



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #463

Wisconsin Covenant Program (DOA and HEAB)

Bill Agency

[LFB 2007-09 Budget Summary: Page 26, #15, Page 351, #8, and Page 353, #9]

CURRENT LAW

The state of Wisconsin provides need-based financial aid to resident undergraduate students enrolled in University of Wisconsin System institutions, Wisconsin technical colleges system (WTCS) institutions, tribal colleges, and private, nonprofit post-secondary institutions located within the state through a variety of programs administered by the Higher Educational Aids Board (HEAB). The largest of these programs is the Wisconsin higher education grant (WHEG) program, which provides need-based grants to resident undergraduate students enrolled in UW System institutions, WTCS institutions, and tribal colleges located in this state, and the tuition grant (TG) program, which provides need-based grants to resident undergraduate students enrolled in private, non-profit post-secondary institutions in this state. In 2005-06, HEAB programs provided approximately \$90 million GPR in need-based grants to resident undergraduate students; of this total, \$57.2 million was in the form of WHEG grants and \$25.5 million was in the form of TG grants.

GOVERNOR

Office of the Wisconsin Covenant

Create an Office of the Wisconsin covenant scholars program in the Department of Administration (DOA). Specify that the Secretary of DOA would appoint the Director of the Office. Increase the statutory limit on the number of unclassified division administrator positions under DOA by one to reflect the creation of the Director's position. Provide \$180,200 GPR annually in a new appropriation and 1.0 GPR unclassified position and 1.0 GPR classified

position beginning in 2007-08 for the purpose of promoting attendance at nonprofit postsecondary institutions in this state.

Require that DOA serve as the state's liaison agency between HEAB, the Department of Public Instruction (DPI), the University of Wisconsin System, the Wisconsin Technical College System (WTCS), and other public and private organizations that are interested in promoting postsecondary education in this state. In addition, require DOA to coordinate the postsecondary education promotional activities of DOA, HEAB, DPI, the UW System, WTCS, other public and private organizations that are interested in promoting postsecondary education in this state, and the Wisconsin Covenant Foundation, Incorporated (WCFI), and prevent duplication of effort in conducting those activities.

Require that, if determined to be appropriate by the Secretary of DOA, DOA contract with WCFI to establish and implement a campaign to promote attendance at nonprofit postsecondary institutions in this state. Provide that no funds from the new appropriation could be expended until WCFI submits a report to the Secretary of DOA showing the amount of private contributions received by WCFI since the date of the last such report. Specify that the Secretary of DOA may approve the expenditure of funds up to the amount of private contributions shown in the report, but not greater than the amount appropriated. Require WCFI expend the appropriated funds in adherence with state uniform travel schedule amounts and prohibit WCFI from expending the appropriated funds on entertainment, foreign travel, payments to persons not providing goods and services to WCFI, or for other purposes prohibited by contract between WCFI and DOA. Require DOA to submit a report to the Legislature on the postsecondary educational promotional activities conducted by WCFI using the appropriated funds annually on July 1 beginning in 2009.

Wisconsin Covenant Scholars Program

Create a Wisconsin covenant scholars program to be administered by HEAB and a new annual GPR appropriation for Wisconsin covenant grants. The Wisconsin covenant scholars program would provide, beginning in the 2011-12 academic year, grants to resident students who are enrolled at least half-time and registered as freshmen, sophomores, juniors, or seniors at public or private nonprofit, accredited institutions of higher education or in the tribally-controlled colleges in this state. Provide that the grant amount would be based on financial need, as determined by HEAB. Specify that the following need-based requirements would apply: (a) the student would have to be eligible for a federal Pell grant; and (b) the federal adjusted gross income (AGI) of a parent of the student as shown on the student's application for student financial assistance does not exceed the income guidelines for receiving reduced-price lunches under the federal free and reduced-price lunch program, or if the student is an independent student, the federal AGI of the student does not exceed those guidelines.

Provide that no student would be eligible for a grant in more than the equivalent of 10 semesters of undergraduate education. Specify that no student who fails to meet acceptable academic standards prescribed by the student's educational institution would be eligible or could

remain eligible for a grant. Provide that students whose names appear on the statewide support lien docket would be ineligible for this grant unless a payment agreement approved by the county child support agency is provided to HEAB by the student.

