuition
UM-Twin Cities	\$7,788	\$13,684
UW-Madison	\$4,879	\$13,156

- Secondly, the state of Minnesota has never received a final reciprocity payment from Wisconsin since more Minnesota students have always attended Wisconsin institutions than vice versa. As a result, the UM-TC Law School cannot recoup any of the difference in tuition actually paid by Wisconsin students from the final reciprocity payment.
- Third, according to Minnesota officials, while the state of Minnesota internally subsidizes some of the costs related to Wisconsin students attending Minnesota institutions, Minnesota provides no additional assistance to the UM-TC Law School for any revenues lost due to the lower tuition paid by Wisconsin students attending the law program.

All other factors being equal, implementation of this amendment would actually benefit the state of Wisconsin. With this change, Wisconsin law students attending the UM-TC Law School will begin picking up a greater share of the "reciprocity cost", thus further reducing the State of Wisconsin's overall liability to the State of Minnesota. Since

Wisconsin has always received reciprocity payments from Minnesota due to the larger total number of Minnesota students enrolling in Wisconsin institutions, this amendment could increase the annual payment made to HEAB beginning in 1998-99 by approximately \$200,000-\$250,000 annually, assuming there is no change in the number of Wisconsin law students crossing the border (see Table 3).

Table 3

Academic Year	Wisconsin Students attending UM-TC Law School	Minnesota Students attending UW-Madison Law School
1993-94	76	14
1994-95	77	11
1995-96	81	13

The agreement will not have an immediate impact on any Wisconsin students attending the UM-TC Law School since the change will not be implemented until 1997-98, and will only affect students entering law school in 1996-97 and thereafter. Furthermore, although the amendment would increase the cost of law school for Wisconsin students crossing the border, the rate charged to Wisconsin students will remain substantially below the non-resident tuition rate charged by the UM-TC Law School (see Table 2 above).

Furthermore, as previously stated, Wisconsin requested the removal of the medical, dental and veterinary programs from the reciprocity agreement (thus requiring future students in these programs to pay non-resident rates) approximately 10 years ago and Minnesota accommodated Wisconsin's request. Minnesota's current request will have far less impact than that proposed by Wisconsin in 1986 as it does not remove the law programs from the agreement.

Finally, MHESO staff indicate that the UM has made it clear that changes will be made to the agreement related to the UM-TC Law School, regardless of what Wisconsin does. However, failure to approve this amendment increases the risk that Minnesota will propose to remove the law program entirely from the agreement, which will not only nearly triple the cost of law school for Wisconsin students attending the UM-TC law program, but also eliminate any reduction in the state's overall liability to Minnesota.

Recommendation

Approve the request.

Prepared by: Brian Pahnke
264-8259

AMENDMENTS TO THE CURRENT WISCONSIN/MINNESOTA
TUITION RECIPROCITY AGREEMENT

The Wisconsin Higher Educational Aids Board will be represented by Executive Secretary Valorie T. Olson at the April 16, 1996 meeting of the Joint Committee on Finance.

BRIEF SUMMARY OF REQUEST:

This request proposes changes in the current Wisconsin/Minnesota tuition reciprocity agreement as it pertains to Law School enrollment. Under the terms of the current agreement, Wisconsin students may attend the University of Minnesota Law School and pay resident Wisconsin tuition.

These amendments would change these provisions so that Wisconsin students entering the UM Law School in academic year 1997-98 would pay the Minnesota resident tuition fee. Students currently enrolled in the UM Law Program would be able to complete their Law studies under the tuition terms of the existing agreement. Students who are first enrolled in the UM Law program in academic year 1996-97 would pay Wisconsin resident tuition for their first year of studies and Minnesota resident tuition for every year thereafter.

BACKGROUND:

Wisconsin and Minnesota have continuously had some form of tuition reciprocity agreement for over a quarter of a century. This agreement has existed for the benefit of thousands of students who have enjoyed expanded educational opportunities under the terms of these agreements. By promoting the sharing of educational resources, both states have also been able to avoid some programmatic duplication by allowing students wider latitude in selecting a post-secondary school that best fits their needs, interests, or geographical limitations.

In 1994-95, approximately 11,700 Minnesota students participated in this program, while approximately 8,600 students were enrolled in Minnesota schools under terms of this agreement. Due to reciprocity and tuition differential calculations, the agreement currently yields a net benefit of nearly \$6 million annually to Wisconsin's treasury.

The Wisconsin Higher Educational Aids Board is statutorily assigned the responsibility for administering this program. In Minnesota, the responsible state agency is the Minnesota Higher Education Services Office. Both agencies have discussed and have agreed to these amendments that pertain to Law School enrollment. The overall Tuition Reciprocity Agreement, as well as any amendment to this document, is subject to legislative approval by the Joint Committee on Finance.

The Wisconsin/Minnesota tuition reciprocity agreement can be found in Wisconsin Statutes s. 39.47. This agreement allows Wisconsin and Minnesota students to attend post-secondary schools in the adjacent state at resident tuition levels.

"Resident tuition" is defined as the prevailing tuition rate in the state of official residence. Technical Colleges also participate in this program although students enrolled in these studies pay resident tuition as determined by the state in which they attend school as opposed to their state of residence.

As previously stated, this amendment will change the tuition paid by Wisconsin students attending the University of Minnesota Law School. Minnesota residents attending UM Law School are being charged \$7,788 in annual tuition. Wisconsin students attending UM Law School under the current reciprocity agreement pay the resident Wisconsin Law School tuition of \$4,879. The \$2,909 differential has proven to be a political and revenue hardship for the UM program which they find difficult to justify to Minnesota parents, students and policy makers.

By making the changes contained in this amendment, Wisconsin students entering the UM Law School in academic year 1997-98 would pay the prevailing Minnesota resident rate. Wisconsin students currently enrolled in the program would pay the resident Wisconsin rate for the duration of their studies and those Wisconsin students entering in 1996-97 will pay one year of resident Wisconsin rates before being subject to the higher resident Minnesota rate.

About 75 Wisconsin students are currently enrolled at the UM Law School. The approximately 15 Minnesota students enrolled at the UW Law School in Madison will be unaffected by this change since they already pay the higher Minnesota tuition rate for attending the Madison school.

In 1986, Wisconsin requested removal of the medical, dental and veterinary programs, effective for the 1987-88 school year and Minnesota agreed to accommodate this request. We believe it would be unfair to deny changes to the agreement to Minnesota when they have made a compelling case to justify taking this action now.

