



## Legislative Fiscal Bureau

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2017

Joint Committee on Finance

Paper #518

### **Early College Credit Program (Public Instruction -- Choice, Charter, and Open Enrollment)**

[LFB 2017-19 Budget Summary: Page 349, #7, Page 361, #21, and Page 365, #25]

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#### **CURRENT LAW**

*Course Options.* Under the course options program, any pupil enrolled in a public school can enroll in up to two courses at any time at a public school in a nonresident school district, the University of Wisconsin (UW) System, any of the 16 colleges within the Wisconsin Technical College System (WTCS), a nonprofit institution of higher education, a tribal college, a charter school, or any nonprofit organization approved by DPI. In general, the pupil's resident school district is responsible for the cost of the course, but a pupil can be charged additional tuition or fees if he or she will receive college credit for a course taken under the program.

*Youth Options.* Under the youth options program, juniors and seniors enrolled in a public high school may take postsecondary level courses at any UW System two-year or four-year institution, a WTCS institution, or participating private, nonprofit and tribal colleges and universities. Under the program, a student does not pay for a college course if the district determines the course qualifies for high school credit and is not comparable to a course already offered in the district. If approved by the district, the student can receive both high school and college credit upon successful completion of the course.

#### **GOVERNOR**

Provide \$1,150,300 GPR in 2017-18 and \$1,753,500 GPR in 2018-19 in an annual GPR appropriation under the Department of Workforce Development (DWD) to reimburse school districts for payments under the early college credit program. Modify the youth options program to create the early college credit program, under which any public high school pupil could enroll in an institution of higher education for the purpose of taking one or more nonsectarian courses,

including during a summer semester or session. Allow a school board to enter into an agreement with an institution of higher education to facilitate the early college credit program.

*Application Procedures.* Require a pupil enrolling in a course under the program to submit an application to the institution of higher education in the previous school semester, indicating whether he or she will take the course for high school credit, postsecondary credit, or both. Require an institution of higher education to admit a pupil if the following apply: (a) there is space available in the course; and (b) the pupil meets the requirements and prerequisites of the course. Allow a school board to establish a written policy limiting the number of credits for which the school board will pay to the equivalent of 18 postsecondary credits per pupil.

*Tuition and Payment.* Specify that tuition charged for each credit assigned to the course could not exceed the following: (a) for a UW institution, a technical college, or a tribally-controlled college, one-third of the amount that would be charged per credit to a Wisconsin resident who is enrolled in the course as an undergraduate student; or (b) for a private nonprofit institution, no more than 33% of the amount charged per credit by a UW institution for a resident Wisconsin undergraduate.

Require the school board of the district in which the pupil is enrolled to pay the institution the determined tuition amount within 30 days after the end of the semester and submit to DPI an itemized report of the amount paid. Require the Department of Workforce Development (DWD) to pay to DPI a portion of the costs of tuition for a pupil attending an institution of higher education under this program on behalf of the school board, with the reimbursement percentage determined based on the type of course credit received by the pupil, as described below. Require DPI to reimburse each school board the amount received from DWD. If the appropriation under DWD is insufficient to reimburse all school districts the full amount of reimbursable tuition, the Secretary of DWD would be required to notify the State Superintendent, who would then be required to prorate the amount of the payments among eligible school districts.

Under the bill, the cost of courses would be shared between the school district, the state, and the pupil, depending on whether the pupil would receive high school credit for the course or only college credit. Table 1 shows the how costs would be shared between the school district, the state, and the pupil.

**TABLE 1**

**School District, State, and Pupil Responsibility for Course Costs  
Under Assembly Bill 64 / Senate Bill 30**

	<u>Course Taken for High School Credit</u>	<u>Course Taken for College Credit Only</u>
School District	75%	25%
State	25	50
Pupil	0	25

*Transportation Aid.* Delete the appropriation for aid for transportation for youth options, equal to \$17,400 GPR annually. Provide \$20,000 annually above base level funding of \$434,200 in a combined appropriation for aid for transportation for open enrollment and the early college credit program.

*Part-Time Open Enrollment.* The bill would also delete the current law course options program and generally restore the pre-2013 part-time open enrollment program. Prior to the 2013-15 biennial budget act, under the part-time open enrollment program, a pupil enrolled in a public school in grades 9 to 12 could attend public school in nonresident districts to take up to two courses at a time offered by the nonresident districts.