Require that by February 1 of each year the UW System Board of Regents, the WTCS Board, and each tribally-controlled college in this state provide HEAB with resident undergraduate tuition information for the current academic year for each UW System institution, and resident undergraduate tuition and fees for each Wisconsin technical college and tribally-controlled college in this state. In addition, by April 1 of each year, require that HEAB determine the average resident undergraduate tuition charged during the current academic year at all UW System institutions and the average tuition and fees charged at all technical colleges and all of the tribally-controlled colleges in this state.

Require HEAB to promulgate rules to implement this section, including rules establishing a reporting system to periodically provide student economic data and any other rules the Board considers necessary to assure the uniform administration of the grants program. Require HEAB to submit these rules in proposed form to Legislative Council staff no later than the first day of the 18th month beginning after the effective date of the bill. Specify that HEAB may promulgate emergency rules for the period before the effective date of the permanent rules without a finding of an emergency.

Character Education Teacher Training

Provide \$250,000 GPR annually in a new appropriation. Require DOA to distribute not more than \$250,000 in each fiscal year as grants to school districts for reimbursement of teachers and administrators for costs incurred in participating in training relating to character education.

DISCUSSION POINTS

Higher Education Cost and Financial Aid

1. The cost of post-secondary education varies greatly by institution and program. For example, in 2005-06, the average tuition in the UW System was \$4,536; annual tuition at WTCS institutions was \$2,415 for students enrolled in post-secondary and vocational-adult programs and \$3,273 for students enrolled in collegiate transfer programs; tuition at the two tribal colleges was between \$4,000 and \$4,200; and average annual tuition at Wisconsin Association of Independent Colleges and Universities (WAICU) member institutions, which are 20 of the 24 private institutions enrolling TG recipients, was approximately \$19,800. In the same year, the average total cost of attendance as reported by HEAB, which includes tuition, room, board, and other expenses, was \$13,544 for UW System students, \$10,455 for WTCS students, \$10,587 for tribal college students, and \$23,232 for private college students.

2. In 2005-06, over 163,150 Wisconsin resident undergraduate students applied for financial aid by completing the free application for federal student aid (FAFSA). HEAB estimates

that 87,300 UW System students, 57,900 WTCS students, 17,100 private college students, and 850 tribal college students applied for financial aid using FAFSA in 2005-06. In that year, approximately 110,700 resident undergraduates including 52,000 UW students, 36,000 WTCS students, 21,800 private college students, and 900 tribal college students received some kind of financial aid.

3. A student's expected family contribution (EFC) is used to determine a student's eligibility for, and the amount of, aid awarded by federal and most state need-based grant aid programs. A student's EFC is the amount of money the student and his or her family is expected to contribute to the cost of that student's education in any one year and is used as a measure of financial need. EFC is calculated by the federal government using the information provided by the student on his or her FAFSA. The EFC calculation considers a number of factors including family income, savings, the amount of taxes paid, the number of children simultaneously in college, the age of the parents, and the student's own financial resources. For resident undergraduate students receiving any amount of need-based financial aid in 2005-06, average EFC was \$4,460 for UW System students, \$2,930 for WTCS students, and \$9,710 for private college students.

4. There are two primary sources of need-based grants for resident undergraduate students: (1) the federal Pell grant; and (2) the state WHEG and TG programs. The table below provides a summary of each of these programs.

Summary of WHEG and TG Programs, 2005-06

	<u>Amount Expended</u>	<u>Number of Awards</u>	<u>Maximum Eligible EFC</u>	<u>Minimum Grant</u>	<u>Maximum Grant</u>	<u>Average Grant</u>
Pell (Federal)	\$135,477,306	57,999	\$3,850	\$400	\$4,050	\$2,336
WHEG-UW	40,992,516	24,345	4,254	500	2,627	1,684
WHEG-TCS	15,792,631	24,211	5,417	250	960	652
WHEG-tribal colleges	403,720	305	5,739	250	1,800	1,324
TG	25,488,151	10,810	Varies*	500	2,700	2,358

* TG eligibility is based in part of the actual tuition charged, which varies by institution. Based on the average tuition charged by WAICU member institutions in 2005-06, the maximum eligible EFC would have been \$10,544.