In order to fine tune the current agreement and preserve its operational integrity, the Wisconsin Higher Educational Aids Board recommends that the Joint Committee on Finance approve the following amendments to the current Wisconsin/Minnesota Tuition Reciprocity Agreement:

1. Wisconsin residents currently enrolled at the University of Minnesota Law School will pay resident Wisconsin Law School rates for the duration of their program enrollment.
2. Wisconsin residents who enroll in the University of Minnesota Law School in the fall of 1996 will pay the resident Wisconsin Law School rate for the 1996-97 academic term and will pay the resident Minnesota Law School rate beginning in 1997-98 and for the duration of their program enrollment.
3. Wisconsin residents who enroll in the University of Minnesota Law School in the fall of 1997-98 will pay the resident Minnesota Law School rate for that year and for the duration of their program enrollment.

HOW THE REQUEST MEETS STATUTORY CRITERIA:

The proposed amendment is in compliance with s. 39.47 and is brought before the Joint Committee on Finance under authority conferred by s. 39.42.



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

April 16, 1996

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Higher Educational Aids Board--Request for Supplemental Funds for the Academic Excellence Scholarship Program--Agenda Item XVI

REQUEST

The Higher Educational Aids Board (HEAB) requests a supplement of \$85,400 GPR from the Committee's appropriation to the Academic Excellence Higher Education Scholarships appropriation [s. 20.235 (1)(fy)] in order to fully fund payments to be made in 1995-96.

BACKGROUND

The Academic Excellence Scholarship (AES) program provides scholarships to selected 12th grade students who have the highest grade point average (GPA) in each public and private high school in the state and who attend a post-secondary institution in Wisconsin.

The number of scholarships each high school is eligible for is based on total student enrollment ranging from one scholarship for high schools that enroll between 80 and 499 students to six scholarships for those schools that enroll over 2,500. No more than ten scholarships, in aggregate, may be awarded for those schools with enrollments below 80.

If two or more students in the same high school have the same GPA, the faculty of the high school is required to select the student eligible for the scholarship. Recent legislation (1993 Act 457) permits the designation of alternate scholars in cases where there is a tie in GPAs and the student initially selected does not utilize the scholarship by September 30 following high school graduation. A student is eligible for a scholarship for no more than four years at a UW

or private, nonprofit post-secondary institution or for no more than three years at a Wisconsin Technical College.

For each year the student is enrolled full-time, the student must maintain at least a 3.0 cumulative GPA and make satisfactory progress toward a degree. Therefore, a student may lose and then regain program eligibility as their cumulative GPAs and number of credits fluctuate.

The scholarship covers full tuition and fees at a UW campus or Wisconsin Technical College, or an amount equal to the UW-Madison tuition and fees for students attending private institutions in Wisconsin. Half of the scholarship is funded by the state, while the other half is matched by the institution. UW campuses are allowed to use tuition remissions as part of the institutional match. In 1995-96, the total value (state and institutional funds) of the scholarship ranged from \$1,791 to \$2,946, depending upon the institution attended.

The 1995-97 state budget (Act 27) provides that beginning in 1996-97, a maximum scholarship amount of \$2,250 per academic year (state and institutional funds) would be established and phased-in over a four-year period. The cap would first apply to the freshmen class in 1996-97; students receiving their initial scholarships in 1995-96 or earlier would not be subject to the cap.

The AES program is funded through a biennial appropriation of \$5,989,900 GPR in the 1995-97 biennium with the funds allocated as follows: \$2,973,600 in 1995-96 and \$3,016,300 in 1996-97. In 1994-95, program expenditures were \$2,753,000.

Since the program's inception in 1990-91, the statutes have provided that the Board is to make payments to the institutions subject to the availability of funds in the appropriation. If the appropriation amount in any fiscal year is insufficient to fully make the payments, the Board is to reduce the amount of each payment proportionately (that is, the awards are to be prorated).

ANALYSIS

The following table shows the number of academic excellence scholars for the past three years:

	<u>1993-94</u>	<u>1994-95</u>	<u>1995-96</u> <u>Estimate</u>
Eligible Scholars	3,078	3,107	3,157
Enrolled Scholars			
High School Graduate in:			
1995			Fresh. 677
1994		Fresh. 644	Soph. 579
1993	Fresh. 604	Soph. 555	Junior 539
1992	Soph. 531	Junior 514	<u>Senior 548</u>
1991	Junior 500	<u>Senior 516</u>	
1990	<u>Senior 477</u>		
TOTAL	2,112	2,229	2,343
% Participation	68.6%	71.7%	74.2%

In 1995-96, the sixth year of program activity, there were a total of 3,157 students eligible for scholarships: 810 freshmen (1995 high school graduates), 799 sophomores (1994 high school graduates), 782 juniors (1993 high school graduates) and 766 seniors (1992 high school graduates). However, of the total number of eligible scholarships, an estimated 2,343 (74.2%) will actually be used. Scholarship use declines by class due to students failing to maintain a 3.0 GPA, transferring to out-of-state schools or leaving college. For example, an estimated 83.6% of the eligible freshmen participated in the program compared to 71.5% of the eligible seniors.

The cost of the AES program can vary from year to year due to the following factors:

- The number of eligible scholars as high school enrollments fluctuate.
- The number of students and alternates choosing to participate in the program.
- The institutions chosen by scholars.
- Increases in tuition and fees.
- The number of scholars losing or regaining eligibility.

In the 1995-97 biennial budget, the Governor recommended that funding for the AES program be increased to \$3,073,600 GPR in 1995-96 and \$3,367,800 in 1996-97 which when compared to 1994-95 actual expenditures (\$2,753,000) would have represented annual increases over the prior year of 11.6% and 9.6%, respectively. The Joint Finance Committee made the following adjustments to the Governor's proposed funding levels:

- Deleted \$100,000 in each year of the 1995-97 biennium to reflect only the anticipated increase in student participation and projected tuition increases. The Governor's proposal had included an extra \$100,000 annually which was added as a hedge against experiencing a shortfall

in funding. It was argued that this extra amount was inappropriate in light of the fact that: (1) funding for other student financial aid programs was either frozen or reduced in the Governor's budget; and (2) the statutes provide for proration of the scholarship awards.

- Deleted \$56,700 in 1996-97 to reflect a reduction in the Governor's estimated program participation by 40 students. The Governor's recommendation provided sufficient funding for an additional 80 students in 1995-96 and an additional 120 students in 1996-97. It was argued that the second year increase appeared excessive when compared with recent changes in program participation. Therefore, the Committee's funding recommendation was based on increased program participation of 80 students in each year.

- Deleted \$194,800 in 1996-97 to reflect the Committee's decision to establish a maximum scholarship amount of \$2,250 per academic year which would first apply to freshmen scholars in 1996-97.

As a result of the Committee's reestimates and program changes, the AES program was funded at \$2,973,600 GPR in 1995-96 and \$3,016,300 GPR in 1996-97 which represent annual increases of 8% and 1.4%, respectively. The Committee's actions (which were adopted by the Legislature) deleted \$451,500 GPR over the biennium from the Governor's recommendations.