## **DISCUSSION POINTS**

1. The youth options program was enacted in 1991 Act 39. The program is designed to allow public high school pupils to take postsecondary courses during high school and receive both high school and college credit. The program allows pupils in 11<sup>th</sup> or 12<sup>th</sup> grades to take courses from the following institutions: (a) a two- or four-year institution in the UW System; (b) a technical college (c) a nonprofit institution of higher education; or (d) a tribal college. The pupil's school board is required to pay for courses taken under the program for which the pupil will receive high school credit, if no comparable course is offered in the district.

2. An additional program allowing pupils to earn early college credit was created under 2013 Act 20. That act expanded the part-time open enrollment program to create the course options program. Under course options, pupils enrolled in a public school in any grade can take courses from the following institutions: (a) a nonresident school district; (b) a two- or four-year institution in the UW System; (c) a technical college; (d) a nonprofit institution of higher education; (e) a tribal college; (f) a charter school; or (g) any nonprofit organization approved by DPI. The pupil's resident school board may deny an application to attend a course under the program if the course conflicts with the pupil's academic and career plan or individualized education program, or if the course does not fulfill a high school graduation requirement. School districts are required to pay tuition for the course in an amount equal to the cost of providing the course to the pupil, as determined by DPI. Institutions can charge additional tuition or fees to pupils who will receive college credit from a course taken under the program.

3. In general, the purpose of dual enrollment programs is to offer pupils an opportunity to receive college credit, often at a reduced tuition rate, before graduating from high school. Pupils who enter college with some college credits already may be able to graduate early and with less debt. Additionally, dual enrollment programs give pupils access to a greater variety of courses than they have at their high school, particularly for advanced pupils or those who have specialized academic or career interests, and may allow pupils to explore career options before starting college. Some pupils may be able to gain work skills or credentials that allow them to seek employment immediately after high school graduation.

4. A number of different types of programs and courses are available to pupils under the youth options and course options programs. Under both youth options and course options, pupils can take traditional college courses located on a four-year, two-year, or technical college campus, or

online college courses. Under course options, pupils can also take college-level courses taught at high schools by a high school instructor under the supervision of an institution of higher education. Funding models differ by institution and by course delivery method.

5. WTCS staff indicates that the majority of dual enrollment courses offered through technical colleges are provided through transcribed credit programs. Under the programs, courses are taught at high schools by WTCS-certified high school teachers following technical college curriculum, grading policies, and standards. WTCS indicates that transcribed credit courses are cost neutral for school districts and technical colleges, and therefore are provided at no charge to pupils and their families. Additionally, pupils may enroll in courses on a technical college campus that are open to all technical college pupils, or may participate in a dual enrollment academy program, under which the technical college has primary instructional responsibility using a combination of technical college instructors, facilities and equipment. Although arrangements between school districts and technical colleges vary, WTCS indicates that academy programs are often offered under youth options, which requires school district to pay an amount equal to the cost of tuition, course fees, and books.

6. UW indicates that the majority of its dual enrollment courses are offered through concurrent enrollment courses, or cooperative academic partnership programs (CAPPs), which are taught by high school teachers who are classified as UW adjunct instructors and who conduct the courses under the supervision of UW System institutions. UW System Administrative Policy 185 establishes policies for concurrent enrollment and CAPP courses taught in high schools by high school faculty under the supervision of a UW institution that will go into effect in Fall, 2017. Under the policy, pupils attending a course under the supervision of a four-year institution will pay a portion of the resident undergraduate per credit tuition equal to no less than 50% of the rate of the lowest UW System institution and no more than 50% of the rate of the institution offering the course. As an example, for a pupil taking a course offered through UW-Madison, the UW institution with the highest undergraduate tuition rate, tuition could range from \$99 per credit to \$129 per credit. For a pupil taking a course through UW Colleges, tuition paid by the pupil would equal no less than 50% of UW College tuition and no more than 50% of the rate of the lowest UW System four-year institution, or an amount between \$99 and \$117 per credit. School districts provide instruction and facilities for these courses, but are not charged additional tuition. Alternatively, dual enrollment courses may include courses taught in a high school by a UW instructor or courses taught on a UW campus by a UW instructor, either to high school pupils only or as a traditional college course offered to both high school pupils and regular students enrolled in the institution. Under these models, the school district is generally responsible for the cost of a course, equal to the cost of tuition, course fees, and books if the pupil is taking the course under the youth options program, or 50% of the tuition of the course if the class is taken through the course options program.

7. The bill would establish a uniform tuition calculation for courses taken under the early college credit program. Under the program, the tuition charged for each credit taken from a UW or WTCS institution could not exceed one-third of the amount that would be charged per credit to a Wisconsin resident who is enrolled in the course as an undergraduate student. For a private nonprofit institution, tuition could not exceed 33% of the tuition charged per credit by a UW institution for a resident Wisconsin undergraduate.