5. Pell grants are available to undergraduate students who are enrolled at least half-time and have an expected family contribution (EFC) of \$3,850 or less. The Pell grant program is an entitlement program, meaning every student who completes the FAFSA and is eligible receives an award. Conversely, the WHEG and TG programs are not entitlement programs, meaning that not all students who are eligible receive grant awards. Instead, HEAB awards grants on a first-come first-served basis until it believes that the total funding for these programs has been committed.

The Memorandum of Understanding Relating to the Wisconsin Covenant

6. A memorandum of understanding (MOU) related to the Wisconsin covenant was signed in September, 2006, by the Governor, the Superintendent of Public Instruction, the President of the UW System, the President of WTCS, and the President of the Wisconsin Association for Independent Colleges and Universities (WAICU). Based on that MOU, the goals of the Wisconsin covenant are: (1) to promote access to higher education by ensuring that all students who successfully participate in the program are guaranteed a place in higher education in the state; (2) to promote success in higher education by promoting high standards and encouraging students to take courses that prepare them for higher education; and (3) to promote the affordability of higher education by ensuring that all students who successfully complete the program can afford tuition and fees. Students desiring to participate in the Wisconsin covenant program may sign a pledge while in eighth grade affirming that they will: (1) earn a high school diploma; (2) participate in their community by being good citizens; (3) take a high school curriculum that prepares them for higher education; (4) maintain a B average in high school; and (5) apply in a timely manner for state and federal financial aid.

7. Under the MOU, the UW System, WAICU, WTCS, and DPI will work together to ensure there is a place for each student who successfully participates in the program in higher education in this state. The respective systems agree to work to prioritize the entrance of successful program participants into their systems and identify a place for each of these students, if possible, in the higher education system of their choice. Under the MOU, successful program participants will be able to access available financial resources including scholarships, grants, loans, and work to finance their undergraduate education. Finally, under the MOU, participating students will receive support in middle and high school through the continuation, expansion, or establishment of pre-college programming, mentoring, tutoring, and other local supports.

8. Students were able to sign the Wisconsin covenant pledge (copy attached) beginning May 10, 2007. The pledge that the students signed committed them to: (1) graduate from a Wisconsin high school; (2) maintain a B average while in high school; (3) take classes while in high school that will prepare them for higher education and will meet or exceed college entrance requirements; (4) demonstrate good citizenship and engage in activities that support their community; (5) apply for state and federal financial aid in a timely manner; (6) apply and do all that is necessary to gain admission to a UW System institution, Wisconsin technical college, and/or a Wisconsin private college or university. The pledge promises that in return for these accomplishments, the student can expect support from the Wisconsin covenant community while in high school. In addition, when all covenant requirements have been completed, a student can expect: (1) recognition as a Wisconsin covenant scholar; (2) a place in a UW System institution, Wisconsin technical college, or a Wisconsin private college or university; and (3) a financial aid package based on each student's family's federally defined financial need. A membership form requiring a parent or guardian's signature notes that the Wisconsin covenant does not grant the child free tuition at any Wisconsin post-secondary institution.

9. Staff from DOA estimate that at this time approximately 1,600 students have signed

the Wisconsin covenant pledge. This number is expected to increase in the next several months. The deadline for current eighth grade students to sign the pledge will be in September, 2007. There are approximately 75,000 eighth grade students in the state. DOA staff indicates that the major policy goals of the Wisconsin covenant program would be to increase the number of students who aspire to go to college, increase the preparedness of those students for study at the college level, and assist students in the process of applying for college admission and financial aid.

The SB 40 Proposal for a Wisconsin Covenant

10. Under SB 40, the Wisconsin covenant scholars program remains largely undefined. The language of the bill does not address several policy questions, including:

- Would covenant scholars receive preference in the admissions process?
- Would covenant scholars receive additional financial aid compared to non-covenant scholars with similar economic and academic characteristics?
- How would the amount of any additional financial aid be determined?
- Would students who move to the state after eighth grade have an opportunity to participate?
- Would students who were home-schooled be eligible to participate?
- Students' grades are determined individually by classroom teacher and school. Thus, a B average in one school district may be quite different than a B average in another district. Will there be any effort by the program to apply uniform grading standards throughout the state?
- What would be required of students to satisfy the part of the pledge relating to demonstrating good citizenship and engaging in activities that support the community? Would this involve volunteer work or community service activities? How could a student be sure that they have satisfied this requirement?