To date, HEAB has expended \$1,526,000 on the AES program. This amount reflects scholarships paid for students enrolled in the first semester of 1995-96; these scholarships were not prorated. The agency has not issued payments to post-secondary institutions for second semester scholarships due to its pending request for a supplement from the Committee. Based on information obtained from the institutions, HEAB estimates that an additional \$1,533,000 will be needed to fully fund second semester scholarships. Therefore, the total cost of the program is estimated to be \$3,059,000 compared to the appropriated amount of \$2,973,600, a difference of \$85,400.

The funding shortfall appears to be the result of several different factors, the most significant being:

1. The number of enrolled scholars increased by 114 students rather than the budget estimate of 80 additional students.

2. The percentage of scholars enrolling at either UW-Madison, UW-Milwaukee or private colleges increased from 65% in 1994-95 to 67% in 1995-96. Because the scholarship amount is the highest at these institutions, program costs are higher.

Questions could be raised as to whether or not HEAB's request satisfies the requirements for supplemental funds under s. 13.101(3) of the statutes. First of all, one could argue that an emergency does not exist because current law provides for the proration of awards if the appropriation is insufficient. However, this issue was raised a year ago when HEAB requested, and the Committee approved by a vote of 13-1, a supplement of \$125,000 GPR to fully fund

scholarships in 1994-95 (which was the program's only prior shortfall). At that time, it was argued that proration is the appropriate mechanism to address any shortfall and that if the Legislature intended to ensure that the awards would be fully funded, the program would have a sum sufficient appropriation. (Legislation to change to sum sufficient funding was vetoed by the Governor in 1993 Act 457.) In addition, several Committee members indicated their concern that HEAB decided to request a GPR supplement rather than prorating the scholarship payments.

A second argument against approving the request is that the AES program is funded through a biennial appropriation. Therefore, HEAB would have the option to fully fund the 1995-96 scholarships using funds which have been allocated for fiscal year 1996-97. However, one could oppose using funds allocated in 1996-97 to address the 1995-96 shortfall for two reasons. First, this alternative would only serve to delay the need to prorate or provide a GPR supplement until 1996-97. Moreover, it is very likely that the amount allocated for fiscal year 1996-97 (\$3,016,300) will also be insufficient to fully fund scholarships for the 1996-97 academic year. While difficult to estimate, a shortfall as high as \$150,000 could be possible in 1996-97 (assuming the 1995-96 shortfall of \$85,400 is not funded through the 1996-97 allocation). As a result, the alternative would result in the potential for even higher proration levels in 1996-97. Secondly, delaying the prorate to 1996-97 would penalize students who receive a scholarship for the first time next year and students who graduate this year would not be affected by the shortfall.

If the Committee believes that proration is the appropriate mechanism to address the shortfall, an argument could be made to do so in both years so that all students are treated equitably. However, if the Committee believes that a GPR supplement should be provided, but wishes to delay that decision until next year when the total shortfall in the program is known, it could direct HEAB to fully fund the scholarships in 1995-96 using the funds allocated for fiscal year 1996-97 and to request a GPR supplement for 1996-97 scholarship payments at the s. 13.10 meeting in March of 1997. Currently, the Committee's GPR supplementation appropriation has an unreserved balance of \$627,500 for this biennium.

Committee members should also note that if supplemental funding is not provided, the liability for the unfunded costs would be incurred by either the scholars or the participating institutions depending upon how the institutions choose to handle the shortfall. In most cases, students have already enrolled for the second semester of the 1995-96 academic year and have been credited with full scholarship awards. Therefore, the institutions would have to bill students for any shortfall in the payment from HEAB. It is estimated that, on average, a student would be billed \$35 for the state's share of the shortfall and an additional \$35 if the institution decides not to provide its full share of the scholarship amount. According to UW System officials, a decision has not been made by campuses regarding this issue.

ALTERNATIVES

1. Approve HEAB's request for a supplement of \$85,400 GPR in 1995-96 to the Academic Excellence Higher Education Scholarships appropriation.
2. Deny the request and direct HEAB to fully fund the scholarship payments in 1995-96 using funds allocated within the biennial AES appropriation for fiscal year 1996-97 and to request from the Committee a GPR supplement for 1996-97 scholarship payments at the s. 13.10 meeting in March of 1997.
3. Deny the request and direct HEAB to prorate the scholarship payments based on the 1995-96 funding allocation of \$2,973,600.

Prepared by: Dan Clancy

XVI. Higher Educational Aids Board -- Valorie T. Olson, Executive Secretary

HEAB requests a supplement of \$85,400 GPR from the Committee's appropriation under s. 20.865(4)(a) to the appropriation under s. 20.235(1)(fy) to fund a projected deficit in the Academic Excellence Scholarship program for 1995-96.

Governor's Recommendation

Approve the request.

Date: April 10, 1996

To: Members, Joint Committee on Finance

From: James R. Klauser, Secretary
Department of Administration

Subject: Section 13.10 Request from the Higher Educational Aids Board (HEAB) for the Academic Excellence Scholarship (AES) Program.

Request

HEAB requests a supplement of \$85,400 GPR from the Committee's appropriation under s. 20.865 (4)(a) to its Academic Excellence Scholarship (AES) appropriation s. 20.235 (1)(fy) to fund a projected deficit in the AES Program in FY96.

Background

1989 Wisconsin Act 31 created s. 39.41, Wisconsin Stats., establishing the AES Program. This program provides scholarships for up to four years to selected high school seniors who have the highest grade point average (GPA) in each public and private high school in Wisconsin. The number of scholarships for which each high school is eligible is based on total student enrollment. To receive a scholarship, a student must: (1) attend a University of Wisconsin (UW), Wisconsin Technical College (WTC), or participating private post-secondary institution in Wisconsin on a full-time basis; and (2) maintain at least a 3.0 GPA for each year enrolled and maintain satisfactory progress toward an associate or a bachelor's degree.

For students currently enrolled in the UW or WTC systems, the AES program requires HEAB to make payments equal to 50% of the student's tuition and fees if that amount is matched by the institution. Within the UW system, campuses are allowed to use tuition remissions as part of the institutional match requirement. For students currently enrolled in private institutions, HEAB is required to pay 50% of the cost of tuition and fees charged at the UW-Madison for resident undergraduates. Scholarships are awarded for a maximum of four years of education at a UW or private, nonprofit post-secondary institution and for three years at a WTC institution.

For the 1995-97 biennium, the AES program is funded through a biennial appropriation totaling \$5,989,900. During the 1995-97 budget deliberations, the Legislature reduced the Governor's recommendation for the AES program by \$100,000 annually as a result of program re-estimates at that time. However, HEAB indicates that in the current academic year, the AES program realized the largest number of enrolled freshman scholars (664) to date, representing an 6% increase over the previous record of 626, set in FY95. This event alone would account for approximately \$50,000 of the current shortfall.