8. The bill would also replace the course options program with the part-time open enrollment program that existed for K-12 public schools prior to 2013. This would allow high school pupils to take up to two courses at a time offered by a nonresident school district. The proposed early college credit program addresses attendance at institutions of higher education, while the part-time open enrollment program would allow attendance at nonresident school districts.

9. In errata materials submitted to the Committee, the Secretary of Administration requested a modification that would eliminate current-law language that was inadvertently not deleted under the bill. The language allows UW institutions to charge the actual cost of tuition, which contradicts the bill capping tuition at one-third of the amount charged to a Wisconsin undergraduate student.

10. The bill does not specify which UW institution would be used to calculate the maximum tuition that could be charged for pupils attending a course at a private institution. Academic fees vary significantly between UW institutions, from \$198 per credit for a course at UW Colleges to \$386 for an undergraduate course at UW-Madison. It may be preferable to specify which UW institution would be the baseline for the tuition calculation. For example, the Committee could choose to specify that tuition for a pupil attending a private institution under the program would be limited to a percentage of the academic fees charged to a resident undergraduate at UW-Madison in the same academic year.

11. WTCS, the UW System, and the Wisconsin Association of Independent Colleges and Universities (WAICU) have expressed concern that the reimbursement amount is too low and would not be sufficient to cover costs for providing certain courses. At the same time, WTCS has expressed a desire to maintain its ability to offer transcribed credit courses at no cost to school districts or pupils. To address these concerns, the Committee could increase the maximum tuition amount, but also allow institutions to charge a lesser amount if they choose to do so. For example, the Committee could require that tuition charged per credit under the program be equal to or less than two-thirds of the academic fees that the institution charges per credit to a Wisconsin resident undergraduate student, not to exceed two-thirds of UW-Madison undergraduate tuition.

12. Under the bill, costs would be shared between the institution, the pupil's school district, and in some cases, the pupil taking the course. If a pupil takes a course for high school credit, regardless of whether the pupil would also receive postsecondary credit, the school district would be responsible for 75% of the actual cost of tuition, and a state reimbursement would fund the remaining 25% of the cost. If a pupil takes a course for postsecondary credit only, the school district would be responsible for 25% of the actual cost of tuition, the state reimbursement would fund 50% of the cost, and the pupil would be responsible for the remaining 25% of the cost, unless the cost of the course would pose an undue financial burden on the pupil's family.

13. A new appropriation for the state reimbursement amount would be created under DWD, equal to \$1,150,300 GPR in 2017-18 and \$1,753,500 GPR in 2018-19. To receive state reimbursement, school districts would be required to submit an itemized report to DPI of the amount of tuition paid. DWD would then transfer funds to DPI equal to the amount of the state reimbursement, which DPI would distribute to school boards. If the appropriation is insufficient to reimburse all school districts the full amount of reimbursable tuition, the Secretary of DWD would

be required to notify the State Superintendent, who would then be required to prorate the amount of the payments among eligible school districts.

14. In general, it may be beneficial to require pupils to pay a portion of the cost of a course for which they will receive college credit. Grades received in dual enrollment courses become part of a pupil's permanent college academic record. A low grade would therefore affect the pupil's grade point average, which could impact the pupil's academic standing, access to financial aid, or future employment. Requiring pupils to pay a portion of tuition would mean that the pupil's family has invested financially in the course, and may view the course more seriously than a typical high school course.

15. However, paying a portion of the costs incurred under the program could be difficult for low-income pupils, and as a result, it could be the case that low-income pupils would be unable to access college credit under the program if required to pay a portion of the tuition. The bill addresses this issue by requiring school boards to waive the pupil's responsibility for a portion of the cost of the program if it is determined that the cost of a course would pose an undue financial burden on a pupil's family. This provision would have the effect of requiring the school district to cover the pupil's portion of the cost. However, it could be argued that this approach would place an additional burden on school districts with a high percentage of low-income pupils, which may already face additional financial pressures.

16. To address the issue of low-income pupils, the Committee may wish to specify that state funds under the program would be directed to assisting pupils who qualify for a free or reduced-price lunch. Under this approach, low-income pupils would not be required to pay for a portion of the cost of courses taken under the program, and state funds would no longer contribute to the cost of higher income pupils. As a result, the portion of tuition costs funded by pupils and by school districts would also need to be adjusted. For example, the Committee could specify that the school district would be responsible for 50% of the amount paid for tuition under the program, and the pupil and the pupil's family would be responsible for the remaining 50%. Using the cap of two-thirds of tuition identified in point 10, under this approach the institution would forgo one-third of its tuition, the school district would pay one-third of the institution's tuition, and the pupil would pay one-third. For low-income pupils, state GPR would pay the pupil's one-third share of tuition. Table 2 shows how costs would be shared between the school district, the state, and the pupil under this option.

