



## Legislative Fiscal Bureau

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May 3, 2007

Joint Committee on Finance

Paper #664

### **Precollege Scholarship Program (DPI -- Administrative and Other Funding)**

#### *Bill Agency*

[LFB 2007-09 Budget Summary: Page 477, #15]

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#### **CURRENT LAW**

The precollege scholarship program provides funds for low-income middle and high school students to attend precollege courses at campuses in the UW System, Wisconsin Technical College System, and independent colleges and universities. The courses are intended to enhance the pupils' academic ability to pursue postsecondary education. Scholarships may be used to pay the cost of the course, books, supplies, and room and board.

#### **GOVERNOR**

Provide \$108,900 annually above annual base level funding of \$2,177,500 GPR for the precollege scholarship program. Modify statutory references to the program to rename the program the "precollege scholarship program" and drop the term "minority" from the name of the program. Delete statutory references to minority groups, including black or African-American, Hispanic, American Indian, Alaskan Native, and Asian or Pacific Island origin. Provide that economically disadvantaged pupils, meaning pupils eligible for free or reduced-price lunch under the National School Lunch Program, would be eligible for the program.

#### **DISCUSSION POINTS**

1. The precollege scholarship program began in 1985 as the minority group pupil scholarship program. As such, the program awarded precollege scholarships to minority group applicants regardless of their economic circumstances. In 2001, the Office of Civil Rights in the US Department of Education received a complaint filed against the Department of Public Instruction

(DPI) charging that the Department discriminated based on race and national origin, because the minority group pupil scholarship program was open only to certain minority group pupils. As a state educational agency that receives federal financial assistance, DPI is subject to the Civil Rights Act of 1964, which prohibits discrimination based upon race or national origin. Under the law, a recipient of federal assistance may not use race or national origin as eligibility criteria for the provision of aids, benefits, or services unless, consistent with strict scrutiny standards, such use is narrowly tailored to achieve a compelling interest. Narrow tailoring standards include the requirement that a recipient adopt alternatives to the use of race or national origin when they are workable and effective in achieving the educational objectives.

2. In 2004, DPI reached an agreement with the Department of Education to drop the term "minority" from the name of the program and to award scholarships irrespective of race. As of July 1, 2005, the program awards scholarships to pupils who are eligible for free or reduced-price lunch, regardless of the pupil's race, per the agreement with the Department of Education. Therefore, the changes to the program contained in the bill would conform the statutes to current practice.

3. A total of 31 campuses, including 17 in the UW System, four in the Wisconsin Technical College System, and 10 private colleges, offer summer and year-round academic programs for precollege students. Participants also receive early counseling in financial aid, admissions, and test preparation, in order to prepare them for the postsecondary education application process. According to information from DPI, the precollege scholarship program provided 3,506 scholarships in 2005-06, with 2,882 applicants to the program. Each student may receive up to three scholarships per year. Scholarship amounts can range from \$75 to \$2,000, but most are between \$300 and \$500.

4. The precollege scholarship program has received level funding since 2002-03. The Governor's recommendation of \$108,900 annually would represent a 5% increase in 2007-08 over the base level of \$2,177,500, providing approximately 200 additional scholarships per year. As an alternative, the Committee could provide 2% annual increases, which would be comparable to projected increases in the consumer price index in 2007 and 2008. This option would provide \$43,600 in 2007-08 and \$88,000 in 2008-09 as increases to base level funding of \$2,177,500, which would represent decreases of \$65,300 in 2007-08 and \$20,900 in 2008-09 from the bill.

5. The Committee may wish to consider that federal programs are available to supplement the state's efforts to serve low-income precollege students. For example, the federal Upward Bound program provides low-income participants, who would be the first generation in their families to attend college, with counseling, academic advising, tutoring, and academic programs throughout participants' high school careers in order to prepare them for college. The state talent search program also provides services to disadvantaged students to encourage them to finish high school and enroll in postsecondary institutions. On the other hand, these programs provide somewhat different experiences, and the precollege scholarship program might reach additional populations of students because of the large number of campuses throughout the state that accept the scholarships.

## ALTERNATIVES TO BILL

### A. Funding

1. Approve the Governor's recommendation to provide \$108,900 annually for the precollege scholarship program, which would represent a 5% increase in 2007-08 over base level funding of \$2,177,500.

ALT A1	Change to Bill Funding	Change to Base Funding
GPR	\$0	\$217,800

2. Modify the Governor's recommendation to delete \$65,300 in 2007-08 and \$20,900 in 2008-09, which would result in increases of \$43,600 in 2007-08 and \$88,000 in 2008-09 from base level funding of \$2,177,500. This alternative would provide 2% annual increases in funding.

ALT A2	Change to Bill Funding	Change to Base Funding
GPR	-\$86,200	\$131,600

3. Delete provision.

ALT A3	Change to Bill Funding	Change to Base Funding
GPR	-\$217,800	\$0

### B. Program Changes to Codify Current Practice

1. Approve the Governor's recommendation to modify statutory references to the program to rename the program the "precollege scholarship program" and drop the term "minority" from the name of the program. Delete statutory references to minority groups, including black or African-American, Hispanic, American Indian, Alaskan Native, and Asian or Pacific Island origin. Provide that economically disadvantaged pupils, meaning pupils eligible for free or reduced-price lunch under the National School Lunch Program, would be eligible for the program.

2. Delete provision.

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