Members, Joint Committee on Finance

April 10, 1996

Page 3

- According to HEAB, the AES appropriation increase for FY96 (7.3%) was not able to offset both the approximate increase in tuition and fees at UW institutions (5.3% at UW-Madison and 6.1% at the state comprehensive institutions) and the increase in total enrolled scholars (5.3%).
- The AES program's growing popularity and heightened awareness among students appears to have helped it fulfill its statutory intent of retaining the state's "best and brightest" in Wisconsin. The number of students accepting their awards when initially offered has increased from 75.6% (582 of 770) of the eligible members of the FY91 freshman class to 82% (664 of 810) of the FY96 entering freshman class.

These factors have contributed to the \$85,400 GPR shortfall in FY96. If this request is not approved, HEAB has two options to address the shortfall. First, the statutes provide that AES awards can be prorated if the appropriation is insufficient to fully fund the program. However, HEAB indicates prorating AES awards would be difficult since the agency needs to make estimates prior to the start of the academic year based on all eligible scholars, creating the likelihood that the appropriation would not be fully expended. Second, since the AES appropriation is biennial, HEAB could expend some of its FY97 allocation to offset the current shortfall. However, this would likely create a larger shortfall in FY97, requiring either a greater proration or additional s. 13.10 request next year.

If HEAB did not receive an AES supplement or chose not to transfer FY97 funds into the current year, it is estimated that maximum proration of scholarships would amount to approximately \$72-\$74 per student. If all institutions still fully funded their portion of the scholarship for the second semester (i.e. do not exercise their option to reduce their match to the prorated amount), the student share of the shortfall would be approximately \$36-\$37.

While proration of scholarships is a possible option, both the Governor and the Legislature have expressed concern over maintaining the state's commitment to fully fund the AES program in FY96 so that current scholars receive the full scholarships they expected this year. Beginning in FY97, AES scholarships will be capped, making costs more predictable, though not entirely eliminating the possibility of another shortfall.

Recommendation

Approve the request.

Prepared by: Brian Pahnke
264-8259

ACADEMIC EXCELLENCE SCHOLARSHIP PROGRAM

The Higher Educational Aids Board will be represented by the Executive Secretary, Valorie T. Olson, at the April 16, 1996 meeting of the Joint Committee on Finance.

Brief Summary of Request

The Higher Educational Aids Board (HEAB) requests of the Joint Committee on Finance, under s. 13.10, a supplement of \$85,374 GPR to the Academic Excellence Scholarship appropriation s. 20.235(1)(fy) in an amount sufficient to fully fund the program for the 1995-96 academic year.

Background

The Academic Excellence Scholarship (AES) program provides scholarships for up to four years to selected 12th grade students who have the highest grade point average (GPA) in each public and private high school in the state. The number of scholarships each high school is eligible for is based on total student enrollment. Scholars must attend, on a full-time basis, a University of Wisconsin (UW), Wisconsin Technical College (WTC), or a private post-secondary institution in Wisconsin. The scholars must maintain at least a 3.000 GPA for each year enrolled and maintain satisfactory progress toward an associate or a bachelor's degree.

Currently for students enrolled in the UW or WTC systems, the AES program requires HEAB to make payments equal to 50% of the student's tuition and fees if that amount is matched by the institution. HEAB is required to pay 50% of the cost of tuition and fees charged at UW-Madison for students enrolled in private institutions. Beginning with the 1996-97 academic year, HEAB will pay \$1125 toward tuition, per 1995 Act 27 which placed a cap on this award.

The AES program is now in its sixth year of collegiate enrollment.

There are a number of factors which contributed to the shortfall of funds for the 1995-96 academic year, the most significant being:

- The AES appropriation increase for 1995-96 was not comparable to the increase in tuition and fees for 1995-96 and the increase in the number of scholars in both the public and private educational institutions.
- The Governor's 1995-97 biennial budget maintained the state's commitment to its top scholars by fully funding the AES program so that scholars received the full scholarship they expected.
- In any given year the number of eligible scholars varies as high school enrollments fluctuate. The 1995-96 academic year has the largest number of freshman scholars to date - 676 compared to 626 in 1994-95.

- The 1993 Wisconsin Act 457 expanded eligibility to allow alternate scholars to receive the scholarship if they have the same grade point average as an initial recipient who turned down the award. During 1995-96, 40 students received the AES as alternates.
- The AES is a very popular and successful program and well known throughout the state. Students believe the scholarship is worth striving for, and according to a survey of scholars conducted by HEAB, scholars are staying in Wisconsin, not only to attend college, but to work and live after college.
- The AES program is meeting its statutory intent of keeping the "best and brightest" in the State of Wisconsin. Of the total number of all possible scholars in the AES program in 1995-96, 87% of the scholars chose to attend a Wisconsin post-secondary institution as compared to 76% in 1991.

The 1996-97 freshman scholars will be under the \$2,250 tuition and fees cap passed by the legislature in the 1995-97 biennium. College sophomores, juniors and seniors are grandfathered in and will not be capped. Once the 1996-97 college sophomore, junior and senior scholars graduate from college, the need for additional funding will most likely cease.

How the Request Meets the Statutory Criteria

The statutory intent of 39.41 was to keep the "best and brightest" scholars in the State by providing full scholarships to all eligible students. The 1995-96 additional funding for the AES program maintains the state's commitment to its top scholars by providing the full scholarship they expected.

Prorating awards for the first semester would be very difficult. HEAB does not receive precise enrollment data for the first semester from the institutions until late November. Second semester enrollment data is not verified by the institutions until around March 1st.

Prorating the first semester would require us to make some wild guesses as to how many students would be enrolled and what institution they would attend. If HEAB would have prorated the awards for the first semester, the program staff would have had to use the worst case scenario and assume that all scholars were going to accept their award. In 1994-95, of the 3,107 scholars designated, 2,238 attended an institution in Wisconsin. If all students eligible had taken advantage of the scholarship, it could have cost an additional \$1,172,146 and HEAB would have had to prorate awards to allow for that possibility. Prorating both semesters would have required making some of the same estimates. It is a real possibility that HEAB would prorate both semesters and have funds left over.



Legislative Fiscal Bureau

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April 16, 1996

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Educational Technology Board and Department of Administration--Joint Report on the Proposed Staffing and Procedure for Approving Pioneering Partners Grants and Loans--Agenda Item XVII

BACKGROUND

Provisions in 1995 Act 27 (the 1995-97 state budget) created the Pioneering Partners program to provide grants and/or loans to school districts, municipal library boards or county library boards, or any combination thereof, for the purpose of implementing, expanding or participating in educational technology or distance education projects. Beginning in 1996-97, \$10,000,000 GPR annually is provided through a continuing appropriation for Pioneering Partners grants. The Board of Commissioners of Public Lands is required, to the extent practicable, to reserve \$15,000,000 annually in 1996-97 through 1999-2000, for state trust fund loans under the Pioneering Partners program.

