



Student Financial Aid

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TABLE OF CONTENTS

Introduction	1
Needs Analysis.....	2
Sources of Financial Aid.....	4
Financial Aid Programs	7
Grant Programs	8
Federal Loan Programs.....	16
State Loan Programs.....	19
Scholarship Programs	21
Remissions.....	25
Other Programs	29
College Savings Programs	31
Tax Incentives.....	33
Financial Aid Package	37
Interstate Comparisons.....	38
Appendix: 2014-15 Summary of Primary Need-Based Grant Programs by State.....	41

Student Financial Aid

Introduction

Financial aid provided to students can be broken into two general categories: need-based aid, which is provided to students who are determined to be financially unable to afford the cost of attending a post-secondary institution; and non-need-based aid, which is provided either without regard to the student's financial need, such as in the case of certain federal loan programs, or on some other basis, such as academic merit. In 2014-15, the most recent year for which data is available, resident undergraduate students attending Wisconsin public and private, nonprofit post-secondary institutions at least half-time received financial aid awards totaling approximately \$1.8 billion. Of that amount, \$1,126.9 million, or 62.6%, was awarded through need-based aid programs. Nearly two-thirds of all resident undergraduates enrolled at least half-time in Wisconsin institutions received some form of need-based financial aid in that year.

There are four primary sources of student financial aid: (1) the federal government; (2) state programs; (3) higher education institutions; and (4) other private and community-based organizations. Of the need-based aid provided to resident undergraduate students in 2014-15, \$834.3 million was awarded through federal programs (74.7%); \$135.7 million was awarded through institutional programs (12.1%); \$115.3 million was awarded through state grant programs administered by the Higher Educational Aids Board programs (10.3%); \$17.6 million was awarded through other state programs (1.6%); and \$14.3 million was provided by private sources (1.3%).

The federal government determines the amount of need-based financial aid a student is eligible for and funds the largest grant, loan, and work-study programs that make up the financial aid "package" that a student receives. In determining a student's financial need, the resources of the student and his or her family are compared to the estimated cost of attending the chosen institution. The cost of attendance includes tuition and fees, room and board, transportation, books and supplies, and miscellaneous and personal expenses. The student's financial need is the cost of attendance that the current methodology assumes cannot be covered by student or family resources. "Unmet need" is the student's financial need less any financial aid provided. This "unmet need" can be met by additional parental contributions beyond what is assumed, student earnings apart from work-study aid, the assumption of additional non-need-based loans, or reductions in costs by the student.

Table 1 shows cost of attendance, financial need, need-based financial aid, and unmet need for Wisconsin resident undergraduate students for the most recent five years for which data is

Table 1: Wisconsin Undergraduate Need-Based Financial Aid (\$ in Millions)

	2010-11	2011-12	2012-13	2013-14	2014-15
Students Receiving Aid	152,938	158,625	154,984	150,566	149,003
Cost of Attendance	\$2,737.8	\$2,923.5	\$2,996.2	\$2,922.5	\$2,966.9
Financial Need	\$2,052.9	\$2,182.4	\$2,236.2	\$2,154.0	\$2,154.4
Need-Based Aid*	<u>1,082.0</u>	<u>1,100.8</u>	<u>1,146.6</u>	<u>1,109.0</u>	<u>1,126.9</u>
Unmet Need	\$970.9	\$1,081.6	\$1,089.6	\$1,045.0	\$1,027.5
Unmet % of Financial Need	47.3%	49.6%	48.7%	48.5%	47.7%
% Chg in Total Aid	11.2%	1.7%	4.2%	-3.3%	1.6%

*Includes need-based Wisconsin covenant grants.

available. Between 2010-11 and 2014-15, average need-based aid per student increased by \$488; however, the average cost of attendance for students receiving aid increased by approximately \$2,010. Because increases in costs were greater than increases in aid, unmet student need increased. However, the average student and his or her family's ability to pay for his or her education increased by \$975 over the time period shown which reduced student need by the same amount. The increase in cost that was not covered by increases in aid or students' ability to pay resulted in an increase in average unmet need of \$547, from \$6,348 in 2010-11 to \$6,895 in 2014-15. In that year, need-based aid met 52.3% of resident undergraduate students' financial need compared to 52.7% four years prior.

This paper presents an overview of state and federal financial aid programs. The first section discusses the methodology used to determine student financial need. The second section briefly describes the various sources of financial aid. The third section provides a more detailed description of each financial aid program including college savings programs and tax incentives. The fourth section discusses the process used to distribute financial aid. The final section provides interstate comparisons.

Needs Analysis

Financial aid is awarded based upon a systematic evaluation of a student's financial need, using the guiding principle that students and their families are primarily responsible for paying for postsecondary education. Congress has established a needs analysis system, referred to as the "federal methodology," which determines how much students and their families are expected to contribute towards the cost of their education. To be eligible for federal financial aid, students and their parents are required to fill out the **Free Ap-**

plication for Federal Student Aid (FAFSA). The federal Department of Education determines the amount that the student and his or her parents are expected to contribute to the cost of the student's education, known as the **expected family contribution or EFC**, based on information provided on the FAFSA. In calculating the EFC, the Department of Education takes into account family income, assets, number of children and other dependents in the household, number of family members enrolled in higher education, liabilities, and unusual financial circumstances. Students' earnings and savings are also considered.

EFC is determined based on the amount of income and assets that are deemed "discretionary." In general, EFC increases with the family's discretionary income. Students with the greatest financial need generally have EFCs of \$0. Although costs vary from school to school, the amount one is expected to pay remains the same.

The student's **financial need** is the difference between the total cost of attending an institution and the amount the student and his or her family is expected to contribute, which is the EFC. The cost of postsecondary education varies greatly depending on individual student choices. First, costs will vary depending on the institution the student chooses to attend. In Wisconsin, the total cost of education, including tuition and fees, room and board, transportation, books and supplies, and miscellaneous and personal expenses, ranged from an average of \$11,284 at the tribal colleges to \$36,354 at the private, nonprofit colleges and universities in 2014-15. The Wisconsin Technical Colleges and the University of Wisconsin System institutions fell in between with average costs of \$15,281 and \$18,732, respectively. Additional choices made by the student, such as whether to live on campus or at home, will also affect the total cost of education.

Table 2 shows a sample student budget for a full-time resident undergraduate student as

prepared by the financial aid office at UW-Milwaukee. This sample budget shows tuition and fees relative to other student costs including room and board, transportation, and books and supplies.

Table 2: Dependent Student Base Budget Estimates -- 2016-17 Academic Year (9 Months)

	Living With Parent	Living Away From Home
Tuition and Fees	\$9,493	\$9,493
Books/Supplies	800	800
Room	0	6,510
Board	3,840	3,840
Transportation	1,306	1,306
Personal/Misc.	<u>2,000</u>	<u>2,000</u>
Total	\$17,439	\$23,949

Once a student's financial need is determined, the college where the student is enrolled or the college or colleges where the student has applied attempts to meet this need through an offer of a financial aid package. The financial aid package can be a combination of one or more types of assistance including grants, scholarships, loans, and employment, depending upon a student's financial need and eligibility for programs.

In most cases, to be eligible to receive aid from the general need-based programs discussed in this paper, a student must:

- Demonstrate financial need.
- Have a high school diploma, a general educational development (GED) certificate, or have completed a high school education in a home setting.
- Be enrolled in an eligible degree or certificate program.
- Be a U.S. citizen or an eligible noncitizen.
- Have a social security number.
- Make satisfactory academic progress in a

degree or certificate-granting program as defined by the institution attended.

- Register with the Selective Service, if required.

Some of the programs described in this paper such as the federal Direct Loan and Direct PLUS Loan programs and the state-funded Wisconsin Grant program also require the student to be enrolled at least half-time, which is usually defined as at least twelve credits per year. This is not a requirement to receive federal aid under the Pell Grant, Supplemental Educational Opportunity Grant, Work-Study, and Perkins Loan programs. For students attending less than full-time, the cost of education is proportionately reduced, which in turn decreases a student's financial need and the amount of financial aid for which the student is eligible.

Another determination made when a student applies for financial aid is the student's dependency status. **Dependency status** is based on whether the student is considered a dependent of his or her parents or is considered financially independent. If a student is a dependent, the student must report his or her parents' income and other financial information on the FAFSA in addition to the student's own. This determination is necessary because most student aid programs are based on the assumption that parents have the primary responsibility for paying for their children's education, whether they choose to or not. According to federal guidelines, students who have access to parental support should not receive financial aid at the expense of students who do not. A student is considered independent for financial aid purposes if he or she is one or more of the following:

- At least 23 or 24 years of age depending on the student's birthdate.
- Married.
- A graduate or professional student.
- Someone with a dependent other than a

spouse who receives more than half of his or her support from the student.

- Serving on active duty in the U.S. Armed Forces.
- A veteran.
- Both of the student's parents are deceased, the student has been in foster care, or the student has been a ward or dependent of the court at any time since the age of 13.
- An emancipated minor or in a legal guardianship.
- Has been determined to be an unaccompanied youth who is homeless or self-supporting and at risk of homelessness at any time since July 1, 2016 (for the 2017-18 academic year).

Sources of Financial Aid

Financial aid is provided by a number of sources:

Federal Government. In 2014-15, nearly three-quarters of the need-based financial aid to resident undergraduate students was provided by the federal government. This aid included \$369.8 million in grants, \$444.7 million in loans, and \$19.8 million in work study. Table 3 provides expenditure levels for need-based financial aid programs funded through the U.S. Department of Education. These include grants, such as the Pell and Supplemental Educational Opportunity Grant (SEOG); federal work study; and loans, such as subsidized Direct loans and Perkins loans. Table 3 also shows expenditures for the Bureau of Indian Affairs grant program which is administered by individual tribes. Since 2005-06, total need-based federal financial aid for Wisconsin undergraduate students has increased by 77% from

Table 3: Federal Need-Based Financial Aid Programs (\$ in Millions)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Pell Grant	\$135.5	\$136.6	\$155.5	\$183.5	\$292.2	\$341.0	\$345.1	\$348.8	\$341.0	\$346.0
SEOG	14.3	14.7	13.9	14.1	14.4	13.4	13.1	14.2	14.2	14.8
Bureau of Indian Affairs	4.8	5.6	5.6	6.1	6.3	6.0	6.0	5.8	5.8	5.5
Academic Competitiveness Grant **	--	4.2	5.6	5.8	7.9	9.8	0.0	0.0	0.0	0.0
SMART Grant**	--	3.2	3.0	2.6	4.4	5.7	0.0	0.0	0.0	0.0
LEAP/SLEAP (formerly SSIG)	1.7	1.4	1.5	1.4	1.5	1.6	0.0	0.0	0.0	0.0
Other federal grants	--	--	0.4	1.1	2.8	3.1	3.1	3.8	3.8	3.5
Work Study	18.0	19.5	17.5	19.0	22.3	20.9	21.7	22.7	20.9	19.8
Subsidized Direct/Stafford Loans*	262.2	277.1	325.8	344.7	395.8	428.9	449.0	446.0	418.6	418.8
Perkins Loan	34.7	34.9	29.6	17.5	15.4	19.5	20.5	26.9	27.0	24.5
Other federal loans	--	--	1.2	1.0	1.0	1.1	1.2	1.1	1.3	1.4
TOTAL	\$471.2	\$497.2	\$559.6	\$596.8	\$764.0	\$851.0	\$859.7	\$869.3	\$832.6	\$834.3
Percent Change	-1.0%	5.5%	12.6%	6.6%	28.0%	11.4%	1.0%	1.1%	-4.2%	0.2%

*Through 2009-10, most Stafford Loans were made through the Federal Family Education Loan program. Beginning in 2010-11, all Stafford loans are made through the Direct Loan Program.

**These programs provided grants to Pell grant recipients who met additional academic requirements. Both programs ended after the 2010-11 academic year.

\$471.2 million in that year to \$834.3 million in 2014-15.

In addition, the federal government provides non-need-based financial aid, primarily in the form of loans. In 2014-15, resident undergraduate students received a total of \$375.6 million in non-need-based federal financial aid. Of this amount, 81% was provided in the form of Direct Unsubsidized loans and 16% was provided in the form of Direct PLUS loans made to parents. Due to limits on the amount of loans a student can receive through the need-based Direct Subsidized loan program, students may receive loans through both that program and the non-need-based Direct Unsubsidized loan program.

Higher Educational Aids Board (HEAB). The Higher Educational Aids Board is the primary state agency responsible for the management and oversight of the state's student financial aid system. As such, HEAB administers most state-funded student financial aid programs and the Minnesota-Wisconsin tuition reciprocity program. The Board is an independent policy making body composed of 11 members: the State Superintendent of Public Instruction; one member from each of the UW Board of Regents, the Wisconsin Technical College System (WTCS) Board, and a Board of Trustees of an independent college or university in this state; three financial aid administrators and three undergraduate students, including one each from an UW institution, Wisconsin technical college, and a private, nonprofit college or university in this state; and one member of the general public. Except for the State Superintendent, all Board members are appointed by the Governor. Student members of HEAB serve two-year terms while nonstudent members serve staggered, three-year terms. HEAB has a staff of 10.0 full-time equivalent employees including an Executive Secretary who is appointed by the Governor.

HEAB awards most state-funded need-based grants based on a student's EFC as calculated by

the federal Department of Education. Table 4 shows a history of funding for HEAB-administered need-based financial aid programs. Non-need-based grants awarded through the Wisconsin covenant scholars grant program are excluded from the amounts shown in the table.

In general, HEAB-administered aid programs are supported with state, general purpose revenue (GPR) dollars. Exceptions include the Indian student assistance grant program and the Wisconsin Grant for tribal college students, both of which are funded with tribal gaming revenues. In addition, the Wisconsin Grant for UW students was partially funding with program revenue (PR) transferred from the UW System's auxiliary enterprises appropriation in 2003-04, 2004-05, and 2009-10 and fully funded with PR transferred from the UW systemwide tuition balance in 2013-14.

In addition to the need-based programs shown in Table 4, HEAB administers the academic excellence scholarship (AES) program and the technical excellence scholarship program, both of which provide merit-based scholarships, and three non-need-based loan programs. Table 5 shows 2015-16 program expenditures and the number of students receiving aid for all HEAB financial aid programs. The total expenditure amount shown in Table 5 differs from that shown in Table 4 for 2015-16 due to the inclusion of the non-need-based programs and non-need-based grants made through the Wisconsin covenant program.