11. The bill would create an appropriation for Wisconsin covenant scholars program grants. This indicates that financial incentives could be available in the future to students who successfully complete the Wisconsin covenant program. However, at this point it is unclear who would be eligible for such financial incentives and what the cost of these incentives would be.

12. SB 40 provides that only students who are income eligible for both the federal Pell grant program and the federal free and reduced-price lunch program would be eligible for Wisconsin covenant grants. The administration has submitted an errata memorandum that requests that eligibility for the federal free and reduced-price lunch program be removed as an eligibility criterion so that students would only be eligible for the program if they are eligible for federal Pell grants. However, according to DOA staff, the Governor did not intend to restrict student eligibility based on income. SB 40 is silent as to the basis for calculating the amount of the grant award; the errata memorandum suggests only that EFC be used as the basis for calculating award amounts as

with the WHEG program.

13. The cost of the Wisconsin covenant scholars program grants would depend on the structure of the grant program, which has yet to be determined. Beyond the structure chosen for the grant program, a number of additional factors would have an impact on the cost of the Wisconsin covenant scholars program grants. These factors include: (a) the number of successful program participants; (b) federal support for financial aid programs, especially the Pell Grant; (c) state support for financial aid programs, especially the WHEG and TG programs; and (d) future increases in resident undergraduate tuition.

14. Program grants could be structured in such a way that all covenant scholars would be eligible and award amounts would be determined based on a student's need and the total amount of funding available. Currently, the WHEG and TG programs are structured similarly. All resident undergraduate students enrolled at least half-time are eligible for those programs. Awards are based on the student's need, the available funding, and some measure of cost of attendance. Under this alternative, the cost of the program grants would be set biennially when the Legislature sets the appropriation level. However, such a program would not be able to guarantee students a particular level of support when they enroll in the program as eighth graders.

15. If program grants would be administered in a manner similar to the current WHEG and TG programs, then it may be appropriate to simply increase the funding for these programs rather than create a new appropriation. On the other hand, the state may wish to create a new grant program that would only be available to covenant scholars to serve as a financial incentive to students and families to sign the pledge and complete the program. In addition, having a separate appropriation for this program would make clear the amount of funding provided for covenant scholars compared to all other students.

16. In a letter to the Co-chairs of the Committee responding to questions related to the Wisconsin covenant, the Secretary of Administration suggested that GPR funding for need-based financial aid may increase by 15% to 20% in each of the three biennium following 2007-09, which would be consistent with recent experience. The letter indicates that this would equate to increases of \$38 million in 2009-11, \$46 million in 2011-13, and \$55 million in 2013-15, above the previous biennium. However, the letter indicates that the amount of financial aid required would depend on the number of students who attend college.

17. To illustrate the potential annual fiscal effect under such an approach, the following table shows annual funding levels for the WHEG and TG programs that would be consistent with the letter from the Secretary of Administration. As shown in the table, annual increases in funding of 10.5% in the 2009-11 biennium, 9.3% in the 2011-13 biennium, and 9.6% in the 2013-15 biennium, would result in biennial funding increases similar to those described in the letter.

Example of Annual Funding Increases Consistent with DOA Letter

(\$ in Millions)

	<u>WHEG Program</u>		<u>TG</u>	<u>Total</u>	<u>Change to:</u>	
	<u>UW</u>	<u>WTCS</u>			<u>Prior</u>	<u>2008-09</u>
					<u>Biennium</u>	<u>Doubled</u>
SB 40						
2007-08	\$50.0	\$17.1	\$25.5	\$92.6		
2008-09	<u>55.0</u>	<u>17.5</u>	<u>26.1</u>	<u>98.6</u>		
Total	\$105.0	\$34.6	\$51.6	\$191.2		
10.5% Annual						
2009-10	\$60.8	\$19.4	\$28.8	\$109.0		
2010-11	<u>67.2</u>	<u>21.4</u>	<u>31.8</u>	<u>120.4</u>	<u> </u>	<u> </u>
Total	\$128.0	\$40.8	\$60.6	\$229.4	\$38.2	\$32.2
9.3% Annual						
2011-12	\$73.4	\$23.4	\$34.8	\$131.6		
2012-13	<u>80.2</u>	<u>25.6</u>	<u>38.1</u>	<u>143.9</u>	<u> </u>	<u> </u>
Total	\$153.6	\$49.0	\$72.9	\$275.5	\$46.1	\$78.3
9.6% Annual						
2013-14	\$87.9	\$28.1	\$41.7	\$157.7		
2014-15	<u>96.4</u>	<u>30.7</u>	<u>45.7</u>	<u>172.8</u>	<u> </u>	<u> </u>
Total	\$184.3	\$58.8	\$87.4	\$330.5	\$55.0	\$133.3