Act 27 created a nine-member Educational Technology Board (ETB), attached to the Department of Administration (DOA), to administer the Pioneering Partners program. The Board consists of the following members:

- An employe of the Division for Libraries and Community Learning within the Department of Public Instruction (DPI).
- An employe of DOA.
- A representative of public libraries.
- A member of the Wisconsin Advanced Telecommunications Foundation (WATF).

- An employe of the Public Service Commission.
- A representative of a local or regional distance education network.
- A school board member or employe.
- A technical college district board member or employe.
- An employe of a UW System institution or center.

The following provisions related to the Pioneering Partners program are included in Act 27.

Types of Assistance. Eligible applicants may apply to ETB for one or more of the following:

- A grant to directly fund the cost (or a portion of the cost) of a project.
- A trust fund loan and a grant to subsidize the interest costs generated by the first two points of the annual interest rate on the loan.
- A trust fund loan (not subsidized) to fund the cost (or a portion of the cost) of a project.

Eligible Projects. Grants or loans may be used for any of the following purposes:

- Training teachers, librarians and other staff members in the use and integration of technology for educational purposes.
- Purchasing or upgrading technology including computer hardware and software, distance education equipment and other equipment, materials or resources related to the project and wiring within a school or library building or to connect school buildings within a school district if the wiring is directly related to the project.
- Integrating the use of educational technology and distance education throughout the curriculum.
- Implementation of technologies to enhance administrative efficiencies.
- Offering community educational opportunities through distance education or educational technologies to residents of the school district, municipality or county.

Program Requirements. For grants awarded to directly fund a project, a match (in cash or in-kind services) equal to at least 25% of the project's cost is required. Grant funds cannot be used to supplant or replace funds otherwise available for the project.

Criteria for Awarding Grants/Loans. ETB may award a grant or loan for a project if it determines that the project would do any of the following:

- Enhance the educational opportunities for elementary and secondary students or other residents of the state, or both.
- Improve the administrative efficiency of elementary and secondary educational institutions.
- Enhance the training and continuing education opportunities of elementary and secondary teachers in the state.

In addition, ETB is required to ensure that grants and loans are approved for eligible applicants from the territory of all of the cooperative educational service agencies (CESAs) from which applications are received.

ETB may require grant and loan recipients to report to ETB on the distance education and educational technology used in the school district, municipality or county for the purpose of assisting the state in educational technology planning if ETB finds that complying with the requirement will not impose a substantial burden on the grant or loan recipients.

Technology Plan. An application for a grant and/or loan must include a technology plan for the proposed project. The plan must include: (a) an assessment of needs to be met by the project; (b) a detailed description of the technologies to be employed in the project; (c) itemized cost estimates of the project; (d) a narrative description of the project, including the manner in which the project meets any of the criteria (described above) to be used by ETB in determining to award a grant and the purposes for which the grant will be used; (e) a description of the process that the applicant will use to evaluate the project; (f) a plan for continuing the project beyond the funding period, if appropriate; and (g) any other information ETB determines to be necessary to assist it in awarding a grant.

Consultative Services. ETB is required to: (a) provide consultative services to assist school districts and library boards in developing and implementing distance education and educational technology projects and in writing applications for grants and loans; and (b) consult and coordinate its activities with CESAs.

Administrative Budget. Act 27 provided \$45,000 GPR in 1995-96 and \$75,000 GPR in 1996-97 through an annual, state operations appropriation for the administrative expenses of ETB and to fund 1.0 GPR project position beginning January 1, 1996. The project position was intended to be filled by one or more elementary or secondary school teachers to provide consultative services.

Reporting Requirement. Act 27 required DOA and ETB, no later than November 1, 1995, to jointly submit to the Joint Committee on Finance for its approval under s. 13.10 all of the following:

- A request to transfer not more than 4.0 FTE positions and the funding for those positions from other state agencies to ETB (including recommendations on whether the incumbents in such positions would be transferred).

- A plan which sets forth the deadlines, procedures and criteria that ETB will use in reviewing and approving grants and loans. No portion of the plan may be implemented until the plan is approved by the Joint Committee on Finance.

On October 30, 1995, DOA requested that the deadline for the submission of the report be extended for an unspecified period of time. DOA's request was granted by the Committee's co-chairs and the report was submitted on March 18, 1996.

REQUEST

DOA and ETB request the Committee's approval of their joint report which includes recommendations regarding: (a) ETB staff (including the transfer of positions and funding from other state agencies); (b) a proposed budget for ETB; and (c) a plan for the review and approval of Pioneering Partners grant and loan applications. The specific recommendations of ETB and DOA are described in the "analysis" section of this memorandum.

ANALYSIS

A. ETB Staff

ETB and DOA have proposed that the staffing needs of ETB be met as follows.

Use of DOA Staff Services. Since ETB is attached for administrative purposes to DOA, DOA provides certain services to ETB including legal counsel and budget, accounting and personnel services.

Use of Educational Communications Board Staff Services. Staff of the Educational Communications Board (ECB) would provide assistance to ETB, effective immediately, in implementing the Pioneering Partners program and reviewing grant/loan applications. Such services would be provided as needed. There would be no formal agreement between ECB and ETB and no actual funding or position authority would be transferred between the two agencies.

According to ETB and DOA staff, using ECB staff would allow the program to begin awarding grants and approving loans in July, 1996, prior to hiring permanent staff. It has also been argued that this arrangement would allow ETB to draw upon the experience and skills of any number of ECB staff members depending on the specific needs of ETB.

Executive Director and Administrative Assistant. An integral aspect of the ETB/DOA recommendations is a proposed shared services and resources agreement between ETB and the Wisconsin Advanced Telecommunications Foundation (WATF). The WATF was established in 1993 Act 496 to administer two funds (the Endowment Fund and the Fast Start Fund) from which grants are made to educational institutions and libraries (among other entities) for purposes related to telecommunications. Due to the similar needs of both entities, they have proposed sharing the costs of staff and office space.

ETB is currently staffed on a half-time basis by the executive director of the WATF. While the director is employed by WATF, under the agreement between ETB and WATF, 50% of the cost of the position is allocated to ETB. The agreement would also provide for ETB and WATF to share (on a 50%-50% basis) an administrative assistant. ETB and WATF intend to hire this position in May, 1996.

Teacher Consultants. ETB would contract with two to four K-12 teachers (totalling 1.0 FTE) to provide consultative services to schools and libraries beginning in 1996-97. Although Act 27 authorized 1.0 project position for one or more teacher consultants, ETB intends to contract for the teachers' services rather than using this position authority. Given this intention, it could be argued that the project position should be eliminated.