University of Wisconsin System and Other State Agencies. The UW System currently administers eight state-funded financial aid programs and one state-funded loan repayment program. The three largest programs administered by the UW System are the Lawton minority undergraduate retention grant, the advanced opportunity program, and the tuition assistance grant. In addition, the Department of Military Affairs, the Department of Public Instruction, the De-

Table 4: HEAB Need-Based Programs

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Wisconsin Grant								
UW Students	\$54,986,218	\$54,977,370	\$59,579,159	\$58,322,447	\$58,296,335	\$58,332,253	\$58,317,618	\$55,694,673
Private Colleges and Universities	26,567,410	25,909,981	27,864,140	26,613,208	27,094,691	27,686,300	26,339,977	26,463,518
WTCS Students	18,022,956	16,686,129	20,301,301	18,325,306	19,221,127	20,156,173	19,464,095	18,959,416
Tribal College Students	407,649	416,675	468,918	441,963	465,952	445,653	451,759	434,986
Wisconsin Covenant*	NA	NA	NA	3,137,810	5,647,138	7,702,383	9,604,857	9,574,945
Talent Incentive Grant**	4,575,552	2,928,619	5,127,749	2,605,544	4,825,995	4,684,089	3,696,551	3,584,576
Indian Student Assistance Grant	766,691	763,324	650,555	642,530	721,021	684,762	724,825	700,358
Handicapped Student Grant	98,197	103,191	121,860	116,100	108,194	89,671	88,900	94,165
Minority Retention Grant	817,658	786,297	802,584	816,372	818,423	809,702	827,231	818,999
Nursing Student Loan Program	433,075	424,702	440,558	437,000	437,088	443,974	443,215	431,234
TOTAL	\$106,675,406	\$102,996,288	\$115,356,824	\$111,458,280	\$117,635,964	\$121,034,960	\$119,959,028	\$116,756,870
Expenditure Change	8.5%	-3.4%	12.0%	-3.4%	5.5%	2.9%	-0.9%	-2.7%

N.A. Not applicable

*Some Wisconsin Covenant grants are not awarded on the basis of need. The amounts shown for 2011-12 through 2015-16 exclude these non-need-based grants. Non-need-based grants totaled \$1,940,400 in 2015-16.

**Does not include federal Leveraging Educational Assistance Partnership (LEAP) Supplemental (SLEAP) monies.

partment of Veterans Affairs, and the Division of Vocational Rehabilitation Services in the Department of Workforce Development each administer financial aid programs for select student groups.

Institutional Aid. Individual institutions pro-

vide need-based grants, scholarships, and need- and non-need-based loans and employment to enrolled students. Institutional financial aid programs are funded with moneys allocated by the institution and are separate from state and federal programs. In 2014-15, Wisconsin's independent colleges and universities provided \$253.3 million in institutional aid to their Wisconsin resident undergraduate students, including \$109.6 million in need-based grants, \$134.0 million in scholarships, \$4.3 million in non-need-based employment, and \$5.4 million in other forms of aid. Institutional aid is a particularly important source of financial aid for resident undergraduates attending private, nonprofit colleges and universities. At those institutions, institutional financial aid accounts for 45% of all financial aid for resident undergraduate students compared to 6% at UW institutions and less than 1% at the technical colleges. In addition, institutionally-funded need-based

Table 5: HEAB -- 2015-16 Program Expenditures

	Number of Awards	Total Expended	Average Award
Wisconsin Grant			
UW Students	31,751	\$55,694,673	\$1,754
Private, Non-Profit Colleges and Universities	10,637	26,463,518	2,488
WTCS Students	22,810	18,959,416	831
Tribal College Students	332	434,986	1,310
Wisconsin Covenant Scholars	17,207	11,515,345	669
Talent Incentive Grant	3,280	3,584,576	1,093
Academic Excellence Scholarship	2,572	2,899,528	1,127
Indian Student Grant	760	700,358	922
Technical Excellence Scholarship	483	513,120	1,062
Minority Student Grant			
Private College Students	277	409,499	1,478
WTCS Students	569	409,500	720
Handicapped Student Grant	59	94,165	1,596
Minority Teacher Loan	7	15,000	2,143
Nursing Loan Program	181	431,234	2,383
Teacher of the Visually Impaired	16	96,601	6,038
Total	90,941	\$122,221,519	\$1,344

grants account for 59% of all need-based grants to resident undergraduate students at private, nonprofit colleges and universities.

UW institutions provided a total of \$48.2 million in institutional aid to resident undergraduate students in 2014-15. This amount included \$25.8 million in need-based grants, \$20.1 million in scholarships, \$1.4 million in matching AES monies, and \$0.9 million in non-need-based loans. A significant portion of the institutional financial aid provided by UW institutions is funded with revenues generated by differential tuitions at UW-Madison and UW-Eau Claire. In 2015-16, UW-Madison provided \$19.3 million in need-based grants to 6,614 resident and nonresident students and UW-Eau Claire provided \$3.1 million in need-based grants to 3,763 resident and nonresident students.

The technical colleges provided \$2.1 million in institutional aid to their students in 2014-15 including \$1.6 million in scholarships, \$111,500 in need-based grants, \$300,200 in non-need-based employment, and \$55,500 in non-need based loans.

Private Sources. Students may receive financial aid through private sources such as community organizations, church groups, alumni associations, and private banks. Due to the manner in which many of these funds are distributed, it is difficult to estimate the total amount of privately-funded financial aid awards.

The privately-funded Fund for Wisconsin Scholars (FWS) provides need-based grants to students who have graduated from Wisconsin public high schools and are enrolled in UW institutions or Wisconsin technical colleges. Students enrolled at two-year institutions are eligible to receive annual grants of up to \$1,800 while students enrolled in four-year institutions may receive annual grants of up to \$4,000. According to HEAB, grants totaling \$7,937,500 were provided to 3,095 UW students and \$888,600 was provid-

ed to 766 technical college students in 2014-15. These grants are awarded through the financial aid office of the institution that the student attends. FWS is endowed by a \$175 million gift from John and Tashia Morgridge made in December, 2007.

Financial Aid Programs

Financial aid may be provided in a number of forms:

Grants are direct forms of financial aid that are usually provided on the basis of financial need and do not have to be repaid. In 2014-15, state, federal, institutional, and private grant programs accounted for 58.7% of need-based financial assistance to resident undergraduates.

Loans are financial aid that, in most cases, must be repaid. Loans made through state and federal programs generally offer lower interest rates than are available on the private market. Some loans can have their principal forgiven or repaid if the recipient adheres to certain conditions, such as becoming a teacher in an inner city school or a physician in a medically underserved area. In 2014-15, student loan programs accounted for 39.5% of need-based and 64.4% of non-need-based financial assistance for resident undergraduates. Loans through federal programs accounted for 99.9% of all need-based loans and 84.2% of all non-need-based loans.

Scholarships are grants that are awarded on some basis other than financial need such as academic merit; athletic, musical, or other talents; certain achievements; or status as a member of a particular group such as being from a certain city, belonging to a certain ethnic group, or being the member of a certain religious affiliation.

Remissions are awarded to students under

certain conditions. Students who receive a remission are not charged some portion of tuition and the institution granting the remission forgoes that revenue.

Reciprocity agreements enable a student from one state to attend a public institution in another state without having to pay nonresident tuition. A reciprocity agreement between Minnesota and Wisconsin covers all public institutions in both states. In addition, individual technical colleges have reciprocity agreements with institutions located in Michigan, Illinois, and Iowa and UW-Marquette has a reciprocity agreement with two community colleges located in Michigan. Additional information on reciprocity programs is provided in the Legislative Fiscal Bureau's informational paper entitled, "Education and Income Tax Reciprocity Agreements."

Different financial aid programs accommodate a range of different policy objectives. Need-based grant programs are generally used to increase access and to help equalize participation in higher education across income levels. Merit-based aid, such as the academic excellence scholarship program in Wisconsin, encourages better high school performance and talent retention. Loans, primarily offered by the federal government, help students and families bridge the financial gap between present and future earnings. Other programs, such as nursing and teacher loans, target specific professions or student populations for grants or loans.

The following section provides descriptions of financial aid programs available to Wisconsin students. Unless otherwise indicated, program data is for Wisconsin resident undergraduate students attending college in this state.

Grant Programs

1. Pell Grant (Federal). The Pell grant program is the largest source of need-based grant aid for resident undergraduate students. In 2014-

15, 53% of all need-based grant aid reported by HEAB was provided through the Pell grant program. In that year, 95,674 Wisconsin students received Pell grants totaling \$346.0 million with an average award of \$3,617.

Students who receive Pell grants tend to be from the neediest households. In 2014-15, 72% of all Pell grant recipients came from families with annual incomes of less than \$30,000; 96% came from families with incomes of less than \$60,000. The Pell grant is intended to be the base upon which the student's financial aid package is built because, in general, students eligible for Pell grants are eligible for other forms of aid. In recent years, the Pell grant program has been administered like an entitlement program in that all eligible students have received the full amount of the grant as determined by their cost of attendance, expected family contribution (EFC), and enrollment status.

In 2016-17, undergraduate students enrolled full-time with EFCs of less than \$5,234 are eligible to receive grants ranging from \$583 to \$5,815 annually. For students enrolled less than full-time, grants are reduced proportionately. To maintain eligibility for Pell grants, students must demonstrate satisfactory academic progress as defined by the institution attended.

Table 6 shows the number of resident students who received Pell grants in each of the past ten years and the average amount of those awards. Over that period of time, the number of Pell grant recipients increased by 65% and the average grant increased by 55%. The number of students receiving grants and the average award both increased significantly in 2009-10 and 2010-11 as the result of changes made to program under the 2009 federal American Recovery and Reinvestment Act (ARRA). The number of Wisconsin students receiving Pell grants peaked in 2011-12 and has declined in the most recent three years.

Table 6: Pell Grants

	Number of Recipients	Total Grants	Average Award
2005-06	57,999	\$135,477,306	\$2,336
2006-07	58,957	136,557,843	2,316
2007-08	63,081	151,970,601	2,410
2008-09	65,577	183,487,340	2,798
2009-10	86,353	292,167,595	3,383
2010-11	98,998	341,047,217	3,445
2011-12	103,088	345,110,952	3,348
2012-13	102,840	348,818,047	3,392
2013-14	96,699	341,015,316	3,527
2014-15	95,674	346,008,407	3,617

2. Wisconsin Grant (HEAB). Formerly known as the Wisconsin Higher Education Grant (WHEG) and Tuition Grant (TG) programs, 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. Students are eligible to receive grants for up to 10 semesters. In 2015-16, 67,809 students received Wisconsin Grants totaling \$104.6 million across all four sectors. Table 7 shows the number of students who received Wisconsin Grants, the total amount of those grants, and the average grant by sector for 2006-07 through 2015-16.

Table 8: Minimum and Maximum Wisconsin Grant Awards by Sector, 2016-17

	Minimum	Maximum
Private, Nonprofit Colleges	\$1,000	\$2,900
UW System	914	2,714
Technical Colleges	500	1,084
Tribal Colleges	250	1,800

By law, the minimum Wisconsin Grant that can be awarded is \$250 while the maximum grant awarded to UW, technical college, and tribal college students may not exceed \$3,150. There is no statutory maximum for Wisconsin Grants awarded to private, nonprofit college and university students. Actual minimum and maximum grants vary by sector and are approved annually by the HEAB Board. Table 8 shows the minimum and maximum Wisconsin Grants by sector for 2016-17.

Individual Wisconsin Grant amounts are calculated using formulas which are approved annually by HEAB. Statutes require that these formulas account for expected parental and student contributions and are consistent with nationally approved needs analysis methodology. HEAB approves a total of five formulas, one each for UW students, technical college students, and

Table 7: Wisconsin Grants*

	UW System			Wisconsin Technical Colleges			Private, Nonprofit Colleges			Total
	Number of Students	Expenditures	Average Award	Number of Students	Expenditures	Average Award	Number of Students	Expenditures	Average Award	
2006-07	24,685	\$43,315,582	\$1,755	23,945	\$16,684,004	\$697	9,146	\$22,757,518	\$2,488	\$82,757,104
2007-08	26,342	49,830,841	1,892	23,828	16,905,950	709	10,073	24,928,869	2,475	91,665,660
2008-09	27,162	54,986,218	2,024	22,041	18,022,956	818	10,613	26,567,410	2,503	99,576,584
2009-10	25,423	54,977,370	2,163	18,207	16,686,129	916	10,300	25,909,981	2,516	97,573,480
2010-11	30,364	59,579,159	1,962	21,257	20,301,301	955	11,020	27,864,140	2,529	107,744,600
2011-12	30,692	58,322,447	1,900	19,472	18,325,306	941	10,510	26,613,208	2,532	103,260,961
2012-13	31,769	58,296,335	1,835	22,470	19,221,127	855	10,778	27,094,691	2,514	104,612,153
2013-14	32,898	58,332,253	1,773	23,969	20,156,173	841	10,884	27,686,300	2,544	106,174,726
2014-15	32,886	58,317,618	1,773	24,275	19,464,095	802	10,306	26,339,977	2,556	104,121,690
2015-16	31,751	55,694,673	1,754	22,810	18,959,416	831	10,637	26,463,518	2,488	101,117,607

*Excludes Wisconsin Grant for tribal college students.

**Wisconsin Grants were known as Wisconsin Higher Education Grants and Wisconsin Tuition Grants prior to the 2013-14 fiscal year.

tribal college students, and two for private, non-profit college and university students. Statutes require HEAB to use different formulas for dependent and independent students attending private, nonprofit colleges and universities. Under these formulas, dependent students receive larger grants than independent students. The formulas for Wisconsin Grants for private, nonprofit college and university students also include a calculation of the amount by which the student's tuition exceeds UW-Madison tuition. Applicants who attend institutions that charge higher tuition are eligible for larger awards.

The Wisconsin Grant program is funded through four appropriations, one each for UW students; private, nonprofit college and universities students; technical college students; and tribal college students. Wisconsin Grants to technical college students and private, nonprofit college and university students are funded with state general purpose revenue (GPR) through sum certain appropriations. Wisconsin Grants to tribal college students, which totaled \$435,000 in 2015-16, are funded with tribal gaming revenues. Wisconsin Grants for UW System students are funded through a GPR sum sufficient appropriation linked to the average percentage increase in resident undergraduate tuition in the UW System. This link, which was established by 2001 Act 109 and modified by 2005 Act 25, was suspended in each biennium from 2003-05 to 2013-15. The link first operated in the 2015-17 biennium when resident undergraduate tuition was frozen and no funding increases were provided for the Wisconsin Grant program for UW students.

In several years the Wisconsin Grant program for UW students has been funded with program revenue transferred to HEAB from the UW System instead of with GPR. In 2003-04, 2004-05, and 2009-10, the Wisconsin Grant program for UW System students (then known as the WHEG program) was partially funded with program revenue transferred from the UW System's auxiliary enterprises appropriation. In 2013-14, the pro-

gram was funded with monies transferred from the UW's systemwide tuition revenue balance.

In administering the program, HEAB commits funds to more students than it can provide grants to with the amount of funding appropriated. The amount by which HEAB overawards Wisconsin Grant funding is based on the percentage of students expected to decline the grant. Initial awards to private, nonprofit college and university students are limited by statute to 122% of the amount appropriated.

Waitlists: In recent years, the number of students who have been eligible for Wisconsin Grants based on their financial need and the approved formulas has exceeded the number of grants that could be awarded using the funding provided. Students who are eligible for Wisconsin Grants but cannot be given a grant due to lack of funds are placed on a waitlist.

In 2015-16, 23,562 technical college students, 1,249 private, nonprofit college and university students, and 396 tribal college students were eligible for Wisconsin Grants based on their EFCs but did not receive grants due to insufficient funds. The waitlists for the Wisconsin Grants programs for technical college, private, nonprofit college and university, and tribal college students include financial aid applicants who are eligible for a Wisconsin Grant based on their EFC and listed either a technical college, private, nonprofit college or university, or tribal college first on their FAFSA. There were no students on the waitlist for the Wisconsin Grant program for UW students in 2015-16.