**TABLE 2**

**School District, State, and Pupil Responsibility for Course Costs  
Under the Two-Thirds Tuition Option**

	<u>Pupil Eligible for Free or Reduced-Price Lunch</u>	<u>Pupil Not Eligible for Free or Reduced-Price Lunch</u>
School District	50%	50%
State	50	0
Pupil	0	50

17. It could be argued that school districts should not bear financial responsibility for providing pupils with courses that are not eligible for high school credit. Under current law, a pupil who takes a course under the youth options program is responsible for the full cost of the course if the pupil will not receive high school credit. Under course options, school districts are responsible for the cost of any course taken under the program, but school boards can deny applications for courses that do not satisfy a high school graduation requirement. The Committee may wish to specify that if a pupil will not receive high school credit for a course, the pupil is responsible for the full cost of the course.

18. Some might argue that it would be preferable to create the appropriation for the program under DPI rather than under DWD. Under the bill, DWD does not have a role in administering or overseeing the program other than transferring funds to DPI. It could be viewed as more efficient to allow DPI to access the funds directly rather than requiring the intermediate step of requesting the transfer of funds from DWD. School districts would pay the full amount of tuition required under the program for low-income pupils, and would receive payments from DPI reimbursing the district for payments made on behalf of low-income pupils. If funding in the appropriation was insufficient, reimbursements to school districts would be prorated. This approach would be similar to how DPI administers other K-12 state aid programs.

19. On the other hand, if the appropriation is providing financial assistance to low-income pupils, it may be appropriate to create the appropriation under the Higher Educational Aids Board (HEAB). HEAB is the primary state agency responsible for the management and oversight of the state's student financial aid system, and in that role distributes financial aid directly to institutions of higher education on behalf of students who have been awarded grants. A similar mechanism could be used to fund the student portion of the cost of courses taken under the early college credit program. Under this approach, if funding in the appropriation was insufficient, reimbursements to institutions of higher education would be prorated.

20. Pupils participating in the youth options program in Fall, 2017, were required to submit their applications by May 1. Although pupils participating in course options are not required to submit their applications until six weeks prior to the start of the course, it is likely that some pupils will submit their applications earlier. Therefore, pupils will have already applied to participate in the program existing under current law prior to the effective date of the bill. It may be preferable to delay the elimination of the course options and youth options programs and the creation of the early college credit program until the 2018-19 school year to allow pupils already enrolled in the programs under existing law to complete their courses and to allow institutions of higher education to adjust their policies and procedures for the new program. Under this approach, the funding in the bill for 2017-18 could be added to the 2018-19 amount, which would reduce the proration rate, if any, in future years.

21. Under current law, the parents of pupils who participate in the youth options, course options, or open enrollment programs are responsible for their child's transportation to the school or institution attended under the program. State funds are provided in two separate appropriations for transportation aid for parents under these programs.

22. One appropriation funds reimbursement of transportation aid under the open

enrollment and course options programs. Under open enrollment, parents of pupils who are eligible for a free or reduced-price lunch may apply to DPI for reimbursement of transportation costs. Under the course options program, the parent of a pupil can apply to DPI for reimbursement of the costs of the pupil's transportation if the pupil and parent are unable to pay the cost of such transportation, with preference given to pupils who are eligible for a free or reduced-price lunch. In the 2015-17 biennium, \$434,200 GPR annually is appropriated for transportation aid under the open enrollment and course options programs. In 2015-16, 2,392 pupils received aid for full-time open enrollment transportation and two pupils received aid related to course options, with aid prorated at 20.1% in that year.

23. The second appropriation funds reimbursement for transportation for pupils attending the youth options program. Similar to transportation costs under the course options program, funding is provided to reimburse parents of pupils who are unable to afford the cost of transportation between the high school and the postsecondary institution attended under the program, with preference given to pupils who are eligible for free or reduced-price school lunches. In the 2015-17 biennium, \$17,400 GPR annually is appropriated for youth options transportation aid. In 2015-16, 12 pupils received aid in the fall of 2015, with no proration rate applied for that semester. In Spring, 2016, 15 pupils received aid at a proration rate of 73.2%.

24. Under the bill, the appropriation for transportation aid under the course options and open enrollment programs would be combined with the appropriation for transportation under the youth options program. An additional \$2,600 GPR would be provided annually, so that the total funds in the appropriation would equal \$454,200 GPR annually. As under current law, open enrollment pupils would be required to be eligible for a free or reduced-price lunch to qualify for aid under the program, while under the early college credit program preference would be given to pupils who qualify for a free or reduced-price lunch.