Positions Transferred from Other Agencies. The report recommends that, effective July 1, 1996, 2.0 GPR positions and \$150,500 GPR be transferred to ETB from the Department of Public Instruction (DPI) and from the University of Wisconsin Extension (UWEX). From each of the agencies, 1.0 GPR position and \$75,250 GPR would be eliminated. The budgeted compensation amount (salary and fringe benefits) for each position is \$48,150. (Thus, the transfer of \$75,250 from each agency would not only fund the cost of salary and fringe benefits for the positions, but would provide an additional \$27,100 (per agency) to balance ETB's proposed budget.) why ?

The 2.0 FTE positions would be classified as Administrative Officer 1 positions and would function as information technology consultants for ETB. The responsibilities of the consultants would include: (a) providing consultation and training to public schools and libraries in the areas of technology and distance education; (b) reviewing grant/loan applications and making funding recommendations to the Board; (c) assisting in the development of policies and procedures for ETB and the implementation of the Pioneering Partners program; and (d) collaborating with other education-related state agencies to identify technology needs among public schools and libraries and maximize use of resources.

The report specifies that the positions which would be transferred to ETB are intended to be vacant positions; no incumbent employees would be transferred. DOA and ETB staff indicate

that existing, technology education-related positions within certain agencies were considered for transfer to ETB, but that this option was rejected in favor of using vacant positions. It is argued that the use of vacant positions would be preferable because it would allow ETB to recruit individuals (from within or outside of state government) who have the specific skills and experience required for the position. In addition, the affected agencies would be able to select the position to be eliminated.

The use of vacant positions raises the issue of the original intent of the Act 27 provision regarding the transfer of positions and funding from other agencies. If the Legislature's intent was to bring together, at ETB, individuals whose current positions relate to educational technology and distance education, it would seem that transferring existing positions (and incumbent employees) would more effectively reflect this intent. If this is the case, the Committee could deny the request and direct ETB and DOA to recommend specific positions currently involved in educational technology or distance education and the funding associated with these positions to be transferred to ETB.

if this is what we wanted we should have so stated

Conversely, if the intent of the provision was to expand the number of positions related to educational technology, transferring vacant positions (or creating new ones), would serve this purpose. However, it should be noted that the elimination of a position, whether or not that position is currently filled, may decrease an agency's ability to perform some other function or service.

AD!

According to ETB and DOA staff, DPI and UWEX were chosen to provide the positions for ETB because both agencies are currently involved in educational technology and distance education and both agencies have vacant positions. Other education-related agencies were considered and rejected. For example, ECB was rejected because the agency had no vacant positions. DOA was rejected because its staff is already providing some administrative support for ETB. As of April 1, 1996, UWEX had 19.96 GPR positions which were vacant and DPI had 19.85 GPR vacant positions. However, DPI staff indicate that most, if not all, of its vacant positions will be eliminated under budget reductions required for DPI in Act 27 as of July 1, 1996.

are we already taking this into acc?

Other than the existence of vacant GPR positions in DPI and UWEX, there is no rationale to support taking the positions and funding from these agencies. If it is determined that the use of vacant positions is the preferable method of staffing ETB, the positions and funding could be transferred from any number of agencies which currently have vacant GPR positions. For example, UW System currently has 711.52 GPR positions vacant. Similarly, the Department of Agriculture, Trade and Consumer Protection has 33.50 GPR vacancies (11% of its GPR positions); the Department of Health and Social Services has 124.98 GPR vacancies; and the Department of Revenue has 55.50 GPR vacancies. However, many of these vacancies may be the result of special circumstances within an agency. Further, due to budget reductions required by Act 27, many agencies, like DPI, may be holding positions vacant because those positions will be deleted as of July 1, 1996.

2nd yr. budget cut?

If the Committee does not wish to transfer the positions and funding for ETB from other agencies, an alternative would be for the Committee to provide funds from its supplemental appropriation and to authorize 2.0 GPR positions for ETB.

Still another option for the staffing of ETB has been proposed to the Board by UWEX which recommended that the ETB positions be provided through one or more interagency agreements, rather than a permanent transfer of position authority and funding from other agencies. Under s. 230.047 of the statutes, any agency may enter into an agreement with another agency to provide for the temporary exchange of one or more employees. Such employees remain employed by the "sending agency" which also continues to pay for the employee's salary. Supervision of the employee's duties is governed by the agreement. No funding or position authority is transferred between the two agencies and upon the expiration date of the agreement, the employee returns to the "sending agency." Proponents of this recommendation argue that such an arrangement would provide temporary staff (potentially from a variety of agencies) for ETB while giving the Board the opportunity to examine its staffing needs and possibly request permanent staff in the 1997-99 biennial budget. According to DOA and ETB staff, the use of an interagency agreement to staff ETB was rejected because it was felt that ETB should have permanent employees who are clearly accountable to ETB.

B. Proposed ETB Budget for 1995-97

In Act 27, ETB was provided \$45,000 GPR in 1995-96 and \$75,000 GPR in 1996-97 through an annual, state operations appropriation for the administrative expenses of the Board and to fund the 1.0 GPR project position authorized beginning January 1, 1996. The following table shows the proposed 1995-97 budget for ETB.

	<u>1995-96</u>	<u>1996-97</u>
REVENUES		
Act 27 Appropriation	\$45,000	\$75,000
Transfer from DPI and UWEX	<u>0</u>	<u>150,500</u>
 Total Revenues	 \$45,000	 \$225,500
EXPENDITURES		
Salaries and Fringe Benefits		
• 2.0 Information Technology Consultants	\$0	\$96,300
 Contracted Staff		
• Executive Director	22,100	39,400
• Administrative Assistant	3,100	18,400
• Teacher Consultants	0	15,600
 Supplies and Services		
• Staff Travel and Training	0	20,100
• Board Expenses	700	1,500
• Rent	0	12,000
• Postage and Printing	1,600	12,400
• Other ⁽¹⁾	0	8,100
 Permanent Property ⁽²⁾	<u>0</u>	<u>19,200</u>
 Total Expenditures	 \$27,500	 \$243,000
 SURPLUS/DEFICIT	 \$17,500	 -\$17,500

⁽¹⁾Includes telecommunications, equipment repairs and maintenance and data processing services.

⁽²⁾ETB indicates that these would be one-time expenditures.

Some of the expenditure items shown in the table would be partially funded by WATF. For these items, the cost to ETB (rather than the total cost) is shown in the table. Specifically, WATF would support: 20% of the costs of the information technology consultants and the teacher consultant; 50% of the costs for the executive director and the administrative assistant; 20% of the office rental costs; and 50% of the postage and printing costs of the joint ETB/WATF grant application. In total, WATF would fund an estimated \$107,200 in costs related to these services and items in 1996-97.