3. Supplemental Educational Opportunity Grant (Federal). The Supplemental Educational Opportunity Grant (SEOG) program provides need-based grants of up to \$4,000 per year, or up to \$4,400 if the student is participating in an approved study abroad program, to undergraduate students with the lowest EFCs, with priority given to Pell Grant recipients. SEOG is a

campus-based program and funds are allocated to participating institutions based on the amount received by the institution in 1999. Additional funds, when available, are allocated based on the need of the students enrolled in the institution. The SEOG program is administered by financial aid officers at each institution and awards are based on student financial need and the availability of funds. In 2014-15, SEOG awards of \$14.8 million were provided to 23,893 Wisconsin students, for an average of \$619 per grant.

4. Ben R. Lawton Minority Undergraduate Grant (UW System). The Lawton Grant program provides grants of up to \$4,000 annually to resident minority undergraduate students enrolled at UW institutions. To be eligible for a Lawton grant, a student must be enrolled full-time, have completed at least 24 credits, and have financial need. Since new freshmen are not eligible for Lawton grants, this is a retention, rather than a recruitment, program. Students may receive grants through the Lawton program for up to four academic years. Lawton grants are provided as "last dollar" grants, which means that they are awarded after all other grant aid for which the student is eligible has been determined. "Minority undergraduate" student is defined by statute as an undergraduate student who is African American, Native American, Hispanic, or from Cambodia, Laos, or Vietnam and admitted to the U.S. after December 31, 1975.

In 2015-16, 3,055 students received a total of \$6.8 million through the Lawton program averaging \$2,218 per grant. Funding for the Lawton program is allocated annually by the Board of Regents from the UW System's GPR block grant. Prior to 2011-12, the Lawton program was funded through a separate appropriation under the UW System.

5. Tuition Assistance Grants (UW System). This program provides need-based grants to resident undergraduate students. The funding for the program was initially provided to the UW Sys-

tem under 2009 Act 28 for tuition increase grants to resident undergraduate students whose family incomes were less than \$60,000 and who did not receive Wisconsin Grants. Eligibility for tuition increase grants was limited by statute to students who were enrolled in UW System institutions in 2010-11 and maintained continuous enrollment. As those students left UW institutions, the UW System used any remaining funds to provide grants to students who were on the Wisconsin Grant waitlist and then to provide need-based grants to resident undergraduate students through the tuition assistance grant program. In 2015-16, 9,219 students received tuition assistance grants totaling \$7.3 million with an average grant of \$788. Funding for this program is allocated annually by the Board of Regents from the UW System's GPR block grant.

6. Division of Vocational Rehabilitation Training Grants (Department of Workforce Development). Individuals that have a physical or mental impairment that results in a substantial impediment to employment may be eligible for training grants awarded through the Division of Vocational Rehabilitation (DVR) in the Department of Workforce Development. Students are eligible for grants of up to \$5,000 for full-time study or \$160 per credit for part-time study. The actual amount of training grant depends on the student's unmet need after other sources of financial aid have been applied. DVR training grants are funded with a combination of federal funds provided through the vocational rehabilitation grant and state matching funds. In 2014-15, DVR awarded training grants totaling \$5.2 million to 557 UW students, 1,331 technical college students, and 590 students enrolled in other colleges. More information regarding eligibility for the DVR training grant program and other services offered by DVR can be found in the Legislative Fiscal Bureau's informational paper entitled, "Vocational Rehabilitation."

7. Bureau of Indian Affairs (BIA) Grant (Federal). Need-based grants are available to

students who are members of a federally recognized tribe, or at least one-quarter descendent of a member of a federally recognized tribe, and who meet eligibility criteria established by the tribal affiliates. The appropriate tribal office selects eligible students and determines the amount of each award. In 2014-15, 1,117 students received BIA grants totaling \$5.5 million with an average award of \$4,963. Of these grant recipients, 378 were enrolled in Wisconsin technical colleges, 332 were enrolled in UW institutions, 302 were enrolled in tribal colleges, and 105 were enrolled in private colleges.

8. National Guard Tuition Grants (Military Affairs). Wisconsin National Guard members are eligible to receive reimbursement grants equal to 100% of the actual tuition charged or 100% of the maximum resident undergraduate tuition rates charged by UW-Madison for a comparable number of credits, whichever amount is less. The grants may be received for up to eight semesters of full-time study, 120 credits of part-time study, or the equivalent thereof.

Eligibility for tuition grants is limited to Wisconsin National Guard members who: (a) are enlisted members or warrant officers; (b) do not hold a bachelor's degree or its equivalent; (c) meet eligibility criteria established by the Department of Military Affairs; (d) are not absent without leave from more than nine monthly training sessions; and (e) are not delinquent in child support or maintenance payments and do not owe past support, medical expenses or birth expenses, as established by the appearance of the guard member's name on the statewide support lien docket, unless the guard member provides DMA a payment agreement that has been approved by the appropriate county child support agency. Additionally, in order to receive a reimbursement grant for tuition, an eligible guard member must: (a) achieve a minimum grade point average of 2.0 for the semester for which the tuition grant is applied; and (b) be an actively drilling guard member in good standing with the National

Guard.

Reimbursement of tuition may be obtained by National Guard members who were enrolled at any accredited institution of higher education in Wisconsin or an out-of-state institution that has a reciprocity agreement with this state. Guard members seeking reimbursement must apply for the grant within 90 days after the completion date of the course. No National Guard member may receive a reimbursement grant under this program in any semester in which the person also receives a grant under the veterans tuition and fee reimbursement grant program.

In 2015-16, grants totaling \$6,452,600 GPR were awarded to 1,279 National Guard members. Note that many National Guard members received two awards in 2015-16, one award for the fall semester and one award for the spring semester. The average annual amount awarded to a National Guard member in 2015-16 was \$5,045.

9. Talent Incentive Grant Program (HEAB). This program (known as "TIP") provides grants to the most needy and educationally disadvantaged students. Freshmen grant recipients are selected by the staff of the Wisconsin Educational Opportunity Program (WEOP) in the Department of Public Instruction and institutional financial aid officers. Only students who receive TIP awards as freshmen are eligible to receive awards as upperclassmen. Students may receive TIP awards for up to 10 semesters within the first six years after the initial grant was awarded. Freshmen TIP awards are made by financial aid officers and WEOP counselors; HEAB determines the awards for those who continue to enroll as upperclassmen. Unlike other financial aid programs, TIP funding is guaranteed for continuing upperclassmen, thus obligating HEAB to four years of support once an initial award is made.

Through the 2010-11 year, TIP was supported by state general fund monies and federal funds

through the Leveraging Educational Assistance Partnership (LEAP) Program and the Special Leveraging Educational Assistance Partnership (SLEAP) Program. The LEAP and SLEAP programs were eliminated beginning in the 2011-12 year which reduced total funding for the TIP program by approximately \$1.5 million annually. (Federal funding for the program varied from year to year.) Total TIP expenditures in 2015-16 were \$3.6 million GPR.

Students may be awarded both a maximum TIP award as well as a maximum Wisconsin Grant award. Freshmen may receive TIP awards of \$600 to \$1,800. The amount of grants awarded to upperclassmen varies from year to year depending on the number of eligible students and, in previous years, the amount of federal funds received. In 2016-17, continuing students received grants of \$1,400. Table 9 shows TIP expenditure levels for the UW System, WTCS, and private college sectors from 2006-07 through 2015-16. As shown in the table, the number of students receiving TIP awards decreased when the federal funding was eliminated in 2011-12.

10. Study Abroad Grants (UW System).

This program provides need-based grants of up to \$2,000 to resident undergraduate students participating in study abroad programs. In 2015-

16, grants totaling \$1,053,900 were provided to 854 students through this GPR-funded program. Funding for these grants is allocated annually by the Board of Regents from the UW System's GPR block grant. Prior to 2011-12, these grants were funded through a separate appropriation under the UW System.

11. Minority Undergraduate Retention Grant (MURG) (HEAB).

Similar to the Lawton program, the MURG program provides need-based grants to minority resident undergraduate students enrolled at least half-time in Wisconsin technical colleges, tribal colleges, or private, nonprofit postsecondary institutions in the state. Like the Lawton program, this is a retention, rather than a recruitment, program and the same definition of "minority" is used for both programs. Sophomores, juniors, and seniors are eligible for grants of up to \$2,500 a year for up to eight semesters. HEAB allocates half of all funds to the technical colleges and half to private institutions and tribal colleges.

In 2015-16, \$409,500 was awarded to 569 technical college students with an average award of \$720. A total of 277 students attending private colleges or tribal colleges received \$409,500 with an average award of \$1,478.

Table 9: Talent Incentive Grant Program*

	UW System			Wisconsin Tech. Colleges			Private Colleges		
	Number of Students	Expenditures	Average Award	Number of Students	Expenditures	Average Award	Number of Students	Expenditures	Average Award
2006-07	2,245	\$2,867,590	\$1,277	1,327	\$1,580,302	\$1,191	948	\$1,255,985	\$1,325
2007-08	2,290	2,908,293	1,270	1,221	1,417,426	1,161	954	1,251,200	1,312
2008-09	2,418	3,077,153	1,273	1,339	1,498,029	1,119	985	1,355,744	1,376
2009-10	2,308	2,404,817	1,042	1,019	995,865	977	927	962,472	1,038
2010-11	2,476	3,737,306	1,509	1,034	1,405,184	1,359	954	1,479,522	1,551
2011-12	1,963	1,510,203	769	673	496,704	738	732	568,430	777
2012-13	1,833	2,772,061	1,512	715	931,462	1,303	692	1,070,272	1,547
2013-14	1,699	2,553,664	1,503	761	995,254	1,308	691	1,083,071	1,567
2014-15	1,849	2,023,523	1,094	830	832,477	1,003	743	809,157	1,089
2015-16	1,767	1,962,210	1,110	748	771,658	1,032	732	819,958	1,120

*Includes both state funds and federal state student incentive grant monies. Excludes grants to students enrolled in tribal colleges.

12. Indian Student Assistance Grant (HEAB). These funds are awarded to residents who are at least one-quarter Native American or are recognized as a member of a tribe by the appropriate tribal government. Full- and part-time undergraduate and graduate students who attend accredited institutions of higher education in this state are eligible for financial assistance. Grants are based on financial need and may be received for a total of five years. The program is funded by tribal gaming revenues. In 2015-16, 760 students received grants totaling \$700,400. Of these students, 255 enrolled at UW institutions, 247 enrolled at Wisconsin technical colleges, 187 enrolled at Wisconsin tribal colleges, and 71 enrolled in private, non-profit institutions. The average grant was \$922 in that year.

13. Veterans Tuition and Fee Reimbursement Grants (Veterans Affairs). This program provides reimbursement of up to 100% of the cost of an eligible veteran's undergraduate tuition and fees or high school tuition or program costs, less any other grants, scholarships, or remissions received, up to the amount of resident undergraduate tuition at UW-Madison. A separate program, described later in this paper, provides tuition remissions to eligible veterans attending UW System and Wisconsin Technical College System institutions. The veterans tuition and fee reimbursement grants apply only to the unremitted portion of tuition and fees at those institutions. The veteran may enroll on a full-time or part-time basis at any UW institution, Wisconsin technical college, approved private post-secondary institution, public or private high school, or similar institution that has a reciprocity agreement with Wisconsin. Part-time students may also be reimbursed for courses taken at out-of-state institutions if the course is not offered within 50 miles of the veteran's residence and the institution is within 50 miles of the state boundary or if a correspondence course is not offered in this state.

Veterans are eligible for reimbursement based

on their length of service. Veterans that were on active duty for at least 90 days may be reimbursed for up to 30 credits or two semesters; veterans with at least 181 days of active duty service are eligible for up to 60 credits or four semesters; and veterans with at least 731 days of active duty service are eligible for up to 120 credits or eight semesters.

Veterans are eligible for full tuition and fee reimbursement for full-time study only for credits begun prior to their 10-year anniversary of their separation from active duty. After the 10-year delimiting date, full-time students may be reimbursed for no more than 11 credits per semester and 60 credits total. Up to 60 credits of part-time study may be reimbursed with no time limits.

Eligibility is restricted to veterans with incomes of \$50,000 or less (plus \$1,000 for each dependent in excess of two). Veterans are not eligible for reimbursement if they are eligible for tuition assistance from the U.S. Department of Defense, are eligible for National Guard tuition reimbursement, or have an undergraduate degree. Reimbursement is provided upon successful completion of a semester. Veterans may not receive reimbursement for semesters in which the veterans failed to achieve at least a 2.0 grade point average. Applications for reimbursement must be received by DVA within 60 days following the end of the semester for which reimbursement is sought.

In 2015-16, 92 tuition and fee reimbursement grants were awarded, totaling \$255,100 and averaging approximately \$2,800. Veterans tuition and fee reimbursement grants are funded with moneys from the veterans trust fund.

14. Teacher Education Assistance for College and Higher Education (TEACH) Grant (Federal). Beginning in 2008-09, the TEACH grant program provides grants of up to \$4,000 per year to students who intend to teach in a high-needs field in a public or private elementary

or secondary school that serves low-income students. If grant recipients do not fulfill the obligations of the program, the total amount of TEACH grants received is converted into Direct Unsubsidized Loans. In 2015-16, 40 resident and nonresident UW students received TEACH grants totaling \$110,100 and 92 resident and nonresident students enrolled in private, non-profit colleges and universities located in this state received TEACH grants totaling \$224,800.

15. Emergency Grants (UW System and Wisconsin Technical College System). Created by 2015 Act 282, this program will provide grants to students enrolled in the UW Colleges and the Wisconsin technical colleges beginning in the 2016-17 academic year. To be eligible for an emergency grant, a student must have an EFC of less than \$5,000. Grants awarded through this program may be used to fund expenses resulting from a financial emergency, which is defined as an unplanned event causing an unanticipated expense that would cause an eligible student to not complete the current academic term if a grant were not available. Eligible expenses include medical and vehicle repair costs. Students may receive up to two grants per year. Total grants provided to an individual student may not exceed \$500 in any academic year.

15. Nelson Institute for Environmental Studies (UW System). Created by 2009 Act 28, this program provides need-based grants to students who are members of underrepresented groups and who are enrolled in a program leading to a certificate or a baccalaureate degree from the Nelson Institution for Environmental Studies at UW-Madison. In 2015-16, 33 students received grants totaling \$100,000. The program is funded with income and interest transferred from the normal school fund.

16. Handicapped Student Grant (HEAB). Under this program, Wisconsin residents who have a severe or profound hearing or visual impairment and are enrolled as undergraduates at an

in-state or eligible out-of-state public or private, nonprofit postsecondary institution are eligible for financial assistance. Eligible out-of-state institutions include Rochester Institute of Technology (NY), Gallaudet College (DC), St. Paul Technical and Vocational Institute (MN), St. Mary's Junior College (MN), California State University-Northridge National Center on Deafness, and Northern Illinois University. All awards are based on financial need. Students are eligible for a maximum grant of \$1,800 a year for up to 10 semesters in addition to any grants received under the Wisconsin Grant program. Additional costs such as special equipment and materials are included along with expenses covered in the standard student budget.

In 2015-16, 59 hearing or visually impaired students received a total of \$94,165 under this program with awards averaging \$1,596. Most award recipients attended a UW System institution (32) or a Wisconsin technical college (16). Nine students enrolled in private, non-profit institutions located in Wisconsin and two students enrolled in out-of-state institutions.

17. Advanced Opportunity Program (UW System). The AOP program provides grants to minority and disadvantaged graduate students enrolled at UW institutions. Both resident and nonresident students are eligible for AOP; however, statutes require that preference be given to resident students. There are no statutory limits on the grant amount or number of eligible semesters. Selection criteria vary by campus but are primarily based on financial need and academic performance.

