



Legislative Fiscal Bureau

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

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Joint Committee on Finance

Paper #386

Statutory Funding Links for Financial Aid Programs (HEAB and UW System)

[LFB 2011-13 Budget Summary: Page 257, #9 and Page 502, #15]

CURRENT LAW

The Wisconsin higher education grant (WHEG) program under the Higher Educational Aids Board provides need-based grants to resident undergraduate students enrolled at least half-time at a UW institution, a technical college, or a tribal college located in Wisconsin. The WHEG-TCS and WHEG-Tribal colleges programs are funded through sum certain appropriations. The WHEG-UW appropriation is a sum sufficient appropriation with increases linked to the average percent increase in resident undergraduate tuition in the UW System. Annual base level funding for WHEG-UW is \$58,345,400 GPR.

The Lawton minority undergraduate retention grant program under the University of Wisconsin System provides grants to minority undergraduate students enrolled as sophomores, juniors, and seniors at UW System institutions. Only Wisconsin resident and Minnesota reciprocity students are eligible for Lawton grants. The Lawton program is funded through a sum sufficient appropriation with increases linked to the average increase in resident undergraduate tuition in the UW System. Annual base level funding for the program is \$6,757,900 GPR.

GOVERNOR

Modify current law to suspend the link between funding for the WHEG-UW program and average increases in UW resident undergraduate tuition in the 2011-13 biennium. For the purpose of calculating future WHEG-UW appropriation amounts, set the statutory base funding reference at \$58,345,400.

Modify the appropriation for the Lawton minority undergraduate grant program to make

it a sum certain appropriation and delete language specifying how increases in the appropriation would be calculated.

DISCUSSION POINTS

1. The statutory link between Lawton program funding and increases in UW resident undergraduate tuition was established under 2001 Act 109 and modified by 2005 Act 25. This link has been suspended in each biennium since it was established, meaning the appropriation has operated as a sum certain appropriation in each year. However, during the 2005-07, 2007-09, and 2009-11 biennia, all increases in Lawton program funding were based on estimates of future tuition increases. Under the bill, no funding increases would be provided for the Lawton program. If the link were not deleted or suspended and resident undergraduate tuition increased by 5.5% in each year of the biennium, funding for the Lawton program would increase by \$371,700 in 2011-12 and \$763,800 in 2012-13.

2. Similar to the Lawton program, the WHEG-UW is funded through a sum sufficient appropriation with increases linked to the average increase in resident undergraduate tuition in the UW System. This link has also been suspended in each biennium since it was established in 2001. Unlike the Lawton program, funding increases for the WHEG-UW program have not been based on estimates of future tuition increases in any year since the link was established.

3. Under the bill, the statutory link between WHEG-UW funding increases and the average increase in resident undergraduate tuition in the UW System would be suspended and no funding increases would be provided for the WHEG-UW program during the 2011-13 biennium. As an alternative to the bill, the Committee could suspend the link between Lawton program funding and increases in UW resident undergraduate tuition during the 2011-13 biennium. Under this alternative, Lawton program funding in future biennia would be determined by increases in UW resident undergraduate tuition, unless the link were to be suspended to provide different increases. Conversely, the Committee could delete the funding links between both the WHEG-UW program and the Lawton program and increases in UW resident undergraduate tuition.

4. The Legislative Council convened a special committee to review higher education financial aid programs during the summer and fall of 2010. Among the recommendations of that committee were the modification of the current statutory funding links for the Lawton and WHEG-UW programs and the creation of additional statutory funding links between various financial aid programs and increases in tuition and program fees. These recommendations were included in Legislative Council bill draft 0065/3 which was approved for introduction by the Joint Legislative Council on May 5, 2011.

5. Under current law, the appropriations for the WHEG programs for technical college students and for tribal college students, the tuition grant program, and the minority undergraduate retention grant (MURG) program are all sum certain appropriations. Similar to the WHEG-UW program, the WHEG-TCS and WHEG-tribal colleges programs provide need-based grants to resident undergraduates enrolled at least half-time at those institutions. The tuition grant program provides need-based grants to resident undergraduate students enrolled at least half-time at private,

nonprofit postsecondary institutions in Wisconsin. Similar to the Lawton program, the MURG program provides need-based grants to resident minority undergraduates, excluding freshmen, enrolled at least half-time at the Wisconsin technical colleges, tribal colleges, and private, nonprofit postsecondary institutions. The WHEG-TCS, tuition grant, and MURG programs are funded with GPR; the WHEG-tribal colleges program is funded with tribal gaming revenues. Under the bill, no funding increases would be provided for any of these programs in either year of the biennium.

6. Under WLC 0065/3, the appropriations for the tuition grant, MURG, WHEG-TCS, and WHEG-tribal colleges programs would become sum sufficient appropriations with increases linked to the higher of the percentage increase in resident undergraduate tuition at UW-Madison and the average percentage increase in resident undergraduate tuition in the UW System. The existing statutory funding links for the Lawton and WHEG-UW programs would be modified such that increases in those appropriations would similarly be linked to the higher of the percentage increase in resident undergraduate tuition at UW-Madison and the average percentage increase in resident undergraduate tuition in the UW System. The appropriation for the WHEG-TCS program would become a sum sufficient appropriation with increases linked to increases in program fees charged by the technical colleges. Under WLC 0065/3, these statutory funding links would first apply in 2012-13.

ALTERNATIVES

1. Approve the Governor's recommendation relating to the Lawton program and WHEG-UW.

2. Approve the Governor's recommendation relating to the Lawton program, but modify the bill to create a sum certain appropriation for WHEG-UW and delete language specifying how increases in the appropriation would be calculated.

3. Approve the Governor's recommendation relating to the WHEG-UW program, but suspend the statutory link between Lawton program funding and the average increase in resident undergraduate tuition in the UW System in each year of the biennium. For the purpose of calculating increases under Lawton in the next biennium, specify that the base amount would be the amount provided in 2012-13.

4. Suspend the link in each year of the biennium for both WHEG-UW and Lawton as under Alternative 3. In addition, create statutory funding links to UW-Madison and UW System tuition for the WHEG-TCS, WHEG-tribal colleges, tuition grant, and MURG programs consistent with WLC 0065/3. Specify that these statutory funding links would first apply in the 2013-15 biennium using the base funding levels provided under the Governor's budget bill in 2012-13.

Prepared by: Emily Pope