



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #430

Wisconsin Grant Program (HEAB)

[LFB 2019-21 Budget Summary: Page 227, #2 thru #5]

CURRENT LAW

The Wisconsin grant program provides need-based grants to resident undergraduate students enrolled at least half-time at UW institutions, Wisconsin technical colleges, private nonprofit colleges and universities, and tribal colleges located in this state. The Wisconsin grant program is funded through four appropriations, one each for the four sectors. Individual grant amounts are calculated using formulas that are approved annually by HEAB. Students are eligible to receive grants for up to 10 semesters. Three of the appropriations are funded with GPR and the fourth appropriation for tribal colleges is funded with PR drawn from tribal gaming revenues.

GOVERNOR

Increase funding for Wisconsin grants for UW System, private, nonprofit college and university, technical college, and tribal college students by 5% annually as shown below.

	2018-19 Base	<u>Governor's Recommendation</u>	
		2019-20	2020-21
UW System	\$61,894,100	\$64,988,900	\$68,238,300
Change to Base		3,094,800	6,344,200
% Change to Prior Year		5.0%	5.0%
Private Colleges	\$28,504,600	\$29,929,900	\$31,426,400
Change to Base		1,425,300	2,921,800
% Change to Prior Year		5.0%	5.0%
Technical Colleges	\$22,971,700	\$24,120,300	\$25,326,300
Change to Base		1,148,600	2,354,600
% Change to Prior Year		5.0%	5.0%
Tribal Colleges	\$481,800	\$505,900	\$531,200
Change to Base		24,100	49,400
% Change to Prior Year		5.0%	5.0%

DISCUSSION POINTS

1. Table 1 shows the number of recipients, average grant amount, and total expenditures for the Wisconsin grant program in 2017-18 by sector.

TABLE 1

Wisconsin Grant Data for 2017-18

	<u>Recipients</u>	<u>Average Grant</u>	<u>Expenditures</u>
UW System	29,622	\$2,033	\$60,234,977
WTCS	23,619	824	19,469,805
Private Colleges	9,993	2,759	27,566,628
Tribal Colleges	333	1,224	407,567

2. Table 2 shows Wisconsin grant funding by sector from 2010-11 through 2018-19. As shown in Table 2, over that eight-year period, funding for students attending the UW System, private nonprofit colleges, and tribal colleges increased by 6.1%, while funding for WTCS students increased by 22.2%.

TABLE 2

Wisconsin Grant Funding by Sector from 2010-11 to 2018-19 (\$ in Millions)

	<u>UW System</u>		<u>Private Colleges</u>		<u>WTCS</u>		<u>Tribal Colleges</u>	
	<u>Amount</u>	<u>Chg.</u>	<u>Amount</u>	<u>Chg.</u>	<u>Amount</u>	<u>Chg.</u>	<u>Amount</u>	<u>Chg.</u>
2010-11	\$58.345		\$26.870		\$18.798		\$0.454	
2011-12	58.345	0.0%	26.870	0.0%	18.798	0.0%	0.454	0.0%
2012-13	58.345	0.0	26.870	0.0	18.798	0.0	0.454	0.0
2013-14	58.345	0.0	26.870	0.0	20.798	10.6	0.454	0.0
2014-15	58.345	0.0	26.870	0.0	18.798	-9.6	0.454	0.0
2015-16	58.345	0.0	26.870	0.0	19.298	2.7	0.454	0.0
2016-17	58.345	0.0	26.870	0.0	19.298	0.0	0.454	0.0
2017-18	60.488	3.7	27.857	3.7	22.506	16.6	0.471	3.7
2018-19	61.890	2.3	28.505	2.3	22.972	2.1	0.482	2.3
Cumulative Change								
Amount	\$3.545		\$1.635		\$4.174		\$0.028	
Percent	6.1%		6.1%		22.2%		6.2%	

3. During the eight years preceding those shown in Table 2, there were significant increases provided to Wisconsin grants (then called Wisconsin higher education grants). Funding for

UW System students increased by 167% from \$21.8 million in 2002-03 to \$58.3 million in 2010-11; funding for private nonprofit college students increased by 21.6% from \$22.1 million in 2002-03 to \$26.9 million in 2010-11; funding for technical college students increased by 26.4% from \$14.9 million to \$18.8 million; and funding for tribal college students increased by 12.4% from \$404,000 to \$454,200.

4. Because of the large increases in funding for UW System students provided from 2003-04 through 2010-11 compared to the other sectors, base funding for UW System students exceeds base funding for private nonprofit college students by 117% and for WTCS students by 167%. Because the Governor's recommendations would provide 5% annual increases to each sector's appropriation, the appropriation for UW System students would receive the largest dollar increase.

5. Data compiled by HEAB regarding the number of eligible applicants who did not receive funding in 2017-18 show that approximately \$27 million would have been needed to fully fund these waitlists for around 11,400 UW System students, \$20 million for 6,700 private nonprofit college students, \$18 million for 17,700 technical college students, and \$0.5 million for 300 tribal college students. In 2017-18, average unmet financial need for applicants for Wisconsin grants varied by sector, with unmet need averaging \$5,357 for UW System students, \$8,342 for WTCS students, and \$16,465 for private nonprofit college students.