As shown in the table, the proposed expenditures would result in surplus revenues of \$17,500 GPR in 1995-96. The report recommends that this amount be used to compensate for a shortage of \$17,500 in 1996-97. Since the appropriation for the administrative expenses of

ETB is an annual appropriation, the Committee's approval would be required to transfer these funds from 1995-96 to 1996-97. Such a transfer would increase the Board's 1996-97 base budget from \$75,000 GPR to \$92,500 GPR (in addition to funds transferred from other agencies) annually beginning in 1996-97. The 1996-97 base budget would then become the basis for determining the Board's 1997-99 budget.

An alternative to allowing ETB to carry over the funds from 1996-97 would be to transfer the \$17,500 GPR from the Committee's supplemental appropriation.

do it } The report indicates that expenditures of \$19,200 in 1996-97 for permanent property (computer equipment and furniture) represent one-time costs. Therefore, it would seem appropriate to remove \$19,200 in funding from the Board's base budget after 1996-97. This action would also serve to offset the transfer of \$17,500 GPR from 1995-96 to 1996-97, if that recommendation is approved.

Another view of ETB's proposed budget is that in 1996-97, it is \$54,200 higher than was anticipated in Act 27. That act appropriated \$75,000 GPR in 1996-97 and provided a mechanism for the transfer of up to 4.0 GPR positions and funding for those positions. The Board has chosen to fill two positions at a total cost of \$96,300 for salaries and fringe benefits, but proposes transferring \$150,500 from DPI and UWEX. Thus, the amount transferred would not only fund the positions, but would provide an additional \$54,200 for other administrative expenses. The Committee could approve the budget as presented, less the \$54,200. Such a decision would require ETB to adjust its proposed expenditures.

It could be argued that at least a portion of the proposed expenditures which would be funded with the additional \$54,200 transferred under ETB's recommendation are directly related to the two positions (staff travel and training, supplies and equipment). If the Committee does not wish to transfer these additional funds from other agencies, the Committee could provide the funds from its supplemental appropriation.

C. Deadlines, Procedures and Criteria for Reviewing and Approving Pioneering Partners Grants and Loans

The joint ETB/DOA report includes proposed Pioneering Partners grant/loan application guidelines which set forth the application deadlines, procedures and criteria to be used by ETB in reviewing and approving applications. The guidelines meet the Act 27 reporting requirements and the additional requirements described in the guidelines do not conflict with the statutes. The guidelines cannot be implemented (and therefore, no grants/loans can be approved) until they are approved by the Committee.

Selected portions of the application guidelines are described below. For the most part, those requirements contained in the guidelines which are statutory are not included in this discussion.

Joint ETB/WATF Application. A joint application would be used for Pioneering Partners grants and loans and WATF grants. The application has already been used for the first WATF funding cycle (approximately \$1 million is expected to be distributed in May, 1996 by WATF through cash and in-kind contributions from telecommunications providers). Applicants which are eligible for funding assistance under both programs would be considered for awards from either, or both, entities and would not be required to specify the type of award sought.

Application Deadlines and Funding Cycles. Applications for grants/loans would be accepted and awards would be made four times per year. For calendar year 1996, the application deadlines would be June 14, August 30 and November 29.

Approximately one-fourth of the grant and loan funds available would be awarded in each funding cycle. All applicants would be notified of initial award decisions approximately seven weeks after the application deadline and final notification would be made after an appeals process has been completed.

Application Procedure. An application for funding would consist of a project description and attachments. The project description would provide the information described below under "Evaluation Criteria." The attachments would have to include: (a) summarized resumes for all key staff involved in the proposed project; and (b) letters of support indicating the level of commitment and types of cooperation other organizations agree to provide for the project. Any additional information which would assist ETB could also be included in the attachments section.

Evaluation Criteria. Each grant/loan application received would be evaluated according to the following criteria. Each category would be weighted, as indicated, according to its relative importance.

a. Applicant Overview (30%). A description of the applicant, the proposed project for which funding is requested and a strategic plan for information technology and telecommunications for the applicant, including the components of the plan which have already been implemented and how the proposed project is an integral part of the plan. Additional required information would include why the project is needed, the goals of the project and how it will benefit its end users. In addition, a description of the project's design would be required including the project's components, responsible personnel and implementation date.

Applicants would be required to have knowledge of the existing telecommunications infrastructure in the area to be served by the project; if possible, the project should build on this infrastructure. Applicants would also have to show that the project design is cost effective and appropriate. How the proposed project would continue to be applicable would also have to be addressed.

b. Applicant Qualifications (30%). A description of the qualifications of the participating organization(s); identification of project staff requirements; how the project would

be managed; and proposed staff training. In addition, a plan for evaluating the effectiveness of the project in achieving its goals would be required.

c. Partnerships and Community Support (30%). A description of linkages or collaborations with other agencies or organizations involved in the project; evidence of community support for the project; and the potential of the project to be replicated by others. In addition, the applicant would have to describe how the project could be sustained or replicated beyond the one-year funding period.

d. Applicant Financial Resources and Project Budget (10%). A revenue and expense budget for the project would have to be submitted on a budget form provided in the guidelines. If the applicant is a consortium, a separate budget form would be submitted by each consortium member. The budget would include all costs and funding sources including matching funds. In addition, the applicant would be required to describe how financial records for the grant would be maintained including a statement of fiscal accountability.

Application Scoring. Each application would receive a score based on the above criteria and all applications would be ranked according to this score. Beginning with the applications with the highest scores and working down, applicants would be offered (in the following order) direct grants, grants to subsidize a state trust fund loan or loans (without grants).

Application Review and Award Procedures. ETB is required, by statute, to ensure that funds are awarded to eligible applicants from the territory of all CESAs from which applications are received. The proposed guidelines would also provide that the ETB would give preference to applications in which the amount of funding requested for each location (school or library) does not exceed \$100,000. For example, if a school district were to apply for funding on behalf of three schools, the district could request \$300,000.

Applications would be subject to three levels of review. First, ETB staff and "peer reviewers" (other state and/or non-state employees with experience in educational technology) would review the applications for compliance with format, content and eligibility requirements. Eligible applications would then be evaluated according to the above criteria by a review committee comprised of fewer than half of the Board members. The review committee would rank each application and make recommendations to the full Board which would then conduct a final review of the applications and determine the applications to be funded.

In determining the awards, the Board would consider the following:

- Statutory requirements.
- Applicant proposals and the recommendations of the review committee.
- The degree to which applications satisfy the purposes of ETB.

- The geographic distribution of the proposed grants.
- The diversity of the information and telecommunications technologies employed by the proposed grants.
- The variety of projects represented by the proposed grants.
- Avoidance of redundancy and conflicts with the initiatives of federal and state agencies.
- The availability of funds.

