



WISCONSIN LEGISLATIVE COUNCIL

REVIEW OF HIGHER EDUCATION FINANCIAL AID PROGRAMS

Legislative Council Conference Room
One East Main Street, Suite 401
Madison, WI

December 21, 2010
10:00 a.m. – 2:30 p.m.

[The following is a summary of the December 21, 2010 meeting of the Special Committee on Review of Higher Education Financial Aid Programs. The file copy of this summary has appended to it a copy of each document prepared for or submitted to the committee during the meeting. A digital recording of the meeting is available on our Web site at <http://www.legis.state.wi.us/lc>.]

Call to Order and Roll Call

Chair Ballweg called the committee to order. The roll was called and it was determined that a quorum was present.

COMMITTEE MEMBERS PRESENT: Rep. Joan Ballweg, Chair; Sen. Fred A. Risser, Vice Chair; Rep. Thomas Lothian; and Public Members Sara Goldrick-Rab, Mary Jo Green, Jane Hojan-Clark, Amy Kerwin, Rock Larson, Don Madelung, Darcy Paulson, and Rolf Wegenke.

COMMITTEE MEMBERS EXCUSED: Rep. Marlin Schneider; and Public Members Louise Janke, Michael Swain, and Paul Watson. [Public Member Louise Janke listened via conference call.]

COUNCIL STAFF PRESENT: Dan Schmidt, Senior Analyst; and Scott Grosz and Anna Henning, Staff Attorneys.

APPEARANCE: Public Member Sara Goldrick-Rab.

<p>*ATTENTION: This was the final meeting of the Special Committee on Review of Higher Education Financial Aid Programs. Committee members are requested to send any corrections regarding these Minutes to the Legislative Council staff. After the incorporation of any corrections, these Minutes will be considered approved by the committee.</p>

Approval of the Minutes of the Committee's November 9, 2010 Meeting

Chair Ballweg explained that the minutes had been revised to account for changes suggested by members of the committee. Dan Schmidt explained the changes.

Don Madelung moved approval of the revised minutes, Senator Risser seconded. The motion was approved by unanimous voice vote.

Presentation by Public Member Sara Goldrick-Rab

Ms. Goldrick-Rab presented preliminary evidence from the Wisconsin Financial Aid Study. She noted that it is typically difficult to establish whether a financial aid program causes student success because of the overlap of factors affecting financial need and educational achievement. She explained that the study examines outcomes of students eligible for the Fund for Wisconsin Scholars, which selects recipients using random assignment. She presented evidence showing that compared to eligible students who did not receive grants, students receiving grants carried less debt, worked fewer hours, and were more likely to meet benchmarks showing progress toward a degree. She noted that, currently, 55% of students receiving federal need-based Pell grants complete bachelor's degrees within six years of starting college. She concluded that the Wisconsin Financial Aid Study's preliminary findings suggest that increasing grant aid to such recipients enhances their accumulation of credits and grades and reduces their debt loads, thereby increasing the likelihood of degree completion.

Review and Discussion of Requested Drafts and Other Committee Options

Chair Ballweg invited Public Member Rolf Wegenke to share information related to the newest report of Be Bold: The Wisconsin Prosperity Strategy. Mr. Wegenke explained that the November 2010 report provides a strategy and rationale for using financial aid to increase the number of four-year degree holders in the state. He said that the strategy could be linked to the committee's recommendations, which he suggested should focus on Wisconsin students rather than any particular institution or system.

Chair Ballweg drew the committee's attention to a letter, distributed at the meeting, from University of Wisconsin (UW) System President Kevin Reilly. Senator Risser asked Legislative Council staff to clarify the issue raised in the letter regarding a potential shift of resources from public to private institutions. Mr. Wegenke and Jane Hojan-Clark mentioned that they have similar concerns regarding the possible elimination of programs that are specific to the UW System. Mr. Schmidt clarified that under the proposal in Memo No. 3, some redistribution would occur, but noted that the Memo serves only as a starting point for discussion.