6. Every two years, each sector submits a Wisconsin grant funding request to HEAB for the next biennium. The UW System requested an increase of \$3.25 million annually to allow the average grant award to return to the level (\$2,161) that was provided in 2009-10. WTCS requested an annual increase of \$23 million to address the 2016-17 waitlist of an estimated 23,145 students. The Wisconsin Association of Independent Colleges and Universities used Minnesota funding levels per student as a benchmark and requested an increase of \$34 million annually.

7. The Governor's budget recommendation would provide a 5% annual increase in funding for each sector. This approach treats the sectors equally in percentage terms. However, base funding levels for the appropriations do not align with waitlists or unmet student need by sector. One approach that could be used to gradually address the differing amounts of base level funding would be to allocate the proposed increase recommended by the Governor (\$17,289,300 GPR in the 2019-21 biennium) equally among the three appropriations for UW System, private nonprofit college, and WTCS students. Under this alternative, each sector would receive an increase of \$1,889,600 in 2019-20 and \$3,873,500 in 2020-21. This would treat the sectors equally in dollar terms, but would provide larger percentage increases to the appropriations for Wisconsin grant funding for WTCS and private nonprofit college students, and a smaller percentage increase to the appropriation for UW System students. Table 3 shows the funding shifts that would occur under this alternative.

TABLE 3

Funding Shifts--Alternative with Equal Dollar Increases

	<u>2019-20</u>	<u>2020-21</u>	<u>2019-21</u>
UW System			
Governor--5% Annual Increases	\$3,094,800	\$6,344,200	\$9,439,000
Alternative--Equal Dollar Increases	1,889,600	3,873,500	5,763,100
Change to Governor	-1,205,200	-2,470,700	-3,675,900
Private Colleges			
Governor--5% Annual Increases	\$1,425,300	\$2,921,800	\$4,347,100
Alternative--Equal Dollar Increases	1,889,600	3,873,500	5,763,100
Change to Governor	464,300	951,700	1,416,000
WTCS			
Governor--5% Annual Increases	\$1,148,600	\$2,354,600	\$3,503,200
Alternative--Equal Dollar Increases	1,889,600	3,873,500	5,763,100
Change to Governor	741,000	1,518,900	2,259,900

8. If the Committee wishes to provide additional funding for these need-based grants but at a smaller GPR cost, it could provide funding increases based on projected increases in the consumer price index (CPI). Recent projections indicate that CPI will increase by 2.2% in 2019 and in 2020. Using this approach, the Committee could provide 2.2% annual increases, rather than the 5% annual increases proposed by the Governor.

ALTERNATIVES

1. Adopt the Governor's recommendation to provide 5% annual increases in funding for each of the three GPR appropriations and one PR appropriation used for need-based Wisconsin grants to undergraduate students attending the UW System, private nonprofit colleges, Wisconsin technical colleges, and tribal colleges. Under this alternative, \$5,668,700 GPR and \$24,100 PR would be provided in 2019-20 and \$11,620,600 GPR and \$49,400 PR in 2020-21.

ALT 1	Change to	
	Base	Bill
GPR	\$17,289,300	\$0
PR	<u>73,500</u>	<u>0</u>
Total	\$17,362,800	\$0
GPR-REV	- \$73,500	\$0

2. Provide the same overall funding as under Alternative 1 but allocate the funding to provide equal dollar increases to each of the three GPR appropriations used for UW System, private nonprofit college, and Wisconsin technical college students (\$1,889,600 GPR in 2019-20 and \$3,873,500 GPR in 2020-21 for each appropriation). Provide \$24,100 PR in 2019-20 and \$49,400 PR in 2020-21 for tribal college students.

ALT 2	Change to	
	Base	Bill
GPR	\$17,289,300	\$0
PR	<u>73,500</u>	<u>0</u>
Total	\$17,362,800	\$0
GPR-REV	- \$73,500	\$0

3. Provide 2.2% annual increases in funding (consistent with projected increases in CPI) for each of the three GPR appropriations and one PR appropriation used for need-based Wisconsin grants to undergraduate students attending the UW System, private nonprofits colleges, Wisconsin technical colleges, and tribal colleges. Under this alternative, \$2,494,200 GPR and \$10,600 PR would be provided in 2019-20 and \$5,043,200 GPR and \$21,400 PR in 2020-21.

ALT 3	Change to	
	Base	Bill
GPR	\$7,537,400	- \$9,751,900
PR	<u>32,000</u>	<u>- 41,500</u>
Total	\$7,569,400	- \$9,710,400
GPR-REV	- \$32,000	\$41,500

4. Provide the same overall funding as under Alternative 3, but allocate the funding to provide equal dollar increases to each of the three GPR appropriations used for UW System, private nonprofit college, and Wisconsin technical college students (\$831,400 GPR in 2019-20 and \$1,681,100 GPR in 2020-21) for each appropriation. Provide \$10,600 PR in 2019-20 and \$21,400 PR in 2020-21 for tribal college students.

ALT 4	Change to	
	Base	Bill
GPR	\$7,537,500	- \$9,751,800
PR	<u>32,000</u>	<u>- 41,500</u>
Total	\$7,569,500	- \$9,710,300
GPR-REV	- \$32,000	\$41,500

5. Take no action.

ALT 5	Change to	
	Base	Bill
GPR	\$0	- \$17,289,300
PR	<u>0</u>	<u>- 73,500</u>
Total	\$0	- \$17,362,800
GPR-REV	\$0	\$73,500

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