18. Depending on how the program would be structured, it could represent little change to current law. Currently, students who complete the FAFSA and have financial need receive a financial aid package, including both state and federal aid, based on need. In addition, most students who apply to postsecondary institutions in this state are accepted at one or more of the institutions to which they have applied. Indeed, the UW System reports that 95% of all Wisconsin residents who apply to the UW System are accepted by at least one UW System school, although not always by the institution of their choice. For students who have a B average or better, the acceptance rate is likely higher.

19. It may not be necessary to better define covenant grants at this time. Any programmatic details enacted now by the Legislature could be modified by the Legislature in the 2009 or 2011 sessions before current 8th graders start post-secondary study, and could be modified by any subsequent Legislature after that time. Future legislatures would have more information on the number of 8th grade pupils who have signed up for the program, which would give some indication as to possible demand for covenant grants. In addition, the Legislature in 2011 would have a better sense as to the budget priorities in the 2011-13 budget, and could determine what level of general fund resources to allocate to this program.

20. According to DOA staff, the Governor modeled the Wisconsin covenant program

after existing programs in other states, especially Indiana's "21st Century Scholars" program. Information on similar grant programs in Oklahoma and Indiana is provided in an attachment.

Office of the Wisconsin Covenant

21. In February, 2007, DOA hired a director of the Office of the Wisconsin Covenant. This person currently occupies a two-year federal project position and is located in the Office of the Secretary. The position is classified as a senior program and planning analyst and has annual salary and fringe benefits funding of approximately \$72,500.

22. The federal project position was created by the Secretary of DOA using power delegated to him by the Governor. Under statute, the Governor has the power to create or abolish positions which are funded by federal dollars. This position is funded by federal indirect cost reimbursement dollars, which may be utilized for administrative purposes, program purposes, funding of positions, payment of federal aid disallowances, or other purposes authorized by law.

23. As an alternative to SB 40, the Committee could delay the creation of one of the two positions provided for the Office of the Wisconsin Covenant until January 1, 2009, and delete \$72,500 GPR in 2007-08 and \$36,300 GPR in 2008-09. Under this alternative the Director of the Office of the Wisconsin Covenant would be maintained as a federally funded position within the Office of the Secretary.

24. The bill would increase the number of division administrators authorized for DOA by one to accommodate the creation of an unclassified position for the director of the Office of the Wisconsin Covenant. Current law authorizes 13 unclassified division administrator positions for DOA. As an alternative to SB 40, the Committee could specify that the unclassified position is for the Director of the Office and delete the reference to an additional division administrator.

25. Under the proposed Wisconsin covenant program, students would enroll in the program by signing the Wisconsin covenant pledge while in eighth grade. As one of the primary functions of the Office of the Wisconsin Covenant would be to enroll students in the program, the Office would be expected to spend a large amount of time coordinating with public and private K-12 schools. In addition, under the MOU, participating K-12 students would receive support in middle and high school through the continuation, expansion, or establishment of pre-college programming, mentoring, tutoring, and other local supports. This type of extensive involvement in K-12 education might better be supervised by the State Superintendent of Public Instruction, who is the elected constitutional officer charged with supervision of public instruction in this state. In addition, the State Superintendent is an ex officio member of the Board of Regents of the UW System, of the Wisconsin Technical College System Board, and of the Higher Educational Aids Board, which could facilitate coordination. For these reasons, the Office of the Wisconsin Covenant could be sited within DPI. However, the student financial aid component of the proposal relates to higher education, which is not the responsibility of the State Superintendent.