Chair Ballweg reminded the committee of the process for committee recommendations, noting the committee process that any bill introduced by the Joint Legislative Council would undergo.

Legislative Council staff described the following documents, and committee discussion followed each description:

Memo No. 3

Mr. Schmidt described Memo No. 3, which outlines a proposal developed in consultation with Chair Ballweg and with input from Connie Hutchinson regarding programs administered by the Higher Educational Aids Board (HEAB). He explained that the proposal lists non-financial need based programs that the committee could eliminate, together with cost savings from such elimination that could be recommended for reallocation to need-based programs. He noted that the total listed for the Wisconsin Higher Education Grant program includes funding from auxiliary reserves; the general program revenue expenditures for that program were \$6.4 million.

Chair Ballweg noted that the projected savings related to the Academic Excellence Scholarship program reflect a reduction in the scholarship amount rather than elimination of the program.

Ms. Hojan-Clark suggested that programs specific to the UW-System, including grants for study abroad and the Tuition Increase Grant program, be removed from the list of programs to be eliminated. Mr. Wegenke agreed that system-specific programs should be removed from the list.

Senator Risser commented that there might be a psychological effect associated with removing funding for groups such as individuals with disabilities and minority groups, and there may be political consequences as a result of eliminating those and other programs.

Ms. Goldrick-Rab stated that she objects to the elimination of the portion of the Wisconsin Covenant program that is based on students' financial need. Amy Kerwin commented that the Wisconsin Covenant program is valuable because it is the only program that establishes responsibilities for students, such as maintaining a B grade average.

Representative Lothian noted that some programs were established to stimulate specific types of activities, such as nursing, and wondered whether recipients in those programs would be out of luck if the programs were eliminated. Chair Ballweg noted that under the proposal, such recipients might receive need-based financial aid.

It was the consensus of the committee to not move forward with the options outlined in Memo No. 3.

WLC: 0052/1

Scott Grosz described WLC: 0052/1, which directs HEAB to modify the Wisconsin-Minnesota tuition reciprocity agreement such that students from both states will pay the higher of the two tuitions.

Committee members discussed whether a grandfather provision might be added to the draft. Ms. Hutchinson noted that in the past, changes to the reciprocity agreement were grandfathered in over a three-year period. Senator Risser said that he supports grandfathering the changes.

Mr. Wegenke noted that he supports the redistribution of funds saved to the Wisconsin Higher Education Grant program, as written in the draft.

The consensus of the committee was that the draft should be modified to grandfather the changes over a three-year period.

WLC: 0053/1 and WLC: 0057/1

Mr. Grosz described WLC: 0053/1 and WLC: 0057/1, relating to the elimination and reduction, respectively, of the Academic Excellence Scholarship (AES) program. He noted that WLC: 0053/1 has a delayed effective date and WLC: 0057/1 has a phase-in component.

Ms. Goldrick-Rab stated that she is concerned that funds might not be reallocated as the committee recommends, but said that in the event the program is modified, she views elimination as preferable to a reduction in the award.

Senator Risser said that he does not support any reduction to the program.

The committee discussed potential options for allocating savings resulting from the reduction of AES awards.

Ms. Hutchinson presented data regarding the current distribution of AES recipients among the UW System, Wisconsin Technical College System, and private institutions.

Mary Jo Green expressed a concern that technical colleges should not be allocated too little money compared with technical college students' relatively large proportion of unmet financial need.

Mr. Madelung moved that WLC: 0057/1 be modified such that it would split the savings resulting from a modification of the AES program equally between the UW System, Wisconsin Technical College System, and Wisconsin Association of Independent Colleges and Universities (WAICU) institutions. Mr. Wegenke seconded the motion. The motion failed on a roll call vote as follows: Ayes, 3 (Rep. Ballweg; and Public Members Madelung and Wegenke); Noes, 8 (Sen. Risser; Rep. Lothian; and Public Members Goldrick-Rab, Green, Hojan-Clark, Kerwin, Larson, and Paulson); and Absent, 4 (Rep. Schneider; and Public Members Janke, Swain, and Watson). [Ms. Janke noted had she been present, she would have voted "No."]