Receipt of Grants and Loans. One-half of the total amount of the grant would be provided to the recipient upon signing a grant award acceptance agreement. The remaining 50% would be paid after the project has been implemented and the grant recipient has notified ETB that the project components have been completed and submitted the project's final cost.

Applications approved by ETB for state trust fund loans would then have to be approved by the Board of Commissioners of Public Lands. It is estimated that this approval process would take an additional three months.

Restrictions on Use of Grant Funds. Grants could not be used for staff salaries, fringe benefits, any costs incurred prior to the grant award or expenditures not approved by ETB. These restrictions are not required by statute.

Required Match. The 25% match (required by statute for direct grants) could be in the form of cash or in-kind contributions. However, expenditure items (such as staff salaries) which are not eligible for funding cannot be included in the match. In-kind contributions would have to be one or more of the following:

- Fiber optic, copper or coaxial cable.
- Video conferencing or audio conferencing hardware and software.
- Video or audio conferencing room design, furniture, lighting and acoustical treatment.
- Personal computers and local or wide area network hardware, software or peripherals.
- Telecommunications network hardware.
- Local Internet nodal access (provided that no other telecommunications provider is available).
- Public telecommunications network infrastructure (provided that no other telecommunications provider is available).

- Consulting, engineering, installation and maintenance labor services on any of the above items.

Project Duration and Future Funding. Funded projects would have to begin within three months of award notification and could not exceed one year in duration. Once a project (or a portion of a project) is funded by ETB/WATF, there would be no obligation on the part of ETB/WATF to provide additional funding associated with that project in the future. However, an award recipient would not be prohibited from applying for funds in the future (including funds to support a previously-funded project).

Project Evaluation. Award recipients would be required to submit a letter or report to ETB one year after the project's implementation describing the effectiveness of the project in achieving its goals and objectives.

Revocation of Grant Funds. ETB could revoke a grant if the funded project does not comply with the guidelines or is not implemented in accordance with the application as submitted and accepted. In addition, ETB could impose other sanctions or take other action if a project is implemented in a manner inconsistent with the grant award.

Appeals Process. An applicant whose funding request is not approved could request an explanation of the reasons for the denial from the executive director of ETB. An applicant could appeal ETB's decision only on the grounds that ETB violated a provision of the statutes or administrative rules (while ETB is not required by statute to promulgate rules, the Board would have general rule-making authority under Chapter 227 of the statutes).

Technical Assistance From ETB Staff. ETB staff would hold regional workshops on the grant/loan application process and would provide technical assistance to all prospective applicants on a first-come, first-served basis until the applicant submits a funding request. Specific suggestions and advice related to a grant application would not be provided and staff would not review "draft" applications. A workshop for award recipients would be held for each funding cycle.

Additional services provided by ETB staff would include information technology consulting and professional conferences and meetings.

ALTERNATIVES

A. ETB Staff

1. Approve the ETB/DOA request to:

a. Provide \$48,150 GPR and 1.0 GPR position in 1996-97 to ETB. In addition, delete \$48,150 GPR and 1.0 GPR position in 1996-97 from DPI's general program operations appropriation.

b. Provide \$48,150 GPR and 1.0 GPR position in 1996-97 to ETB. In addition, delete \$48,150 GPR and 1.0 GPR position in 1996-97 from UW System's general program operations appropriation.

2. Deny the request and direct ETB and DOA to recommend specific positions and funding to be transferred to ETB from other state agencies. *qs amended + passive review*

3. Modify the request by deleting the transfer of positions from DPI and UWEX. Instead, transfer 2.0 GPR positions and \$96,300 GPR in 1996-97 from other agencies with position vacancies.

4. Deny the request. Instead, transfer \$96,300 GPR in 1996-97 from the Committee's supplemental appropriation and provide 2.0 GPR positions to ETB.

5. Deny the request. Instead, direct ETB to enter into an interagency agreement with one or more state agencies to provide for 2.0 full-time equivalent employees to be placed in ETB to serve as information technology consultants until the expiration date of the agreement(s). The employees would remain employees of the sending agency (or agencies) and their salaries would be paid that agency.

6. In addition to any of the above alternatives, delete 1.0 GPR project position from ETB to reflect its intent to contract for the services of the teacher consultants.

B. ETB Budget for 1996-97

1. Approve the ETB/DOA request to:

a. Provide \$27,100 GPR in 1996-97 to ETB. In addition, delete \$27,100 GPR in 1996-97 from DPI's general program operations appropriation.

b. Provide \$27,100 GPR in 1996-97 to ETB. In addition, delete \$27,100 GPR in 1996-97 from UW System's general program operations appropriation.

2. Modify the request by deleting the transfer of \$54,200 GPR from DPI and UWEX. Instead, transfer \$54,200 GPR in 1996-97 from other agencies.

3. Deny the request. Instead, transfer \$54,200 GPR in 1996-97 to ETB from the Committee's supplemental appropriation.

4. Deny the request. As a result, ETB would have to adjust its proposed budget.

*DPI position
won't be
there on July 1*

C. Transfer of Funds Between Fiscal Years

1. Approve the ETB/DOA request to transfer \$17,500 GPR in the appropriation for the administrative expenses of ETB from fiscal year 1995-96 to fiscal year 1996-97. This would increase the amount appropriated in 1996-97 from \$75,000 GPR to \$92,500 GPR.
2. Deny the request to transfer \$17,500 GPR from 1995-96 to 1996-97; ETB would have to reduce its proposed budget for 1996-97 by \$17,500.
3. In addition to Alternative 2, transfer \$17,500 GPR to ETB from the Committee's supplemental appropriation in 1996-97.
4. In addition to any of the above alternatives, provide that of the amount appropriated for the administrative expenses of ETB in 1996-97, \$19,200 GPR would be one-time monies which would not be included in the Board's base budget for the 1997-99 biennium.

D. Deadlines, Procedures and Criteria for Reviewing and Approving Pioneering Partners Grants and Loans

1. Approve the plan (application guidelines) contained in the joint ETB/DOA report which sets forth the proposed application deadlines, procedures and criteria for awarding grants and loans.
2. Deny the request; as a result, no portion of the ETB/DOA plan may be implemented until the plan is approved by the Committee.

Prepared by: Merry Bukolt

Senator Decker

87-1

EDUCATIONAL TECHNOLOGY BOARD

Local Match Requirement for Pioneering Partners Grants

Motion:

Move to direct the Educational Technology Board to propose, as part of its 1997-99 biennial budget request, statutory changes to provide a waiver of the 25% local match requirement for Pioneering Partners grants for school districts which due to fiscal constraints are unable to meet the match requirement. Direct that the Board's proposal include specific criteria which would be used to determine a school district's eligibility for the waiver.