26. Under SB 40, the Office of the Wisconsin Covenant is required to contract with the

Wisconsin Covenant Foundation, Inc. (WCFI) to establish and implement a campaign to promote attendance at nonprofit postsecondary institutions in this state if the Secretary of DOA determines such action to be appropriate. According to DOA staff, WCFI, which has not yet been established, will be organized as a nonprofit corporation. Annual funding for the Office of the Wisconsin Covenant under SB 40 is \$180,200, of which \$161,000 is for salaries and fringe benefits, leaving \$19,200 annually available for such a contract with WCFI. As WCFI does not yet exist and there is minimal funding provided in the appropriation for DOA to contract with WCFI, it may be unnecessary at this time to create a provision allowing the DOA to transfer funds to WCFI. However, if DOA continues to fund one of the staff position with federal indirect cost reimbursement moneys, then more of this proposed GPR funding could be available to support contract costs.

Character Education Teacher Training

27. SB 40 provides \$250,000 GPR annually in a new appropriation under DOA to reimburse teachers and administrators for costs related to character education training. DOA staff has indicated that teachers and administrators would engage in professional development activities provided by non-profit organizations specializing in character education, such as the character education partnership and the Josephson Institute for Ethics.

28. According to the character education partnership, character education is a national movement encouraging schools to create environments that foster ethical, responsible, and caring young people. The character education partnership offers one day of training for \$300 and the Josephson Institute for Ethics offers three days of training for \$800. These prices exclude any travel-related expenses.

29. To be effective, character education must be implemented on a consistent, school-wide basis. This would require that the majority of teachers and administrators working at a school building to participate in character education training. However, at the current funding level, only about 850 teachers would be able to attend training in any given year, assuming the trainings cost \$300 per teacher. This is less than 2% of the total number of public school teachers in the state. As an alternative, the Committee could decide to provide the funding to the Department of Public Instruction (DPI) to create a statewide character education curriculum.

30. According to the character education partnership, character education teaches students values such as caring, honesty, fairness, responsibility, and respect for one's self and others. Some would argue that this is a core mission of the public school system and that schools already teach students these values. Also, this is a responsibility of parents, churches, youth organizations, and other community resources. Accordingly, the Committee could delete this provision.

ALTERNATIVES TO BILL

A. Wisconsin Covenant Scholars Grant Program

1. Approve the Governor's recommendation.
2. Modify the Governor's recommendation such that grants would be awarded based on a formula that accounts for expected parental and student contributions and is consistent with generally accepted definitions and nationally approved needs methodology. In addition, delete references in the bill to both the federal Pell grant program and the federal free- and reduced-price lunch program.
3. Delete provision.

B. Office of the Wisconsin Covenant

1. Approve the Governor's recommendation.

ALT B1	Change to Bill		Change to Base	
	Funding	Positions	Funding	Positions
GPR	\$0	0.00	\$360,400	2.00

2. Modify Alternative 1 to provide DOA an unclassified position as the Director of the Office of the Covenant, rather than as a division administrator.

ALT B2	Change to Bill		Change to Base	
	Funding	Positions	Funding	Positions
GPR	\$0	0.00	\$360,400	2.00

3. Delete \$88,500 in 2007-08 and \$52,200 in 2008-09 and create an unclassified position for the Director of the Office of the Wisconsin Covenant in 2008-09. Under this alternative, the Director of the Office of the Wisconsin Covenant would continue to be a federally-funded position located in the DOA Secretary's Office until January 1, 2009.

ALT B3	Change to Bill		Change to Base	
	Funding	Positions	Funding	Positions
GPR	-\$140,700	0.00	\$219,700	2.00

4. Modify the Governor's recommendation to provide \$180,200 annually and two classified positions for DPI and require that DPI serve as the coordinator for the Wisconsin

covenant program.

ALT B4	Change to Bill		Change to Base	
	Funding	Positions	Funding	Positions
GPR	\$0	0.00	\$360,400	2.00

5. Delete provision. Under this alternative, the Director of the Office of the Wisconsin Covenant would continue to be a federally-funded position located in the DOA Secretary's Office.