In 2015-16, 649 students received AOP awards totaling \$5,954,400. Of these recipients, 390 were residents who received grants averaging \$6,499 and 259 were nonresidents who received grants averaging \$13,204. In 2015-16, 66% of grants were provided to students belonging to underrepresented minority groups.

The UW treats AOP as a fellowship, rather than a grant program, thus making AOP recipients eligible for fringe benefits, such as health insurance. Because most AOP recipients also receive tuition remissions, the total value of an AOP award may be considerably higher than the amount of the grant, particularly for nonresidents. Funding for AOP is allocated annually by the Board of Regents from the UW System's GPR block grant. Prior to 2011-12, AOP was funded through a separate appropriation under the UW System.

Federal Loan Programs

1. Direct Subsidized Loans (Federal). The Direct Subsidized Loan program is a federal loan program that provides low-interest loans to undergraduate students who are enrolled at least half-time and who have demonstrated financial need. Students may borrow up to \$3,500 in the first year, \$4,500 in the second year, and \$5,500 in subsequent years up to a maximum of \$23,000. Beginning on July 1, 2013, new borrowers are only eligible for Direct Subsidized Loans for a period of time equal to 150% of the length of the borrower's program. Under this new rule, students pursuing four-year bachelor's degrees would be eligible for Direct Subsidized Loans for a period of up to six years while students pursuing a two-year associate's degree would be eligible for these loans for a period of up to three years.

Direct Subsidized loans are subject to a fixed interest rate, which is set at 3.76% for loans disbursed from July 1, 2016, to June 30, 2017. In addition to these interest rates, borrowers are charged a loan fee equal to 1.07% of the amount of the loan. This fee is deducted from each disbursement. Borrowers begin repayment six months after leaving school or dropping below half-time. Under the subsidized loan program, the government pays the interest on the loan while the student is enrolled at least half-time, during the six months before repayment begins, and dur-

ing deferment except that borrowers are responsible for interest accrued during the six months before repayment begins for loans disbursed between July 1, 2012, and July 1, 2014. In 2014-15, 123,194 students received direct subsidized loans averaging \$3,400, for a total value of \$418.8 million.

Direct Subsidized Loan Program borrowers may choose to repay their loans through one of several repayment plans, including: (1) the standard plan, which offers fixed payments over up to ten years; (2) the graduated plan, which offers increasing payments over 10 years; (3) the extended plan, which offers fixed or graduated payments over up to 25 years; (4) the pay as you earn plan, which allows the borrower to pay 10% of discretionary income for up to 20 years; (5) the revised pay as you earn plan, which allows the borrower to pay 10% of discretionary income for up to 25 years; (6) the income-based plan, which allows the borrower to pay 10 or 15% of discretionary income for up to 25 years; and (7) the income-contingent plan, which allows the borrower to pay 20% of discretionary income for up to 25 years. Only borrowers with more than \$30,000 in outstanding direct loans are eligible for the extended payment plan. Borrowers must have a high level of debt relative to income to be eligible for the income-based and pay as you earn plans. Under the income-based, pay as you earn, revised pay as you earn, and income-contingent plans, the balance of the loan is forgiven at the end of the repayment period.

Loan repayments may be deferred up to three years in the event of economic hardship or if the borrower is unable to find full-time employment. In addition, loan repayments may be deferred for active military personnel during a war, military operation, or national emergency and for up to 13 months following qualifying active military service for National Guard members and other reservists who were activated while enrolled or within six months of being enrolled at least half-time. Loans payments may also be deferred while

a student participates in an approved graduate fellowship program or rehabilitation training program in the case of disability.

Loans may be discharged if the school in which the student enrolls closes before the student completes his or her program or in the event of the death or total and permanent disability of the borrower. Loan forgiveness is offered to certain teachers and public service employees. Teachers who have worked for five consecutive years in a low-income school may have up to \$5,000 of their loans forgiven or \$17,500 if the teacher is a secondary mathematics, secondary science, or special education teacher. In addition, public service employees may have the balance of their loans forgiven after 120 on-time monthly payments.

Prior to the 2010-11 academic year, most federal student loans, including subsidized loans, unsubsidized loans, and PLUS loans were made through the Federal Family Education Loan (FFEL) program. Loans made through the FFEL program were made by a private lender, insured by a guarantee agency, such as the Great Lakes Higher Education Corporation (GLHEC) in Wisconsin, and reinsured by the federal government. Beginning in the 2010-11 academic year, all subsidized, unsubsidized, and PLUS loans are made through the Direct Loan program. Direct loans are made by the U.S. Department of Education and delivered through the school.

2. Direct Unsubsidized Loans (Federal).

The Direct Unsubsidized Loan program provides low-interest loans to undergraduate and graduate students who are enrolled at least half-time in a degree or certificate program. Unlike the Direct Subsidized Loan program, students do not need to demonstrate financial need to be eligible for Direct Unsubsidized Loans. The amount a student may borrow is determined by the institution he or she attends but may not exceed maximum loan amounts established by federal law. For dependent undergraduate students, these maximums

are \$5,500 in the first year, \$6,500 in the second year, and \$7,500 in subsequent years, up to a cumulative maximum of \$31,000. Independent undergraduate students may borrow up to \$9,500 in the first year, \$10,500 in the second year, and \$12,500 in subsequent years, up to a cumulative maximum of \$57,500. Amounts borrowed through the Direct Subsidized Loan program are counted against these limits. Graduate and professional students may borrow up to \$20,500 per year. In total, graduate and professional students, other than those in certain health profession programs, may borrow up to a maximum of \$138,500. Any amount borrowed by a graduate or professional student while an undergraduate is counted against these limits. In 2014-15, 87,418 undergraduate students received Direct Unsubsidized Loans averaging \$3,479, for a total value of \$304.2 million.

Like Direct Subsidized Loans, Direct Unsubsidized loans are subject to a fixed interest rate, which is set at 3.76% for undergraduate students and 5.31% for graduate and professional students for loans disbursed from July 1, 2016, to June 30, 2017. Borrowers are also charged a loan fee equal to 1.07% of the loan. Borrowers begin repayment six months after leaving school or dropping below half-time. Unlike Direct Subsidized loans, the borrower is responsible for any interest that accrues while the student is enrolled, before repayment begins, and while the loan is in deferment.

Direct Unsubsidized Loan borrowers may select from the same seven repayment plans available to borrowers under the Direct Subsidized Loan program. In addition, Direct Unsubsidized loans may be deferred, discharged, or forgiven under the same conditions as Direct Subsidized student loans.

3. Perkins Loan (Federal). This is a campus-based program that provides loans at 5% interest to students with exceptional financial need. The Perkins loan program is scheduled to end on

September 30, 2017. Prior to that date, institutions may only make loans to students who have been awarded all of the loans for which they are eligible through the Direct subsidized loan program, if the student had already received a Perkins loan, or to students who have been awarded all of the loans for which they are eligible through the Direct subsidized and unsubsidized loan programs, if the student has not previously received a Perkins loan. No graduate students are eligible to receive Perkins loans after September 30, 2016.

Institutions participating in the Perkins loan program are required to match federal funds with an amount equal to one-third of the federal contribution. Repaid loans become part of a revolving account from which new loans are made. With the exception of students enrolled in programs leading to a professional credential as a teacher, students do not have to be enrolled at least half-time to be eligible for Perkins loans. Awards are based on financial need, the availability of funds, and the amount of other aid a student receives. In 2014-15, a total of \$24.5 million was provided to 12,990 students, with loans averaging \$1,883.

The maximum amount that may be borrowed under the Perkins Loan program is \$5,500 annually for undergraduates, with a maximum total of \$27,500 for undergraduate study. Students participating in study abroad programs may exceed these limits by 20%. Interest does not accrue while the student is enrolled at least half-time, before repayment begins, or while the loan is in deferment. Repayment begins nine months after the student has completed his or her studies or after the student has been enrolled less than half-time. Borrowers have up to 10 years to repay Perkins loans. Schools may extend the repayment period beyond 10 years for borrowers who experience a prolonged period of illness or unemployment or who qualify as low-income individuals based on total family income.

Federal law provides that individuals whose employment meets certain requirements may have up to 100% of their Perkins loans forgiven. These individuals include: (a) certain special education teachers, teachers of math, science, foreign languages, bilingual education, and other fields designated as shortage areas, and teachers working low-income schools or low-income educational service agencies; (b) librarians with master's degrees working in high-poverty schools or public libraries located in high-poverty areas; (c) staff members in the education component of a Head Start program; (d) staff members of state-licensed pre-kindergarten or child care programs; (e) qualified professional providers of early intervention services for the disabled; (f) employees of public or nonprofit child or family services agencies providing services to high-risk children and their families in low-income areas; (g) speech pathologists with master's degrees employed at high-poverty schools; (h) attorneys employed by federal public or community defender organizations; (i) faculty members of tribal colleges and universities; (j) nurses and medical technicians; (k) law enforcement and corrections officers and firefighters; and (L) members of the armed forces who served in an area of hostilities or an area of imminent danger. In most cases, the borrower must be employed full-time in a qualifying occupation to be eligible for Perkins loan forgiveness. In some cases, only employment or service after August 13, 2008, can be credited towards loan forgiveness. In general, loans are forgiven at a rate of 15% for each of the first two years, 20% for each of the third and fourth years, and 30% in the fifth year. For Head Start, prekindergarten, and child care staff members, loans are forgiven at a rate of 15% a year for the first six years and 10% in the seventh year. In addition, Peace Corps and VISTA volunteers may have up to 70% of their loans forgiven at a rate of 15% for each of the first two years and 20% for each of the third and fourth years.

Perkins loans may be deferred or discharged under the same conditions as Direct Subsidized

and Unsubsidized loans. In addition, Perkins loans may also be deferred during a period of service qualifying for loan forgiveness (described above).

4. Direct PLUS Loans for Parents (Federal). Through this non-need-based loan program, the U.S. Department of Education makes loans to parents of dependent undergraduate students who are enrolled at least half-time. Only parents who do not have an adverse credit history are eligible for PLUS loans. PLUS loans can only help finance educational costs and the amount of the loan cannot exceed the difference between the cost of attendance and all other financial aid.

PLUS loans are subject to a fixed rate which is set at 6.31% for loans disbursed from July 1, 2016, to June 30, 2017. The loans also carry a 4.28% fee which is deducted from each disbursement. Parents may defer payments while the student is enrolled at least half-time and for up to six months after the student ceases to be enrolled at least half-time; however, interest accrues during these periods and may be added to the principal of the loan.

Parents may choose to repay PLUS loans through one of three repayment plans: (1) the standard plan, which offers fixed payments over up to ten years; (2) the graduated plan, which offers increasing payments over ten years; and (3) the extended plan, which offers fixed or graduated payments over up to 25 years. Loan repayments may be deferred under the same conditions as Direct Subsidized and Direct Unsubsidized Loans. The loan may be cancelled if the school in which the student enrolls closes before the student completes his or her program, the borrower dies or becomes totally and permanently disabled, or the student for whom the parent borrowed dies.

5. Direct PLUS Loans for Graduate and Professional Degree Students (Federal). This program provides loans to graduate and

professional degree students who are enrolled at least half time. As with PLUS loans for parents, only students who do not have an adverse credit history are eligible for these loans. The terms and conditions of this program are the same as for the Direct PLUS loans for parents program except that: (1) loan repayments are automatically deferred while the student is enrolled at least half-time and six month after the student ceases to be enrolled full-time; (2) borrowers may opt to repay their loan under the income-based, the pay as you earn, the revised pay as you earn, and the income-contingent repayment plans; and (3) public service employees may have the balance of their Direct PLUS loans forgiven after 120 on-time monthly payments.

6. Consolidation Loan (Federal). This program allows borrowers to replace Direct, FFEL, Perkins, PLUS, and certain other federal loans with one loan having a lower monthly payment than the total monthly payments on the original loans. PLUS loans made to parents cannot be transferred to the student through consolidation; however, parents may be able to consolidate PLUS loans. Consolidation loans give the borrower up to 30 years to repay loans which may reduce monthly payments but increase total costs. Interest rates on consolidation loans are fixed and equal to the weighted average of the interest rates on the original loans, rounded up to the nearest 1/8%. Several different repayments plans are available to borrowers with consolidated loans. Borrowers who consolidate their loans may no longer be eligible for the benefits offered by the original loan programs which may include interest rate discounts, principal rebates, and loan cancellation.

State Loan Programs

1. Nursing Student Loan (HEAB). Created under 2001 Act 16, the nursing loan program provides need-based loans to Wisconsin residents who are enrolled at least half-time at an eligible in-state institution that prepares them to be li-

censed as registered (RN) or licensed practical (LPN) nurses. The maximum award per year is \$3,000 with an overall maximum of \$15,000. To be eligible for the program, students must agree to be employed as a licensed nurse in this state. Loans are forgiven at a rate of 25% for each of the first two years that the recipient is employed full-time as a nurse or nurse educator in Wisconsin. Forgiveness may be prorated for individuals working less than full-time. The balance remaining after forgiveness must be repaid at an interest rate not to exceed 5% annually. If the student does not practice nursing in Wisconsin or otherwise meet the eligibility criteria, the loan must be repaid at an interest rate not to exceed 5%. In 2015-16, 181 students received loans totaling \$431,200. Most recipients attended either a private, non-profit college or university (89) or a technical college (70). An additional 18 recipients attended UW institutions and four recipients attended tribal colleges. In 2016-17, \$445,500 GPR is budgeted for the nursing student loan program.

2. Teacher Loan Program (HEAB). Created by 2015 Act 55, the teacher loan program is intended to provide loans of up to \$10,000 annually to resident students enrolled in programs leading to a teacher's license in a teacher shortage area identified for this state by the U.S. Department of Education. To be eligible, a student must be enrolled at least half-time as a sophomore, junior, or senior at an institution of higher education and have a grade point average of at least a 3.0 on a 4.0-scale or the equivalent. Loan recipients may have 25% of the loan forgiven for each year that the recipient teaches full-time at a public or private school in the city of Milwaukee or in a school district in a rural county. To receive loan forgiveness, loan recipients must teach in the high demand area that they studied and receive a rating of proficient or distinguished on the educator effectiveness system or the equivalent in a school that does not use the educator effectiveness system. Students may receive loans of up to \$30,000 through the program. Loan re-

ipients who do not qualify for loan forgiveness must repay their loans at an interest rate of 5%. In 2015-16, HEAB made no loans through the teacher loan program. For 2016-17, \$272,200 GPR is appropriated for this program.

The teacher loan program replaced the teacher education loan program. That program provided loans to Wisconsin residents enrolled in the teacher education programs at the Milwaukee Teacher Education Center (MTEC). To be eligible for a loan, a student must have agreed to teach in a first-class city school system under Chapter 119 of the statutes (Milwaukee Public Schools). For each year a borrower teaches in the eligible school district, 50% of the loan is forgiven. If the borrower does not teach in the eligible district, the loan had to be repaid at an interest rate of 5%.

3. Minority Teacher Loan (HEAB). Under 2015 Act 55, the minority teacher loan program is intended to provide loans of up to \$10,000 annually to minority resident students enrolled in programs leading to a teacher's license in a teacher shortage area identified for this state by the U.S. Department of Education. To be eligible, a student must be enrolled at least half-time as a sophomore, junior, or senior at an institution of higher education and have a grade point average of at least a 3.0 on a 4.0-scale or the equivalent.

