
Wisconsin Legislative Council

AMENDMENT MEMO



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2023 Assembly Bill 86

Assembly Substitute Amendment 1

2023 ASSEMBLY BILL 86

2023 Assembly Bill 86 generally prohibits the University of Wisconsin System (UWS), the Wisconsin Technical College System (WTCS), and private institutions of higher education (collectively, “institutions of higher education”) from reducing a student’s amount of institutional gift aid¹ as a result of a private or external scholarship unless one of two exceptions applies.

First, if a student’s total gift aid from all sources exceeds the student’s financial need, an institution of higher education (“institution”) may reduce the student’s institutional scholarships only to the point that the student’s total scholarships no longer exceed the student’s financial need.² The institution may further reduce the student’s institutional scholarships if it receives permission from the entity which awarded the student the scholarship that resulted in the student’s total scholarships exceeding the student’s financial need.

Second, an institution may reduce a student athlete’s institutional scholarships if doing so is necessary to comply with a governing intercollegiate athletic association’s individual or team financial aid restrictions.

ASSEMBLY SUBSTITUTE AMENDMENT 1

Assembly Substitute Amendment 1 retains large portions of Assembly Bill 86, but makes several substantive changes.

First, the substitute amendment changes the definition of a private or external scholarship. Under the bill, a private or external scholarship means a last-dollar scholarship awarded by a Wisconsin-based company, private foundation, nonprofit organization, or service group. A last-dollar scholarship means gift aid awarded to a student to meet any of the student’s financial need amount not met by federal gift aid, state gift aid, or institutional gift aid. Under the substitute amendment, a private or external scholarship means a scholarship of \$5,000 or less awarded by a Wisconsin-based company,³ private foundation, nonprofit organization, or service group.

¹ “Institutional gift aid” means gift aid that is funded by UWS, the UWS Board of Regents, the WTCS Board, a WTCS district board, or an institution of higher education. “Gift aid” means all financial aid that is not a loan or work-study program, including grants, scholarships, tuition waivers, and third-party payments.

² Under the bill, financial need means the student’s expected family contribution, as determined under 20 U.S.C. s. 1087nn, minus the student’s cost of attendance, as determined under 20 U.S.C. s. 1087ll.

³ Under the substitute amendment, “Wisconsin-based company” means either: (a) an entity that has its primary place of business located in Wisconsin; or (b) a local or state branch of an entity that has its primary place of business located in the United States, if the local or state branch of the entity has its primary place of business located in Wisconsin. The bill does not define the term “Wisconsin-based company.”

Second, the substitute amendment creates a notification requirement regarding an institution's reduction of institutional gift aid. Specifically, the substitute amendment requires that before the institution may reduce the student's institutional gift aid, it must notify the student that the student can request that the institution reassess the student's cost of attendance. If the student makes such a request, the institution is required to perform a reassessment.

Third, the substitute amendment creates an additional scenario in which an institution is permitted to reduce a student's institutional gift aid as a result of a private or external scholarship if the scholarship causes a student's total aid from all sources to exceed the student's financial need. In this circumstance, the institution may reduce the student's institutional gift aid only to the point that the student's total aid no longer exceeds the student's financial need.⁴ Before reducing the student's institutional gift aid, the institution must first attempt to correct for the excess by reducing the student's aid associated with a loan or work-study program or, if applicable and permitted by federal law, by replacing some or all of the student's expected family contribution amount with an amount associated with a loan or work-study program. Further, if the student's total aid still exceeds the student's financial need after the institution attempts to correct for the excess, the institution must notify the student that the student can request that the institution reassess the student's cost of attendance. If the student makes such a request, the institution is required to perform a reassessment.

Fourth, the substitute amendment requires institutions to communicate with scholarship providers when scholarships are awarded in a way that constrains how the institution can apply the scholarship to the student's cost of attendance. Specifically, the institution must contact the scholarship provider and ask that the scholarship be rescinded and re-awarded in a way that does not constrain the institution's application of the scholarship to the student's cost of attendance. The substitute amendment does not require the scholarship provider to comply with this request.

Finally, the substitute amendment provides that the provisions of the legislation are to be implemented to the maximum extent that federal law permits.

BILL HISTORY

Representative Sortwell offered Assembly Substitute Amendment 1 on October 6, 2023. On October 10, 2023, the Assembly Committee on Colleges and Universities voted to recommend adoption of the amendment and passage of the bill, as amended, both on votes of Ayes, 9; Noes, 5.

For a full history of the bill, visit the Legislature's [bill history page](#).

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⁴ Under the substitute amendment, financial need still means the student's expected family contribution minus the student's cost of attendance, but the definition of "expected family contribution" is changed to reflect anticipated future changes to the definition of the phrase under federal law.