ALT B5	Change to Bill		Change to Base	
	Funding	Positions	Funding	Positions
GPR	-\$360,400	-2.00	\$0	0.00

C. Character Education Teacher Training Grants

1. Approve the Governor's recommendation.

ALT C1	Change to Bill		Change to Base	
	Funding		Funding	
GPR	\$0		\$500,000	

2. Modify SB 40 to provide \$250,000 GPR annually to DPI to create a statewide character education curriculum.

ALT C2	Change to Bill		Change to Base	
	Funding		Funding	
GPR	\$0		\$500,000	

3. Delete provision.

ALT C3	Change to Bill		Change to Base	
	Funding		Funding	
GPR	-\$500,000		\$0	

Prepared by: Emily Pope
Attachment

ATTACHMENT

Similar Programs in Other States

1. According to DOA staff, the Wisconsin covenant scholars program has been modeled after existing programs in other states, such as the "Oklahoma's Promise" program and the "Indiana's 21st Century Scholars" program.

2. The "Oklahoma's Promise" program provides successful participants with awards equal to resident tuition at the applicable postsecondary institution, subject to the availability of funds. To be eligible for the program, a student must be: (1) an Oklahoma resident; (2) enrolled in 8th, 9th, or 10th grade; and (3) the student's parents' income from both taxed and untaxed sources for the most recently completed federal tax year at the time of program enrollment must not exceed \$50,000. Successful participants are those that complete a 17-unit core curriculum, as established by the program, and graduate with a cumulative grade point average (GPA) of 2.5 or better. In addition to these academic requirements, the program also requires that students: (1) attend school and do homework regularly; (2) refrain from substance abuse and criminal and delinquent acts; (3) have school work and records reviewed by the appropriate school official; (4) provide information to the appropriate state bodies when requested; and (5) participate in program activities. Students must also apply for financial aid when they are preparing for college.

3. Under the Oklahoma program, students may enroll in public two- or four-year institutions, public vocational-technical institutions, or accredited private institutions located in that state. For students enrolled in private institutions, grants equal the amount of tuition charged at a comparable public institution. Awards are not paid to students but rather are paid directly to the postsecondary institution attended. Generally, students may not receive awards for more than five years of undergraduate work.

4. The "Oklahoma's Promise" program began enrolling students in 1992-93. At that time, only students whose family income was less than \$24,000 annually were eligible for the program. The first awards were made in 1996 when students who enrolled as ninth graders graduated from high school. In that year, there were 636 successful program participants. By 2001-02 the number of new successful participants had increased to 2,000 with scholarships totaling \$2.9 million. Since that time, the number of successful participants has continued to increase, in part because eligibility has been expanded to include all students whose family income is less than \$50,000. In 2005-06, the number of new successful participants was 12,100 with scholarships totaling \$25.6 million.

5. Three factors are important to note about "Oklahoma's Promise" program. First, the Oklahoma program is limited to students whose parents have incomes of \$50,000 or less. At this point, there is no income restriction tied to the Wisconsin covenant. Second, Oklahoma has a population of approximately 3.5 million compared to approximately 5.6 million in Wisconsin. Finally, the Oklahoma program bases awards on the amount of tuition charged by public colleges and universities. Based on available data, resident tuition in Oklahoma is roughly half that charged by UW System and WTCS institutions.

6. According to program staff in Oklahoma, approximately 50% of all eligible eighth graders enroll in the program. Of enrolled students, approximately 70% complete the program. Of these successful participants, about 82% enroll in college and 86% of those persist into the second year. For every 100 students who enroll in the program, about 50 students will receive awards as second year college students.

7. The "Indiana's 21st Century Scholars" program provides successful program participants with grants equal to tuition and fees at an applicable postsecondary institution less any tuition-specific financial aid. To be eligible for the program, a student must: (1) be an Indiana resident; (2) be enrolled in 8th grade; and (3) be eligible for free- or reduced-priced lunch under the national school lunch program. Successful participants are those that graduate from high school with a GPA of 2.0 or better; have not illegally used controlled substances; and have not committed any crime, infraction, or delinquent act. Students must also apply and be admitted to a postsecondary institution in the state and apply for state and federal financial aid.

8. Under the program, students may enroll in eligible public, private, and proprietary schools located in the state. The scholarship covers tuition and fees at any public institution. For students who attend private colleges, the scholarship covers a portion of tuition equal to the average tuition and fees charged by comparable public institutions. For students attending proprietary schools, the scholarship covers a portion of tuition equal to the tuition charged by the state technical college. Students may not receive awards for more than eight semesters of undergraduate work.