Loan recipients may have 25% of the loan forgiven for each year that the recipient teaches full-time at a public or private school in the city of Milwaukee. To receive loan forgiveness, loan recipients must teach in the high demand area that they studied and receive a rating of proficient or distinguished on the educator effectiveness system or the equivalent in a school that does not use the educator effectiveness system. Students may receive loans of up to \$30,000 through the program. Loan recipients who do not qualify for loan forgiveness must repay their loans at an interest rate of 5%.

In 2015-16, seven students received loans totaling \$15,000 through the minority teacher loan program. These loans were made under the terms of the program prior to the changes made under 2015 Act 55. Under prior law, the minority teacher loan program provided loans of up to \$2,500 per year with a maximum of \$5,000 to resident minority undergraduate students who: (1) were enrolled at least half-time at a UW institution or private, nonprofit postsecondary institution in Wisconsin; (2) were registered as juniors or seniors, or held a bachelor's degree and are registered as special students; (3) were enrolled in programs leading to teacher licensure and were not currently licensed; (4) met academic criteria specified by HEAB; and (5) agreed to teach in a school district located in the state in which minority students constitute at least 29% of total enrollment or in a school district participating in the interdistrict pupil transfer (Chapter 220) program. The loan principal and interest is forgiven at a rate of 25% for each year the recipient teaches in an eligible school district. If the student does not teach in an eligible district, the loan, which bears a 5% interest rate, must be repaid with the funds deposited in the general fund.

For 2016-17, \$259,500 GPR is appropriated for the minority teacher loan program.

4. Loans for Teachers and Mobility Instructors of Visually Impaired Pupils (HEAB). This program provides loans of up to \$10,000 per year to defray the cost of tuition, fees, and expenses for students enrolled in a degree-granting program that prepares them to be licensed as teachers of visually impaired pupils or as orientation and mobility instructors. A student may receive a maximum of \$40,000 in loans under the program. Loan recipients must be Wisconsin residents who are enrolled at least half-time at an accredited institution of higher education in Wisconsin, Minnesota, Iowa, Illinois, or Michigan. HEAB is required, to the extent possible, to give preference to persons who are likely to return to Wisconsin to work with visually impaired per-

sons.

Once a borrower completes the degree program, the loans are forgiven if the borrower is licensed and employed as a teacher of visually impaired pupils or as an orientation and mobility instructor by a Wisconsin school district, the Wisconsin Center for the Blind and Visually Impaired, or a cooperative educational service agency. For loan recipients who are employed full-time, HEAB is required to forgive 25% of the principal and interest on the loan for each of the first and second years of employment and 50% of the principal and interest amount for the third year. For persons who are employed less than full-time, HEAB may forgive loans on a prorated basis.

For 2015-16, a total of \$96,600 was expended for 16 students, averaging \$6,038 per student. Of these students, seven were enrolled at Silver Lake College in Wisconsin, five were enrolled at UW-Platteville, two were enrolled at Northern Illinois University, and two were enrolled at Western Michigan University. For 2016-17, \$99,000 GPR is appropriated for the program.

6. Personal Loan Program (Veterans Affairs). Under the personal loan program, eligible veterans may receive a low-interest loan of up to \$25,000 for up to 10 years for a variety of purposes, including the education of a veteran, spouse, or child. The Department placed an indefinite moratorium on the personal loan program on December 1, 2011. The Department cited its inability to compete with low commercial interest rates and decreased demand as the reason for the moratorium. No new personal loans were approved in the 2011-13, 2013-15, and 2015-17 biennia.

Scholarship Programs

Generally, scholarships are financial aid funds that are awarded on a basis other than need. Scholarship money may come from a variety of

governmental, institutional, and private sources.

1. Wisconsin Covenant (HEAB): The Wisconsin covenant program provides grants to students who have been designated as Wisconsin covenant scholars and who are enrolled in UW institutions, technical colleges, private, nonprofit colleges and universities, and tribal colleges located in this state. To be designated as a Wisconsin covenant scholar, a student must have signed the Wisconsin covenant pledge as an eighth grader and fulfilled the pledge by his or her senior year of high school. Students were first able to sign the Wisconsin covenant pledge in spring, 2007, and the first covenant scholars enrolled in higher education in 2011-12. In 2015-16, 17,207 students received Wisconsin covenant grants totaling \$11.5 million.

Under 2011 Act 32, no student may sign the pledge after September 30, 2011. Students who signed the pledge in 2011 were eligible for Wisconsin covenant grants beginning in 2015-16. The grant program is scheduled to end in 2020-21 when no students will be eligible for grants through the program.

To be designated a Wisconsin covenant scholar, a student must: (1) have enrolled in the program by September 30th of the student's freshman year in high school; (2) receive a diploma from a Wisconsin high school; (3) main-

tain a B average while in high school; (4) complete a course of study that prepared the student for enrollment in a college or university and apply and do all that is necessary to gain admission to an eligible institution; (4) demonstrate good citizenship; (5) submit a FAFSA by April 1 of the student's senior year; and (6) complete the Wisconsin covenant scholar verification form by April 1 of the student's senior year of high school.

Students may receive grants for up to eight semesters during the first five years after high school graduation. To maintain eligibility, students must: (1) enroll in at least six credits at an eligible institution; (2) maintain acceptable academic standards as determined by the institution attended; (3) file the FAFSA annually; and (4) not be convicted of a felony or a misdemeanor involving bodily harm or a dangerous weapon.

Unlike other state-funded financial aid programs, Wisconsin covenant grants are awarded based on a combination of merit and financial need. To receive a Wisconsin covenant scholars grant, a student must be designated as a Wisconsin covenant scholar which is based primarily on his or her academic performance; however, Wisconsin covenant scholars grants are awarded to designated Wisconsin covenant scholars based on each student's need as measured by his or her EFC. Table 10 shows grant amounts provided to

Table 10: 2016-17 Wisconsin Covenant Grant Amounts

Student EFC	Wisconsin Covenant Scholars Grant	Wisconsin Covenant Foundation Grant	Total
Enrolled Full-Time			
Equal to \$0	\$1,000	\$1,500	\$2,500
Greater than \$0, not more than \$3,499	1,500	1,000	2,500
Greater than \$3,499, not more than \$11,999	1,000	0	1,000
Greater than \$12,000	250	0	250
Enrolled Part-Time			
Equal to \$0	\$750	\$1,500	\$2,250
Greater than \$0, not more than \$3,499	750	1,500	2,250
Greater than \$3,499, not more than \$11,999	500	0	500
Greater than \$12,000	125	0	125

Wisconsin covenant scholars by EFC as established by statute and administrative rule. Of the 17,207 students who received Wisconsin covenant scholars grants in 2015-16, 52% received need-based grants ranging from \$500 to \$1,500. Those grants totaled \$9.6 million. All other recipients received non-need-based grants of \$125 or \$250 depending on whether the student was enrolled on a full-time or part-time basis. Grants to students with EFCs greater than \$12,000 are considered to be non-need-based. Grants to these students totaled \$1.9 million in 2015-16.

Table 10 also shows the amount of grants provided by the Wisconsin Covenant Foundation program, which are funded by the Great Lakes Higher Education Corporation (GLHEC). The Wisconsin Covenant Foundation was a nonprofit corporation that was initially established to raise funds to provide financial aid to low-income students who fulfill the Wisconsin covenant pledge. In November, 2007, GLHEC, which guarantees and services loans made to students enrolled in Wisconsin postsecondary institutions, pledged \$40 million to endow the Wisconsin Covenant Foundation. The Wisconsin Covenant Foundation was dissolved in June, 2013, and its remaining assets were transferred to GHLEC. In 2015-16, 4,009 Wisconsin covenant scholars received additional need-based grants totaling \$4.5 million through this program.

2. Academic Excellence Higher Education Scholarships (HEAB). This program provides scholarships to selected 12th grade students who have the highest grade point averages (GPA) in each public, private, and tribal high school in the state. The number of scholarships for which each high school is eligible is based on total student enrollment. One scholarship is awarded to each high school with an enrollment of between 80 and 499 students. If a high school has an enrollment of 500 students or more, scholarships are awarded as follows: 500-999 students, two scholarships; 1,000-1,499, three scholarships; 1,500-1,999, four scholarships; 2,000-2,499, five

scholarships; and over 2,500, six scholarships.

The HEAB Secretary may award up to 10 scholarships to students who attend high schools with total enrollments of less than 80 students. The faculty of each of these high schools is required to name the 12th grade student or students with the highest GPAs, as normally calculated by that high school, as eligible to receive a scholarship. Under HEAB administrative rule, the 10 students with the highest GPAs are awarded scholarships. The HEAB Secretary also designates one senior attending the Wisconsin Center for the Blind and Visually Impaired and one senior attending the Wisconsin Educational Services for the Deaf and Hard of Hearing as scholars.

Scholars receive a maximum of \$2,250 per year of which half is funded by the state through a GPR sum sufficient appropriation and half is funded by the institution. Tuition and fees in excess of \$2,250 are the responsibility of the student.

In order to receive a scholarship, a student must be enrolled full-time at a participating UW institution, Wisconsin technical college, or private, nonprofit postsecondary institution in the state by September 30 of the academic year following the year in which the student graduated from high school. If the student who is initially selected does not use the scholarship by September 30 following high school graduation, the scholarship may be awarded to an alternate. Students with the same GPA as the originally designated scholar or, if there are no remaining seniors with the same GPA, students with the next highest GPAs of 3.8 or greater, may be named as alternates. In 2015-16, 188 alternates received scholarships.

For each year the student is enrolled full-time, he or she must maintain a cumulative GPA of at least 3.0 and make satisfactory progress toward a vocational diploma or an associate or bachelor degree. A student may lose and then regain

Table 11: Enrollment Data for Academic Excellence Scholars Attending Wisconsin Postsecondary Institutions

	2012-13	2013-14	2014-15	2015-16
UW System				
Madison	1,349	1,356	1,333	1,294
Milwaukee	69	69	68	74
Eau Claire	170	147	141	137
Green Bay	44	43	36	43
La Crosse	168	189	194	191
Oshkosh	62	69	72	58
Parkside	17	14	13	12
Platteville	73	74	84	83
River Falls	37	36	32	34
Stevens Point	95	75	62	59
Stout	33	35	43	42
Superior	15	16	16	15
Whitewater	55	50	47	57
Colleges	<u>29</u>	<u>21</u>	<u>20</u>	<u>28</u>
Subtotal	2,216	2,194	2,161	2,127
WI Technical				
Chippewa Valley	2	3	3	6
Madison Area	9	6	7	7
Milwaukee Area	16	17	8	4
All Others	<u>11</u>	<u>19</u>	<u>17</u>	<u>24</u>
Subtotal	38	45	35	41
Independent Colleges				
Alverno	5	4	11	13
Bellin	4	2	3	3
Beloit	8	8	5	4
Cardinal Stritch	4	8	6	8
Carroll	39	43	46	49
Carthage	19	17	13	17
Columbia Nursing	1	0	0	0
Concordia	30	26	32	33
Edgewood	13	14	15	14
Lakeland	2	1	4	3
Lawrence	34	32	22	27
Maranatha	5	4	5	3
Marian	9	12	9	5
Marquette	139	130	127	116
Milw. Art & Design	4	6	6	5
Milw. Sch. of Engineering	42	42	45	56
Mount Mary	7	11	12	13
Northland College	13	10	12	9
Northland International	0	1	1	0
Ripon	33	27	22	25
St. Norbert	55	63	63	65
Silver Lake	1	2	1	2
Viterbo	32	30	30	23
Wisc. Lutheran	<u>18</u>	<u>16</u>	<u>18</u>	<u>20</u>
Subtotal	517	509	508	513
Total	2,771	2,748	2,704	2,681

Source: UW System Administration, the Wisconsin Association for Independent Colleges and Universities, and the Higher Educational Aids Board.

program eligibility as his or her cumulative GPA fluctuates. No student is eligible for a scholarship for more than four years at a UW or private, nonprofit postsecondary institution or for more than three years at a Wisconsin technical college.

In 2015-16, a total of 2,681 academic excellence scholars were enrolled in Wisconsin postsecondary institutions. The enrolled students represent approximately 78% of the 3,426 available scholarships with the remaining 22%, or 745 scholarships, going unused. The total value of the scholarships provided was \$5.8 million of which \$2.9 million was funded through HEAB. Table 11 shows the number of Academic Excellence Scholarship recipients by institution for the last four years.

3. Technical Education Scholarship (HEAB): 2013 Act 60 created a technical excellence higher education scholarship program to provide scholarships to high school seniors with the highest levels of proficiency in technical education subjects beginning in the 2015-16 academic year. Similar to the academic excellence scholarship (AES) program, the technical excellence scholarship (TES) program provides scholarships of up to \$2,250 per year, half of which are funded through a state GPR sum sufficient appropriation and half of which are funded by the technical college in which the student enrolls.

School boards and private and tribal high school governing boards are required to designate scholars by February 25 of each year. School boards and public and tribal high school governing boards are required to develop criteria for determining the level of proficiency in technical education subjects of seniors enrolled in their high schools. Following approval by the HEAB Board, these criteria can be used to designate seniors as scholars or scholarship alternates. The HEAB Secretary is required to develop criteria for determining the level of proficiency in technical education subjects of seniors enrolled in schools with enrollments of fewer than 80 stu-

dents and of seniors enrolled in the schools for the Deaf and Hard of Hearing and for the Blind and Visually Impaired.

The number of seniors designated as scholars at an individual high school is based on the enrollment of the school using the same scheme used for the AES program. Similarly, the HEAB Secretary may designate up to 10 scholars from seniors nominated by schools with enrollments of less than 80 and one scholar each from the schools for the Deaf and Hard of Hearing and for the Blind and Visually Impaired.

To receive a scholarship, a student who has been designated as a scholar must enroll on a full-time basis in a participating Wisconsin technical college by September 30 of the academic year immediately following the student's senior year of high school. Scholars are eligible to receive the scholarship for up to 3 years. To remain eligible for the scholarship, a scholar must be enrolled full-time, maintain a grade point average of at least 3.0, and make satisfactory progress towards an associate's or bachelor's degree or a vocational diploma. Scholars do not need to maintain continuous enrollment to remain eligible for the scholarship.

In 2015-16, 483 technical excellence scholars enrolled in Wisconsin technical colleges. The enrolled students represent approximately 55% of the 875 available scholarships with the remaining 45%, or 392 scholarships, going unused. The total number of available scholarships is based on enrollments in the state's high school; however, not all high schools participated in the program in 2015-16. The total value of the scholarships provided was \$1.0 million of which \$0.5 million was funded through HEAB. Fox Valley Technical College and Madison Area Technical College enrolled the largest numbers of technical excellence scholars.

4. License Plate Scholarships (Department of Transportation and UW System). This program is funded with revenues generated by a \$20 annual fee charged to drivers who have a University of Wisconsin specialty license plate. Specialty plates are available for each of the 13 four-year institutions and the revenues generated by each institution's plates are used to fund scholarships awarded by the chancellor. In 2015-16, 105 scholarships totaling \$169,800 were awarded through this program.

5. Sustainable Management Scholarship (UW-Extension). Created by 2009 Act 28, this program provides scholarships to students enrolled in the sustainable management degree program through UW-Extension. In 2015-16, scholarships totaling \$81,200 were provided to 55 students. This program is funded with income and interest transferred from the normal school fund, which is a segregated fund.