25. Because the eligibility criteria for open enrollment transportation aid is more restrictive than the criteria for aid under the early college credit program, and because aid for open enrollment transportation is typically awarded at the end of a school year rather than at the end of each semester as under the early college credit program, it could be the case that combining the appropriations would result in a lower proration rate for the open enrollment program. Therefore, it may be preferable to maintain separate appropriations for the early college credit and open enrollment programs. Under this approach, the Committee could consider placing the additional funds provided under the bill in the appropriation for open enrollment transportation aid, which typically has a lower proration rate.

## **ALTERNATIVES**

### **A. Early College Credit Program**

1. Approve the Governor's recommendation to create the early college credit program and provide \$1,150,300 GPR in 2017-18 and \$1,753,500 GPR in 2018-19 for the program, with a modification requested in the errata materials submitted to the Committee eliminating current-law language allowing UW institutions to charge the actual cost of tuition.



<b>ALT A1</b>	<b>Change to</b>	
	<b>Base</b>	<b>Bill</b>
GPR	\$2,903,800	\$0

2. Modify the Governor's recommendation with one or more of the following changes:

a. Require that tuition charged per credit under the program be equal to or less than two-thirds of the academic fees that would be charged per credit to a Wisconsin resident undergraduate student at that institution, not to exceed two-thirds of UW-Madison undergraduate academic fees.

b. Specify that school districts would be responsible for 50% of the allowable charge of a course taken under the program, and the pupil's family would be responsible for the remaining 50%, if the pupil would be awarded high school credit under the program.

c. Specify that if a pupil takes a course for which he or she will not receive high school credit, the pupil's family would be responsible for 100% of the allowable charge of the course.

d. Specify that a pupil who qualifies for a free or reduced-price lunch would not be responsible for a portion of the costs under the program. Instead, state GPR would pay for the pupil's portion of the fees.

e. Delay the start date of the early college credit program until the 2018-19 school year, and modify the bill to shift \$1,150,300 from 2017-18 to 2018-19, so that all of the funding would be provided in that year.

<b>ALT A2e</b>	<b>Change to</b>	
	<b>Base</b>	<b>Bill</b>
GPR	\$2,903,800	\$0

f. Delay the start date of the early college credit program until the 2018-19 school year, and delete \$1,150,300 of funding provided under the bill for 2017-18.

<b>ALT A2f</b>	<b>Change to</b>	
	<b>Base</b>	<b>Bill</b>
GPR	\$1,753,500	-\$1,150,300

3. Delete provision relating to the early college credit program. Under this alternative, current law as it applies to the youth options program would be maintained.

ALT A3	Change to	
	Base	Bill
GPR	\$0	-\$2,903,800

**B. Agency Overseeing State Funds for Early College Credit Program**

1. Approve the Governor's recommendation to create an annual GPR appropriation under the Department of Workforce Development (DWD) to reimburse school districts for payments under the early college credit program.
2. Modify the Governor's recommendation by creating the appropriation under the Department of Public Instruction, which would be used to reimburse school districts.
3. Modify the Governor's recommendation by creating the appropriation under the Higher Education Aids Board, and specifying that the Board would provide payments on behalf of low-income pupils directly to institutions of higher education.

**C. Course Options/Part-Time Open Enrollment**

1. Approve the Governor's recommendation to delete the course options program and restore the part-time open enrollment program.
2. Modify the Governor's recommendation by delaying the replacement of the course options program with the part-time open enrollment program until the 2018-19 school year.
3. Delete provision. Under this alternative, current law as it applies to the course options program would be maintained.

**D. Transportation Aid**

1. Approve the Governor's recommendation to combine the appropriations for transportation aid under the open enrollment program and early college credit program, and provide an additional \$2,600 GPR annually.

ALT D1	Change to	
	Base	Bill
GPR	\$5,200	\$0

2. Modify the Governor's recommendation by maintaining two separate appropriations for transportation aid, one for the open enrollment program and one for the early college credit program, and placing the additional funds in the appropriation for open enrollment transportation aid.

<b>ALT D2</b>	<b>Change to</b>	
	<b>Base</b>	<b>Bill</b>
GPR	\$5,200	\$0

3. Delete the Governor's recommendation. Under this approach, two separate appropriations would be maintained for transportation aid under the open enrollment program and under the early college credit program and the additional funds would be deleted.

<b>ALT D3</b>	<b>Change to</b>	
	<b>Base</b>	<b>Bill</b>
GPR	\$0	- \$5,200

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