9. The "Indiana's 21st Century Scholars" program was created in 1990. In 1995, when the program participants first began enrolling in college, 1,800 students both completed the program and were admitted to college. By 2005, this number had grown to 4,500. In fiscal year 2005-06, the state of Indiana appropriated \$18.4 million for this program.

10. Of students who are eligible for the program, approximately 25% enroll in the program. Indiana reports that roughly 55% of students who enroll in the program successfully complete it. Of these students, roughly 90% enroll in college. For every 100 students that enroll in the program, roughly 50 students receive awards as first year students. No data is available regarding persistence to the second year of college.

11. As with Oklahoma, the cost of the "Indiana's 21st Century Scholars" program may be less than the proposed Wisconsin covenant. First, the Indiana program is limited to students who are eligible for the free and reduced-price lunch program. At this point, there is no income restriction tied to the Wisconsin covenant, based on the modification requested by the administration. Second, the Indiana program awards scholarships equal to tuition and fees less any other tuition-specific financial aid awards. Indiana's higher education award program and the freedom of choice grants, which are similar to the Wisconsin higher education grant (WHEG) and tuition grant (TG) programs, are awarded to students on the basis of need and are targeted to tuition and fees. In 2005-06, Indiana appropriated \$148.5 million for these two programs. By comparison, \$82.7 million was budgeted in 2005-06 for WHEG and TG program grants. At this point it is unknown whether WHEG and TG awards would be considered when Wisconsin covenant scholars program grants would be awarded.



The Wisconsin Covenant Pledge

I pledge that:

- I will graduate from a Wisconsin high school.
- I will maintain a B average while in high school.
- I will take classes in high school that will prepare me for entrance into higher education and will meet or exceed college entrance requirements.
- I will demonstrate good citizenship and engage in activities that support my community.
- I will apply for state and federal financial aid in a timely manner.
- I will apply and do all that is necessary to gain admission to a University of Wisconsin system institution, Wisconsin Technical College, and/or a Wisconsin private college or university.

Along the way, I can expect:

- Support from the Wisconsin Covenant Community.

When I successfully fulfill all covenant requirements, I can expect:

- Recognition as a Wisconsin Covenant Scholar.
- A place in a University of Wisconsin system institution, Wisconsin Technical College, or Wisconsin private college or university.
- A financial aid package based on my family's federally-defined financial need.

Signed by: _____

Print name: _____

Office of the Governor
Jim Doyle



WISCONSIN
DEPARTMENT OF PUBLIC INSTRUCTION

WISCONSIN
TECHNICAL COLLEGE
SYSTEM

UNIVERSITY OF
WISCONSIN SYSTEM
UW



WAICU
WISCONSIN ASSOCIATION OF INDEPENDENT
COLLEGES AND UNIVERSITIES



Wisconsin Covenant Membership Form

Last Name _____ First Name _____ Middle _____

Birthday _____

Mailing Address _____ City, State, Zip _____

Phone number _____ Secondary phone number _____

E-mail address _____ Secondary e-mail _____

Current School _____ Principal _____

School where student will attend 9th grade _____

School Address _____ City, State, Zip _____

Principal _____ Counselor _____

- I grant permission for my child to be a Wisconsin Covenant Student.
- I understand that the Wisconsin Covenant Community will be in contact with my child via e-mail and U.S. mail regarding Wisconsin Covenant news and opportunities throughout high school.
- I have read all materials about the Wisconsin Covenant.
- I understand that the Wisconsin Covenant does not grant my child free tuition at any Wisconsin post-secondary institution.

Parent/Guardian Signature

Date

Printed Parent's Name

I allow the publication of my students name and/or image to be used in press releases, news articles, promotional materials, and/or the Wisconsin Covenant website.

- Yes
 No

Parent/Guardian Signature

Students enrolled in the 8th grade during the 2006-2007 school year must return their signed copy of the Wisconsin Covenant Pledge by September 14, 2007.

Students can mail their signed pledge to:

Office of the Wisconsin Covenant
PO Box 7869
Madison, WI 53707

Student information will be used solely for purposes directly related to the Wisconsin Covenant.