Remissions

Remissions are awarded to students under certain conditions. Students who receive a remission are not charged some portion of tuition and the institution granting the remission forgoes that revenue.

1. Tuition Remissions for Graduate Assistants, Fellows, and Instructional Academic Staff (UW System). Statutes permit the Board of Regents to grant tuition remissions to resident and nonresident graduate students who are employed by the University as assistants or instructional academic staff with appointments of at least 33% and to graduate students who are fellows. In 2015-16, a total of 8,131 graduate assistants, instructional academic staff, and fellows received approximately \$107.4 million in remissions. Of these, 1,860 students were residents who received remissions totaling \$12.6 million. Of graduate students who received remissions under this provision, 80% were enrolled at UW-Madison and 15% attended UW-Milwaukee.

2. UW System Nonresident Tuition Remissions. Current law permits the Board of Regents to remit the nonresident portion of tuition to nonresident undergraduate and graduate students on the basis of merit or if the Board judges that the student is otherwise deserving of relief. In 2015-16, 2,693 nonresident undergraduate students received remissions totaling \$14.1 million and 258 nonresident graduate students received remissions totaling \$2.5 million under these provisions.

3. Athletic Scholarships (UW System). The Regents may remit both resident and nonresident tuition as athletic scholarships. Currently, four UW institutions (Madison, Milwaukee, Green Bay, and Parkside) are in NCAA divisions that allow the granting of athletic scholarships. For 2015-16, these institutions granted remissions totaling \$10.6 million to 1,047 student athletes. The NCAA allows institutions to divide a scholarship among several athletes for all sports except Division I football, men's and women's basketball, women's gymnastics, women's volleyball, and women's tennis.

4. Tuition Remissions for Veterans (UW System and WTCS). The UW System Board of Regents and technical college district boards must remit 100% of tuition and fees, less any amount paid under the federal Post-9/11 G.I. Bill, for up to 128 credits or eight semesters, whichever is longer, to eligible veterans. To qualify as a veteran eligible for this remission, a student must be verified by the Department of Veterans Affairs as: (a) being a resident of this state for the purpose of receiving benefits; (b) having been a resident of this state at the time of entry into the armed services or having resided in this state for at least five consecutive years immediately preceding the semester in which the student enrolls; and (c) having qualifying military service. Since January 1, 2014, veterans have been required to maintain a cumulative grade point average of at least 2.0 to remain eligible for remissions. In 2015-16, the UW System provided tuition and

fee remissions totaling \$11.2 million to 2,154 veterans. Of this amount, \$3.4 million was remitted to veterans enrolled as graduate and professional students. The Wisconsin technical colleges provided remissions totaling \$2.5 million to 1,431 veterans in that year.

Beginning in the spring, 2010, semester, veterans who are eligible for benefits under the federal Post-9/11 G.I. Bill have been required to use those benefits before accessing state tuition and fee remissions. The federal Post-9/11 G.I. Bill provides education benefits, including the direct payment of tuition and fees, a monthly housing allowance, and an annual books and supplies stipend, to veterans who served at least 90 days of active duty (or 30 days in the case of a service-related disability) after September 10, 2001. Students are required to use Post-9/11 G.I. Bill benefits before receiving state tuition and fee remissions even if they are eligible for benefits under the Montgomery G.I. Bill or certain other federal education programs for veterans unless the student is eligible for 12 months or less of benefits under those programs. Under 2011 Act 32, credits that are wholly paid for with Post-9/11 G.I. Bill benefits do not count against the 128 credit limit on state remissions. In cases where Post-9/11 G.I. Bill benefits pay for a fraction of a credit and the remainder is remitted under state law, only the portion of the credit that is remitted is counted against the 128 credit limit.

Of the 2,154 UW students and 1,431 technical college students who received tuition remissions under state statute, Post-9/11 G.I. Bill education benefits paid a portion of tuition and fees for 538 UW students and 434 technical college students. An additional 1,635 UW students and 1,662 technical college students were eligible for remissions under state statute but had their tuition and fees wholly paid with Post-9/11 G.I. Bill benefits. Although these students did not receive remissions through the state program, they were eligible to receive reimbursement/supplemental payments (described below) from the institution

attended. The Montgomery G.I. Bill provides a monthly stipend to veterans who are enrolled as students which can be used for tuition, books and supplies, and living expenses. Veterans whose stipend under the Montgomery G.I. Bill or certain other federal education programs would have exceeded the amount of the monthly housing allowance provided under the Post-9/11 G.I. Bill (adjusted to reflect the annual books and supplies stipend) are reimbursed by the institution attended for the difference in those benefits. In 2015-16, the UW System provided reimbursement/supplemental payments totaling \$1.7 million to 827 veterans and the Wisconsin technical colleges provided \$1.0 million to 418 veterans.

In 2015-16, Post-9/11 G.I. Bill tuition and fee payments for veterans to UW institutions totaled \$13.6 million. The technical colleges received \$5.1 million in tuition and fee payments for veterans through the Post-9/11 G.I. Bill in that year. Payments from the Post-9/11 G.I. Bill program have reduced the amount of state tuition remissions to veterans which peaked in 2008-09. After declining during the 2009-11 biennium, tuition remissions granted by UW institutions have increased in each of the most recent four years while tuition remissions granted by the technical colleges have fluctuated.

A GPR appropriation under the Higher Educational Aids Board (HEAB) has been provided to reimburse, in whole or in part, the UW Board of Regents and the Wisconsin technical college district boards for remissions provided to veterans, for remissions provided to the children and spouses of certain veterans (described in the following section), and for reimbursement/ supplemental payments made to veterans, children, and spouses. In 2015-16, the appropriation was set at \$6,496,700 and the UW Board of Regents received a reimbursement payment of \$4.9 million while the Wisconsin technical college district boards received reimbursements totaling \$1.6 million. This amount fully funded all reimburse-

ment/supplemental payments made directly to veterans and reimbursed the institutions for 15% of tuition and fee remissions provided to veterans, children, and spouses. Remissions costs beyond the amount reimbursed through the HEAB appropriation must be absorbed within the UW System's and the Wisconsin technical college district boards' budgets or funded through other revenues such as tuition charged to other students.

5. Tuition Remissions for Children and Spouses of Eligible Veterans (UW System and WTCS). The UW System Board of Regents and each technical college district board must remit 100% of tuition and fees, less any amount paid under the federal Post-9/11 G.I. Bill, to the spouse, unremarried surviving spouse, and children of eligible veterans. An eligible veteran is one who: (1) was a resident at the time of entry into the armed services; (2) served under honorable conditions; (3) either died on active duty, died on inactive duty for training purposes, died as the result of a service-related disability, or has been awarded at least a 30% service-related disability rating; and (4) was a resident of this state at the time of death or service-related disability.

Children and spouses may receive remissions for up to 128 credits or eight semesters, whichever is longer. The spouse, in the case of disability, or the unremarried surviving spouse, in the case of death, of an eligible veteran is eligible for this remission during the first 10 years after the receipt of the disability rating or the death of the eligible veteran or until 10 years after the youngest child the spouse had with the veteran reaches or would have reached 18 years of age. Children of eligible veterans may receive this remission as long as they are at least 17 years of age and not yet 26 years of age, regardless of when the eligible veteran died or received his or her disability rating. Since January 1, 2014, students have been required to maintain a cumulative grade point average of at least 2.0 to remain eligible for remissions.

As with veterans, children and spouses who are eligible for benefits under the federal Post-9/11 G.I. Bill have been required to use those benefits before accessing state tuition and fee remissions since the spring, 2010, semester. Children and spouses are also eligible for the reimbursement/supplemental payments described in the previous section.

In 2015-16, the UW System provided tuition and fees remissions totaling \$10.0 million to 1,439 students under this provision. In addition, the technical colleges remitted \$1.9 million in tuition and fees to 822 students. While tuition remissions for veterans peaked in 2008-09, remissions to the children and spouses of disabled and deceased veterans have increased in every year since 2005-06 when the UW System and the technical colleges were first required to grant them.

Of the 1,439 UW students and 822 technical college students who received tuition remissions under state statute, 15 UW students and seven technical college students also received education benefits under the Post-9/11 G.I. Bill. An additional 302 UW students and 117 technical college students were eligible for remissions under state statute but had their tuition and fees wholly paid

with Post-9/11 G.I. Bill benefits. In 2015-16, Post-9/11 G.I. Bill tuition and fee payments to UW institutions for children and spouses totaled \$1.8 million. The technical colleges received \$294,000 in tuition and fee payments for children and spouses through the Post-9/11 G.I. Bill in that year.

Table 12 shows the total amount of tuition and fee remissions granted to veterans, children, and spouses, the total amount of reimbursement/supplemental payments made to veterans, children, and spouses, HEAB reimbursement payments to institutions, and the net cost of remissions to the UW institutions and Wisconsin technical colleges from 2005-06 to 2015-16. (The net cost of remissions to the institutions is the sum of the remissions and the reimbursement/supplemental payments less the HEAB reimbursement.) As shown in the table, total remissions to veterans, children, and spouses peaked in 2008-09, the year before students were required to access their federal Post-9/11 G.I. Bill benefits before receiving remissions under state statute. Total remissions declined during the 2009-11 biennium. Remissions at UW institutions have increased in recent years and were nearly at the same level as in 2008-09 in 2015-16. In that year, remissions to veterans, children, and spouses cost

Table 12: Tuition and Fee Remissions to Veterans, Children, and Spouses, Supplemental Payments, HEAB Reimbursements, and the Net Cost of Remissions to the Institutions, 2005-06 to 2015-16

	UW Institutions				Wisconsin Technical Colleges				
	Reimbursements/ Supplemental Payments	HEAB Reimbursements	Net Cost to the Institutions	Reimbursements/ Supplemental Payments	HEAB Reimbursements	Net Cost to the Institutions	Reimbursements/ Supplemental Payments	HEAB Reimbursements	Net Cost to the Institutions
2005-06	\$4,315,667	NA	\$4,315,667	\$392,050	NA	\$392,050	NA	NA	\$392,050
2006-07	7,462,606	NA	7,462,606	875,000	NA	875,000	NA	NA	875,000
2007-08	17,489,161	NA	13,583,761	5,006,343	NA	3,898,043	\$1,108,300	NA	3,898,043
2008-09	21,572,833	NA	16,455,133	6,088,941	NA	4,644,341	1,444,600	NA	4,644,341
2009-10	19,042,148	\$576,885	14,854,391	5,658,973	\$487,428	4,414,343	1,732,058	NA	4,414,343
2010-11	16,231,342	1,920,347	13,489,246	4,309,030	1,106,388	3,581,161	1,834,257	NA	3,581,161
2011-12	16,210,517	1,780,871	13,381,001	4,303,632	1,134,701	3,552,020	1,886,313	NA	3,552,020
2012-13	17,419,741	1,829,550	14,641,254	4,939,497	1,100,802	4,151,636	1,888,663	NA	4,151,636
2013-14	18,436,709	1,884,706	15,614,108	5,263,409	983,582	4,457,598	1,789,393	NA	4,457,598
2014-15	19,492,200	1,658,892	16,322,240	4,399,463	952,376	3,683,991	1,667,848	NA	3,683,991
2015-16	21,386,776	1,655,790	18,176,269	4,359,143	976,024	3,704,764	1,630,403	NA	3,704,764

UW institutions \$18.2 million in forgone tuition revenue and technical colleges \$3.7 million. Remissions costs beyond the amount reimbursed through the HEAB appropriation must be absorbed within the UW System's and the Wisconsin Technical College district boards' budgets or funded through other revenues such as increases in tuition charged to other students.

6. Tuition Remissions for Children and Spouses of Certain Protective Services Officers (UW System and WTCS). Current law requires UW and WTCS institutions to grant full remission of fees, including tuition and student segregated fees, to any resident student who is enrolled in a college parallel program or a program leading to a bachelor's degree, associate degree, or vocational diploma and who is the child or surviving spouse of a correctional officer, fire fighter, law enforcement officer, ambulance driver, or emergency medical services technician who was killed in the line of duty in this state or died as the result of a qualifying disability. In order to be eligible to receive the remission, a child must have been under the age of 21 or not yet born when his or her parent was killed. In 2015-16, the UW System remitted \$38,317 to eight students under this provision; the technical colleges remitted \$3,000 to two students. In each year of the 2015-17 biennium, \$14,200 GPR is provided to the WTCS Board to cover the cost of these remissions. Funding for these remissions was rolled into the UW System's GPR general program operations appropriation under 2011 Act 32.

7. Tuition Remissions for Funeral Assistants (UW System and WTCS). Under 2005 Act 22, a funeral director may issue a tuition voucher in the amount of \$25 to a student who sounds "Taps" during a funeral for which military honors are held. To be eligible for this voucher, the student must be enrolled in grades 6 through 12 or at a post-secondary institution. These tuition vouchers may be used for the payment of tuition at any UW institution or Wisconsin

technical college. In 2015-16, 13 UW students used vouchers totaling \$2,225.

Other Programs

1. College Work-Study (Federal). This is a campus-based program that provides part-time jobs for undergraduate and graduate students. Students may be employed by the institution or public or private employers and must be paid at least the federal minimum wage. In most cases, institutional, public, and private, nonprofit employers must provide at least 25% of the student's salary and private, for-profit employers must provide at least 50% of the student's salary. The remainder of the student's salary is paid by the federal work-study program. Individual institutions may require that employers pay a greater share of the student's salary; by reducing the percentage of the salary paid by the federal work-study program, the institution is able to increase its number of work-study participants. The award amount is based on financial need, availability of funds, and the amount of aid the student receives from other programs. Earnings from work-study jobs are not included in the student's income when reapplying for financial aid in subsequent years. In 2014-15, a total of \$19.8 million was provided to 11,897 students, averaging \$1,664.

2. Wisconsin Educational Opportunity Programs (Public Instruction). The Department of Public Instruction administers one state-funded and one federally-funded financial aid program through the Wisconsin Educational Opportunity Program (WEOP). A third financial aid program, the talent incentive program, is administered jointly by HEAB and WEOP and described earlier in this paper. The two programs administered solely by WEOP are:

Precollege Scholarship Program. This program provides grants to economically disadvantaged middle school and high school students to cover full student costs of precollege programs,

including courses, books, supplies, and room and board, if necessary. Precollege programs which emphasize academic skills development, career guidance, curriculum enrichment, and financial aid information are offered to eligible students through UW campuses, technical colleges, and private colleges. The student must first be admitted to a precollege program to qualify for a scholarship. In 2015-16, 3,823 middle and high school students received a total of \$1,931,500 to fund their participation in precollege programs statewide.

Gear Up Program. Since 1995-96, WEOP has administered this federal program. In 2015, 486 low-income new freshman received college scholarships totaling \$908,793 and 1,157 continuing students received scholarships totaling \$2,272,355, for a combined total of 1,643 students receiving \$3,181,148 in Gear Up scholarships.

3. Tuition Assistance for Medical and Dental Students (Medical College of Wisconsin, Marquette Dental School, HEAB). The state provides funding to the Medical College of Wisconsin and the Marquette Dental School to reduce the amount of tuition charged to Wisconsin resident students enrolled at those institutions. Funding for the Medical College of Wisconsin program is provided through an appropriation for the Medical College; funding for the Marquette Dental School program is provided through an appropriation under HEAB. In 2015-16, 426 Wisconsin resident students enrolled in the Medical College of Wisconsin received \$4,523 in tuition assistance for a total of \$1,926,600. In that same year, 193 Wisconsin resident students enrolled in Marquette Dental School received tuition assistance of \$8,665 for a total of \$1,672,300. Statutes specify a maximum number of dental students who may receive tuition assistance through this program. Under 2013 Act 20, the number of dental students who may receive tuition assistance was increased from 160 to 200 beginning in 2013-14. There is

no statutory limit on the number of Medical College of Wisconsin students who may receive tuition assistance.

4. Physician and Dentist and Health Care Provider Loan Assistance Programs (UW System). This program is different from the state-funded loan programs described previously in that the state does not make loans to students through this program. Rather, the state agrees to repay a portion of the participant's existing student loans.

Under the physician and dentist loan assistance program, the UW Board of Regents may repay up to \$50,000 in education loans on behalf of a physician or dentist who agrees to practice in one or more eligible practice areas or dental health shortage areas in this state. For physicians who additionally agree to practice in a rural area, the UW Board of Regents may make loan repayments of up to \$100,000. Under the health care provider loan assistance program, the Board may repay up to \$25,000 in education loans on behalf of a health care provider, defined as a dental hygienist, physician assistant, nurse midwife, or nurse-practitioner, who agrees to practice in one or more eligible practice areas in this state.

To be eligible for loan repayment, the physician, dentist, or health care provider must enter into a written agreement with the Board in which he or she agrees to practice at least 32 clinic hours per week, 45 weeks per year, for three years in an eligible practice area. Physicians and dentists must also agree to treat patients who are insured by or for whom health benefits are payable under Medicare, medical assistance (MA), or other government programs. Program participants who meet additional requirements may also be eligible for federally-funded loan repayments through the expanded loan assistance program.

Loans to physicians and dentists are repaid as follows: (1) 40% of the principal up to \$20,000 in

each of the first and second years; and (2) 20% of the principal up to \$10,000 in the third year. For physicians practicing in rural areas, maximum annual repayments are set at \$40,000 for each of the first and second years and \$20,000 for the third year. Loans to health care providers are similarly repaid as follows: (1) 40% of the principal up to \$10,000 in the each of the first and second years; and (2) 20% of the principal up to \$5,000 in the third year.

Total state funding for the physician and dentist and health care provider loan assistance programs is \$738,700 in 2016-17. Of this amount, \$488,700 is from tribal gaming revenues and \$250,000 is from the critical access hospital assessment fund. The critical access hospital assessment funds may only be used to make repayments on behalf of physicians, dentists, and health care providers practicing in rural areas. In addition, approximately \$300,000 in federal funding is provided annually for the expanded loan assistance program. In 2015-16, loan assistance was provided to a total of 71 physicians, dentists, and health care providers. This number includes 27 new awards made to two nurse midwives, two dental hygienists, three physician assistants, five dentists, eight physicians, and seven nurse practitioners.

College Savings Programs

The Department of Administration, through its State Capital Finance Office, manages two Section 529 college savings plans: Edvest and Tomorrow's Scholar. These programs were initially established by 1999 Act 44. Both Edvest and Tomorrow's Scholar are available nationwide. These plans represent two of the 92 qualified state tuition plans under section 529 of the U.S. Internal Revenue Code (IRC 529), designed as a savings vehicle for higher education expenses with certain tax advantages. They are administered by the Department of Administration under advisement by the College Savings Program Board.

The College Savings Program Board is composed of 11 members: the Secretary of Administration, the President of the University of Wisconsin Board of Regents, the President of the Wisconsin Association of Independent Colleges and Universities, the President of the Wisconsin Technical College System, the Chair of the State Investment Board (or their designees); and six public members appointed by the Governor to four-year terms. From 2005 to October 2012, day-to-day management of the program was contracted to Wells Fargo Funds Management, LLC, which was responsible for the program's investment management, marketing activities, account administration, and record-keeping. Starting October 29, 2012, the Edvest and Tomorrow's Scholar programs are managed by Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF) Tuition Financing, Inc. (TFI). Direct-sold Edvest plans are solely managed by TFI, while operation of the advisor-sold Tomorrow's Scholar plan has been subcontracted through TFI to Voya Investment Management (formerly named ING U.S. Investment Management).

Under both of the savings plans, any person aged 18 or over may open an account and the beneficiary may be any person including the account owner. Within each owner-beneficiary relationship, multiple investment portfolios are permitted to allow for investment diversification.

There is no state residency requirement or income limitation. Under TFI management, Edvest accounts require a minimum initial investment of \$25 per investment portfolio. Under Voya Investment Management, Tomorrow's Scholar accounts require a minimum initial investment of \$250 per investment portfolio. The maximum amount that may be contributed to a single beneficiary in aggregate from all sources and plans (including Edvest, Tomorrow's Scholar, and the no longer active Tuition Units program, described in a later section) is currently \$440,300, an amount which must be reviewed and adjusted annually by the

College Savings Program Board based on a measure of college tuition inflation. Subject to this aggregate maximum contribution limit, there are no limits on annual contributions to accounts. The beneficiary may use the proceeds of the account at any eligible post-secondary school in this country or elsewhere. The money may be used for a wide range of educational expenses such as tuition and other fees, educational supplies, special needs services, room and board, computers, software, and Internet access services.

Both plans offer a range of investment choices. There are currently 15 different static portfolio choices under the Edvest college savings plan, and two age-based choices where the contributions in the account are periodically shifted, in nine steps, from more aggressive to more conservative fund portfolios based on the beneficiary's stated age. Investors may choose between aggressive or moderate growth tracks. These age-based portfolios are a blend of multiple underlying funds, primarily passive index funds. Underlying Edvest plan fund managers include Dimensional Fund Advisors, Franklin Templeton Investments, Metropolitan West Asset Management, TIAA-CREF, and T. Rowe Price Associates.

The Tomorrow's Scholar college savings plan offers 37 fund portfolio choices and is only available through a financial advisor or fee-only planner. There is one age-based track, using nine different risk-based multiple fund portfolios. Investors may select from the nine portfolios as well as additional single fund static options. Underlying Tomorrow's Scholar plan fund managers include Baillie Gifford Overseas Limited, BlackRock Financial Management, BlackRock Investment Management, CBRE Clarion Securities, Columbia Management Investment Advisers, Delaware Investments Fund Advisers, Goldman Sachs Asset Management, Hahn Capital Management, J.P. Morgan Investment Management, Lazard Asset Management, LSV Asset Management, Northern Trust Investments, Templeton Investment Counsel, Teachers Advisors (TIAA-CREF), T. Rowe

Price Associates, Van Eck Associates Corporation, Voya Investment Management Co., and Wellington Management Company.

Prior to the enactment of Public Law 113-295 in 2014, IRC 529 regulations allowed investment reallocation or changes only once during any 12-month period, with the exception of tax years 2009 and 2010, for which a twice-per-year change was allowed under federal law. Beginning in tax year 2015, federal regulations allow a twice-per-year investment reallocation.

Prior to 2013 Act 227, for state tax purposes Wisconsin residents could deduct up to \$3,000 annually per beneficiary (as a single or joint tax filer, or \$1,500 if a divorced parent or married and filing separately), for contributions to any account where the beneficiary was the claimant's child, grandchild, great-grandchild, niece, nephew, or self. Any person, residing in any state, could (and still may) open and contribute to an Edvest or Tomorrow's Scholar account. However, an account owner could only authorize the above family members to make contributions to the account. Further, tax deductions for contributions were limited to contributions made by these in-state family members as well as contributions made by the beneficiary.

Under Act 227, college savings account owners were permitted to authorize contributions by any individual to an account. In addition, the tax deduction was extended to contributions made by any resident of Wisconsin, regardless of the claimant's relationship to the beneficiary. Act 227 also provided for inflation-based adjustments to the amounts that may be deducted. For taxable years beginning after December 31, 2013, the base amounts that may be deducted (\$3,000 or \$1,500) will increase on an annual basis by a percentage equal to the percentage change in the U.S. city average consumer price index for all urban consumers. For tax year 2016, deductions may be made up to \$3,100 (filing single or joint) or \$1,550 (for a divorced parent or if married and

filing separately) per beneficiary. Finally, Act 227 extended the deadline to make contributions for a particular tax year from December 31 to April 15 of the following year, and allowed any contributions in excess of the maximum deduction to be carried forward to the next taxable year.

Investment earnings and distributions from an account established through a section 529 qualified program, including Wisconsin's Edvest and Tomorrow's Scholar, programs of other states, and by private institutions, are exempt from both federal and Wisconsin income taxes if the withdrawals are used for qualified higher education expenses. In addition, federal law permits a refund of a qualified expense paid from a section 529 account to be redeposited to the account without a tax penalty, beginning with refunds of qualified higher education expenses received after December 31, 2014.

Investment earnings on the contributions may be withdrawn for non-higher education expenses, but would be subject to state and federal taxes and may be subject to an additional 10% federal tax on the earnings. The 10% federal tax addition does not apply in the following cases: (a) withdrawals used for a qualified educational expense; (b) withdrawals due to death or disability of the intended beneficiary; (c) distributions made on account of a scholarship, allowance, or payment attributable to the beneficiary's enrollment at an eligible educational institution; (d) transfers to another qualified 529 account; or (e) qualified higher education expenses of the beneficiary in qualifying for an American Opportunity Credit or Lifetime Learning Credit. Section 529 also allows for the change of beneficiaries to another family member of the previous beneficiary without tax penalty.

The Edvest plan does not charge an annual account fee. Under the Tomorrow's Scholar college savings plan, there is a \$25 per year account maintenance fee, which is waived for Wisconsin residents. It is also waived if an automatic deduc-

tion plan has been elected, or if the account balance is above \$25,000. In addition, there are annual asset-based fees, based on percentage amounts that vary based on the fund or funds selected and levied against the total assets in the account invested in the respective investment option. Tables 13 and 14 show the applicable fees under TFI and Voya management for each investment option as of September, 2016. Four additional share classes exist, which are not shown in Table 14. All five share classes may be sold by financial advisors or fee-only planners, and have differing asset-based fees and caps on deferred sales charges.

As of June 30, 2016, Edvest had a total of 151,731 direct-sold open accounts with assets of \$2,419,060,800, and Tomorrow's Scholar had 136,741 advisor-sold open accounts with assets of \$1,676,834,100. As of October 29, 2012, advisor-sold Edvest accounts no longer exist. Edvest accounts previously sold through financial advisors were transferred on that date to the Tomorrow's Scholar program.

College Tuition and Expenses Program. From July, 1997, to December, 2002, investors could participate in the college tuition and expenses program, also known as the tuition unit purchase program. The State Treasurer discontinued this program in December, 2002, barring any future enrollments or the sale of any new tuition units to current accountholders. Current tuition unit account holders may continue to hold their tuition unit investments until maturity or may convert their account to any of the investment choices now offered under the state's college savings program. As of June 30, 2016, there were 449 accounts under this program with total assets of \$4,532,500. The assets of these remaining accounts are invested by the State of Wisconsin Investment Board, and were not affected by the October, 2012, transition.

Tax Incentives

1. Higher Education Tax Deduction (State and Federal). Since tax year 1998, state

Table 13: College Savings Program Summary of Edvest Portfolio Expenses Assessed as % of Account Assets

	<u>Administrative Fee</u>		Underlying Fund Expense	Portfolio Expense Total
	State*	Program Manager		
Age-Based Portfolios (9) Option	0.00	0.08	0.11-0.24	0.19-0.32
Aggressive Age-Based Portfolios (9) Option	0.00	0.08	0.10-0.22	0.18-0.30
Index-Based Aggressive Portfolio	0.00	0.08	0.11	0.19
Index-Based Moderate Portfolio	0.00	0.08	0.14	0.22
Index-Based Conservative Portfolio	0.00	0.08	0.20	0.28
Active-Based Aggressive Portfolio	0.00	0.08	0.29	0.37
Active-Based Moderate Portfolio	0.00	0.08	0.33	0.41
Active-Based Conservative Portfolio	0.00	0.08	0.35	0.43
International Equity Index Portfolio	0.00	0.08	0.09	0.17
Small-Cap Index Portfolio	0.00	0.08	0.06	0.14
U.S. Equity Active Portfolio	0.00	0.08	0.19	0.27
Large Cap Stock Index Portfolio	0.00	0.08	0.06	0.14
Social Choice Portfolio	0.00	0.08	0.18	0.26
Bond Index Portfolio	0.00	0.08	0.12	0.20
Balanced Portfolio	0.00	0.08	0.07	0.15
Bank CD Portfolio	0.00	0.08	0.00	0.08
Principal Plus Interest Portfolio	0.00	0.00	none	none

*The College Savings Program Board has voluntarily waived the entire Board fee of 0.10% until October 29, 2017. The State Administrative Fees shown include this waiver. Voluntary waivers may be modified or terminated at any time.

law has allowed a deduction from income for tuition expenses. The deduction applies to tuition, including mandatory student fees, paid on behalf of the taxpayer or the taxpayer's dependent child. Allowable tuition expenses include tuition paid to attend any university, college, technical college, or school approved by the Education Approval Board that is located in Wisconsin, or to attend an institution under the Minnesota-Wisconsin tuition reciprocity agreement. A student cannot claim a tuition deduction for tuition and fee amounts paid using a distribution from a Wisconsin 529 account.

The maximum tuition deduction equals twice the average amount of resident undergraduate tuition charged by UW System four-year institutions for the most recent fall semester. For tax year 2016, the maximum deduction was \$6,943.

The deduction is phased out based on filing status and federal adjusted gross income (AGI), indexed for inflation. For 2016, the phase-out ranges are as follows: (a) \$52,600 to \$63,120 for single and head-of-household filers; (b) \$84,160 to \$105,200 for married couples filing joint returns; and (c) \$42,080 to \$52,600 for married couples filing separate returns.

A federal deduction is permitted for qualified higher education expenses. The maximum federal deduction is set at \$4,000, but is limited based on the taxpayer's AGI (\$65,000, if single, and \$130,000 if joint). The deduction is reduced to \$2,000 for taxpayers with a higher AGI (up to \$80,000, if single, and \$160,000, if joint). This deduction is scheduled to expire after tax year 2016. Wisconsin has not adopted the federal deduction for state purposes, but has its own deduction as noted above. Taxpayers who claim the

Table 14: College Savings Program Summary of Tomorrow's Scholar Portfolio Expenses (Share Class A) -- Assessed as % of Account Assets

	State	Administrative Fee		Distribution and Service Fee	Portfolio Expense Total
		Program Manager	Underlying Fund Expense		
Fixed Portfolio					
Age-Based Portfolios (9)	0.10%	0.08%	0.41-0.71%	0.25%	0.87-1.14%
Voya Aggressive Growth Portfolio	0.10	0.08	0.71	0.25	1.14
Voya Growth Plus Portfolio	0.10	0.08	0.69	0.25	1.12
Voya Balanced Portfolio	0.10	0.08	0.66	0.25	1.09
Voya Conservative Plus Portfolio	0.10	0.08	0.56	0.25	0.99
Voya Ultra Conservative Portfolio	0.10	0.08	0.41	0.25	0.84
BlackRock Global Allocation Portfolio	0.10	0.08	0.87	0.25	1.30
Columbia Dividend Opportunity Portfolio	0.10	0.08	0.75	0.25	1.18
Columbia Limited Duration Portfolio	0.10	0.08	0.58	0.25	1.01
Northern Small Cap Value Portfolio	0.10	0.08	1.01	0.25	1.44
TIAA-CREF Balanced Portfolio	0.10	0.08	0.07	0.25	0.50
TIAA-CREF Bond Index Portfolio	0.10	0.08	0.12	0.25	0.55
TIAA-CREF Equity Index Portfolio	0.10	0.08	0.05	0.25	0.48
TIAA-CREF International Equity Index Portfolio	0.10	0.08	0.06	0.25	0.49
TIAA-CREF Principal Protection Portfolio	0.10	0.08	0.00	0.05	0.23
TIAA-CREF Small Cap Blend Portfolio	0.10	0.08	0.13	0.25	0.56
Voya Corporate Leaders 100 Portfolio	0.10	0.08	0.49	0.25	0.92
Voya Global Perspectives Portfolio *	0.10	0.08	0.83	0.25	1.26
Voya GNMA Income Portfolio	0.10	0.08	0.63	0.25	1.06
Voya High Yield Bond Portfolio	0.10	0.08	0.76	0.25	1.19
Voya Intermediate Bond Portfolio *	0.10	0.08	0.33	0.25	0.76
Voya Large Cap Growth Portfolio	0.10	0.08	0.67	0.25	1.10
Voya Large Cap Value Portfolio	0.10	0.08	0.76	0.25	1.19
Voya MidCap Opportunities	0.10	0.08	0.98	0.25	1.41
Voya Multi-Manager International Equity Portfolio	0.10	0.08	0.97	0.25	1.40
Voya Multi-Manager Mid Cap Value Portfolio *	0.10	0.08	0.83	0.25	1.26
Voya Small Cap Opportunities Portfolio	0.10	0.08	1.11	0.25	1.54
VY Clarion Global Real Estate Portfolio	0.10	0.08	0.98	0.25	1.41
VY Templeton Foreign Equity Portfolio	0.10	0.08	0.92	0.25	1.35

*Portfolios new to plan

American Opportunity tax credit may not claim the federal deduction for higher education expenses.

2. American Opportunity Tax Credit (Federal). The American Opportunity tax credit was enacted on a temporary basis as an enhancement to the Hope Scholarship tax credit for tax years 2009 through 2017. In December, 2015,

P.L. 114-113 made the enhancements permanent, so the American Opportunity tax credit now permanently replaces the Hope Scholarship tax credit.

The American Opportunity tax credit is available to individuals who pay qualified post-secondary educational expenses for either themselves, their spouse, or a dependent and is availa-

ble for up to four years. Degree-seeking students must be enrolled at least half-time at an eligible educational institution, which typically is any accredited public, nonprofit, or proprietary post-secondary institution. Qualified expenses include tuition, required fees, and course materials less any grants, scholarships, or other tax-free financial assistance.

The tax credit equals up to 100% of the first \$2,000 and 25% of the second \$2,000 in expenses, resulting in a maximum credit of \$2,500 per student per year. Taxpayers may claim the credit for multiple students in the same year, but only for four years for each student. Up to 40% of the credit is refundable. The credit is phased out for taxpayers with taxable incomes between \$80,000 and \$90,000 for single filers and between \$160,000 and \$180,000 for joint filers.

3. Lifetime Learning Tax Credit (Federal). Tax filers may claim a lifetime learning tax credit if they pay qualified tuition and related expenses of higher education for any course of study to acquire or improve job skills for themselves, a spouse, or a dependent. The student may be enrolled less than half-time, and there is no limit on the number of years that the credit may be claimed. The credit is not refundable and equals 20% of the first \$10,000 in qualified tuition and related expenses, but no expenses pertaining to a student for whom an American Opportunity tax credit is claimed are allowed. In 2016, the credit is phased out for taxpayers with taxable incomes between \$55,000 and \$65,000 for single filers, and between \$110,000 and \$130,000 for joint filers.

4. Coverdell Education Savings Accounts (State and Federal). Married taxpayers filing joint tax returns and individual filers (including the beneficiary) may contribute up to \$2,000 per designated beneficiary per year to a Coverdell Education Savings Account (CESA, formerly called an Education IRA). There are no relationship requirements between the contributor and

the beneficiary. While contributions are not deductible from income, interest earnings are tax exempt and withdrawals are excluded from the beneficiary's income if used for eligible education expenses. Under coordination rules with other tax deductions and credits for education, qualified expenses for purposes of a CESA are reduced to reflect other education tax benefits taken.

The ability of an individual to make a contribution to a CESA is phased out for contributors with income between \$95,000 and \$110,000 (between \$190,000 and \$220,000 for joint filers). Funds from a CESA may be used to pay for qualified elementary and secondary education expenses in addition to qualified higher education expenses.

5. IRA Withdrawals (Federal). Early (before age 59½) withdrawals from a traditional IRA are not subject to the 10% tax penalty provided the distributions are used for postsecondary education expenses of the taxpayer, or the taxpayer's spouse, child, or grandchild.

6. Student Loan Interest Deduction (State and Federal). An individual may deduct up to \$2,500 annually for interest paid on student loans during the life of the loan. For tax year 2016, the deduction is phased out for single filers with taxable income between \$65,000 and \$80,000 and for joint filers with taxable income between \$130,000 and \$160,000.

7. Employer-Provided Education Benefits (State and Federal). Taxpayers may exclude from their taxable income up to \$5,250 in educational assistance benefits received from their employer. Eligible benefits include payments for tuition, fees, books, supplies, and equipment. Courses do not have to be related to the business of the employer.

Financial Aid Package

After a student applies for financial aid, the college attempts to meet as much of a student's need as possible with a financial aid package. Institutional financial aid officers are responsible for packaging a student's financial aid based on the needs analysis. Packaging is the selection of various types and amounts of aid which enable a student to pay for educational costs. Some elements of a financial aid package are automatically included such as Pell Grants, which are determined when EFC is determined by the federal processor, and Wisconsin Grants, which are calculated by HEAB. Funding from other programs such as the Supplemental Educational Opportunity Grant, college work-study, and Perkins Loan programs, and institutional aid are controlled and distributed by an institution's financial aid office.

The package is developed in a hierarchy. Generally, students are awarded all available

grants before any loans, which are less desirable, are added to the package. In 2014-15, grants accounted for 50% of all financial aid received, loans accounted for 49%, and work-study for 1%. This ratio varies by the type of institution attended: grants account for 63% of the aid at independent colleges, 46% at technical colleges, and 42% at UW institutions.

Once the financial aid office has compiled the student's financial aid package, the student must accept or decline the aid provided through each program. A student is not obligated to accept the entire package. For example, a student could accept the grant and work-study aid but refuse the loans. Students must be registered for classes before aid can be issued to them at the beginning of a semester. They are also required to pay their tuition and fees with the proceeds of the aid before the remaining aid can be distributed to them.

Table 15 compares the average cost of attendance, student financial need, and need-based aid

Table 15: Financial Aid Data by Institution Type: Resident Undergraduates

	No. of Recipients	Avg. Cost	Avg. Contribution	Avg. Need	Avg. Aid	Unmet Need
UW System						
2010-11	71,710	\$17,225	\$4,686	\$12,539	\$7,303	\$5,236
2011-12	74,195	18,125	5,338	12,787	7,126	5,661
2012-13	72,352	19,483	5,887	13,596	7,773	5,823
2013-14	72,708	18,647	6,065	12,582	7,521	5,061
2014-15	70,871	18,732	6,678	12,054	7,604	4,450
Technical Colleges						
2010-11	55,527	\$13,128	\$2,762	\$10,366	\$5,267	\$5,099
2011-12	59,150	13,406	2,562	10,845	5,189	5,656
2012-13	58,226	13,816	2,461	11,355	5,233	6,122
2013-14	54,674	13,983	2,485	11,498	5,295	6,203
2014-15	56,054	15,281	2,392	12,889	5,494	7,395
Private Colleges						
2010-11	24,741	\$30,847	\$7,873	\$22,974	\$10,513	\$12,461
2011-12	24,289	31,903	7,948	23,955	10,549	13,405
2012-13	23,462	32,858	8,106	24,752	11,466	13,287
2013-14	22,411	35,351	8,528	26,823	11,639	15,184
2014-15	21,285	36,354	9,596	26,758	12,519	14,239

awarded by type of institution over the most recent five-year period for which information is available. As shown in the table, the average amount of need-based aid received by students enrolled in UW institutions, Wisconsin technical colleges, and private colleges and universities located in this state has increased over the most recent five years. However, there have been significant differences between the three sectors in terms of changes in cost of attendance and students' expected family contributions, which is a measure of their ability to pay.

At UW institutions, cost of attendance increased by \$600 over the time period shown while the average expected family contribution increased by \$1,340. Combined with the increase in need-based financial aid, these changes led to a reduction in unmet need for UW System students. Conversely, the cost of attending a technical college increased from 2010-11 to 2014-15 while technical college students' ability to pay decreased. As a result, average unmet need for technical college students increased by nearly \$2,300 despite an increase in need-based financial aid. At the private, non-profit institutions, both cost of attendance and the average students' expected family contribution increased over the time period shown. Increases in costs at those institutions were greater than both the increase in students' ability to pay and need-based financial aid, resulting in an increase in unmet need for those students.

Interstate Comparisons

Over the past decade, the amount of need-based aid provided by states has increased both in Wisconsin and nationwide. From 2004-05 to 2014-15, expenditures for state-funded, HEAB-administered need-based grant programs increased from \$77.4 million to \$119.5 million, or 54%. Nationwide, state-funded, need-based grant

aid increased by an even greater amount, from \$4.7 billion in 2004-05 to \$7.9 billion in 2014-15, for an increase of 67%. Undergraduate enrollments also increased during that time period; however, percentage increases in need-based financial aid were greater than in undergraduate enrollments, leading to an increase in aid per FTE undergraduate student. Need-based grant aid per FTE undergraduate student increased from \$410 in 2004-05 to \$573 in 2014-15 nationally and from \$349 to \$508 in Wisconsin.

Wisconsin is one of 25 states that has one or more merit-based aid programs for undergraduate students. Compared to other states that have merit-based aid programs, Wisconsin spends a relatively small amount on merit-based aid. Expenditures for the merit-based academic excellence scholarship program totaled \$2.9 million in 2014-15, or 2.3% of HEAB's total student financial aid expenditures. By comparison, merit-based aid expenditures accounted for an average of 41% of all student aid expenditures in the 24 other states that had merit-based aid programs.

The appendix to this paper compares the primary need-based grant programs in each of the 50 states and the District of Columbia. The table highlights the different approaches used by various states in distributing need-based aid. Some states, such as Mississippi, Texas, and Idaho, provide relatively generous grants to a small number of students. Others, such as Maine, Rhode Island, and New Mexico, provide smaller grants to a larger number of students. Two states, including Georgia and New Hampshire, do not provide need-based grant aid. In comparison to other states, Wisconsin provides slightly smaller grants to a somewhat larger proportion of students.

When comparing funding for student financial aid across the states, it is important to do so in the context of the tuition policy decisions made by those states. Some states, such as Utah, New Mexico, Louisiana, and Oklahoma, provide low

amounts of need-based financial aid but also charge relatively low tuition. These states provide a large higher education subsidy to all students by requiring them to pay a smaller amount of their educational costs through tuition. Other states, such as New Jersey, Illinois, and Pennsylvania, charge high tuition and provide high amounts of need-based financial aid. These states target higher education subsidies to those students who have the greatest financial need. A third group of states, including New York, West Virginia, and North Carolina, offer both low tuition and high amounts of need-based financial aid. When compared to other states, Wisconsin charges moderate amount of tuition and provides a moderate amount of financial aid.

Table 16 compares tuition and fees charged by public flagship universities in Midwestern states and the estimated state-funded need-based grant aid per undergraduate full-time equivalent (FTE) student in 2014-15. The data shown in Table 16 is different from that shown in the appendix in that it includes all need-based grant aid, as opposed to only the primary need-based grant program. The appendix also shows the average grant amount instead of aid per FTE undergraduate student.

Table 16: Peer Tuition and Fees at Flagship Campuses and Estimated State-Funded Need-Based Undergraduate Aid (2014-15)

	Resident Undergraduate Tuition-Fees	Estimated Grant Dollars per FTE*	Grants as % of Tuition
Indiana	\$10,388	\$955	9.2%
Minnesota	13,560	787	5.8
Wisconsin	10,410	508	4.9
Illinois	15,602	699	4.5
Iowa	8,079	340	4.2
Ohio	10,037	188	1.9
Michigan	13,486	245	1.8

*Grant dollars per FTE data from National Association of State Student Grant and Aid Programs.

As shown in the table, a smaller amount of grant dollars in one state may cover a larger proportion of a student's tuition and fees than a larger grant in another state if the first state's tuition is significantly lower than the tuition and fees charged in the second state. For example, Wisconsin provides a lower amount of aid per undergraduate student than Illinois does; however, the aid provided by Wisconsin pays for a greater proportion of tuition and fees than the aid provided by Illinois does because tuition and fees are lower in Wisconsin.

APPENDIX

Summary of the Primary Need-based Grant Program in Each State and the District of Columbia, 2014-15

	Average Grant Amount	Average Grant as % of Average Tuition and Fees at Public, Four- Year Institutions	Number of Recipients as a % of State Full-Time Equivalent Undergraduate Students
California	\$5,667	62.6%	18.2%
Mississippi	5,535	90.1	1.4
New Jersey	4,969	40.7	23.9
Texas	4,549	61.6	7.6
Washington	4,334	50.3	26.4
Idaho	3,441	57.5	1.8
Iowa	3,338	42.6	8.4
Indiana	3,250	39.1	15.2
New York	3,245	50.4	33.3
Illinois	2,782	23.3	25.1
Maryland	2,607	34.3	14.3
Pennsylvania	2,313	18.9	33.4
West Virginia	2,235	39.7	18.9
District of Columbia	2,134	29.5	1.0
North Carolina	2,116	34.0	26.7
Connecticut	1,951	20.4	11.9
Minnesota	1,857	17.8	40.4
Hawaii	1,727	22.0	0.3
Vermont	1,692	12.5	27.9
Nevada	1,682	33.7	7.9
Kansas	1,619	23.1	6.6
Oregon	1,588	19.1	22.2
Kentucky	1,576	18.7	21.5
Colorado	1,569	21.2	25.5
Wisconsin	1,542	18.5	27.4
Virginia	1,519	15.4	15.1
Tennessee	1,506	20.1	14.1
South Carolina	1,425	13.3	23.6
Delaware	1,419	13.0	3.4
Alaska	1,405	22.2	17.4
North Dakota	1,340	20.3	16.6
Missouri	1,153	14.7	19.0
Florida	1,116	26.1	17.0
Ohio	1,108	11.9	17.0
Nebraska	1,032	14.7	17.8
Louisiana	1,029	17.7	13.3
Oklahoma	866	14.8	13.9
Utah	811	15.0	1.5
Maine	775	8.3	36.6
Massachusetts	773	7.2	16.6
Arkansas	759	11.5	5.7
Michigan	756	6.9	7.2
Montana	752	12.0	6.6
Arizona	716	7.4	0.7
South Dakota	702	9.4	0.9
Alabama	637	7.9	2.0
Rhode Island	440	4.1	26.5
New Mexico	438	8.0	26.8
New Hampshire	0	0.0	0.0
Georgia	0	0.0	0.0
Average	\$1,836	23.7%	15.3%

*No information was available regarding the primary need-based grant program in Wyoming.

Source: National Association of Student Grant and Aid Programs 46th Annual Survey Report and the Chronicle of Higher Education Almanac for 2015-16.