Ms. Hojan-Clark moved that WLC: 0057/1 be modified such that it would split the savings resulting from a modification of the AES program such that UW System institutions would receive 60%, WAICU institutions would receive 36%, and Wisconsin Technical College System institutions would receive 4% of the savings. Mr. Wegenke seconded the motion. The motion failed on a roll call vote as follows: Ayes, 4 (Rep. Ballweg; and Public Members Hojan-Clark, Madelung, and Wegenke); Noes, 7 (Sen. Risser; Rep. Lothian; and Public Members Goldrick-Rab, Green, Kerwin, Larson, and Paulson); and Absent, 4 (Rep. Schneider; and Public Members Janke, Swain, and Watson). [Ms. Janke noted had she been present, she would have voted "No."]

WLC: 0064/1

Anna Henning described WLC: 0064/1, which amends the statute governing Talent Incentive Program grants to clarify that students need not maintain continuous enrollment in their higher education institutions in order to receive the grants. She explained that the draft incorporates a suggestion, made at the previous meeting, to limit the time period during which grants may be awarded to five years. She noted that the five-year limitation may mean that a student who takes a year off from school would receive the grants for fewer than 10 semesters.

It was the consensus of the committee to modify the draft to limit the time period during which grants may be awarded to a given student to six years rather than five years.

WLC: 0065/1

Ms. Henning described WLC: 0065/1, which makes appropriations for the Wisconsin Higher Education Grant, Tuition Grant, Lawton Minority Undergraduate Grant, and Minority Undergraduate Retention Grant programs sum sufficient, and adjusts the procedure by which HEAB calculates the appropriation for such programs. She explained that a similar bill was introduced as 2007 Senate Bill 450.

Mr. Wegenke stated that the earlier version of the legislation received endorsements from multiple groups.

Morna Foy of the Wisconsin Technical College System mentioned that the technical college system generally supports the draft but would prefer to have the calculation of the appropriation for technical colleges linked to increases in fees at technical colleges rather than at UW-Madison.

The consensus of the committee was to modify the draft such that for the Wisconsin Higher Education Grant program for technical college students, the formula for calculating the appropriation would be tied to increases in academic fees at Wisconsin Technical College System institutions. The committee also agreed that dates throughout the draft should be reviewed for consistency and any necessary adjustments to dates should be made.

WLC: 0076/1

Mr. Schmidt described WLC: 0076/1, which creates a temporary commission on financial aid consolidation and modernization. He explained that the commission would study the potential for consolidating all grant programs administered by HEAB into a single need-based grant program, as well as options for providing grant aid for students enrolled part time at Wisconsin institutions of higher education.

Chair Ballweg provided some background regarding the draft and said that she views the commission as having a heavy research component, and would, in particular, examine other states' approaches and successful models.

Ms. Goldrick-Rab suggested that the composition of the commission might be modified to include representatives from outside of the systems and institutions that benefit from financial aid allocations.

Senator Risser suggested that a legislative representative might be added.

The consensus of the committee was to modify the draft to add two commission members; one to be appointed by the Senate Majority Leader and the other by the House Speaker.

Draft Letter to Co-Chairs Elect of the Joint Finance Committee

Chair Ballweg described the draft letter addressed to the co-chairs elect of the Joint Finance Committee, which recommends, on behalf of the committee, that funding for the Wisconsin Higher Education Grant program be provided entirely through general purpose revenue in the 2010-12 Biennial Budget, rather than through program revenue such as auxiliary reserves.

Mr. Madelung moved, and Mr. Larson seconded, that the letter be approved to be sent. The committee approved the motion by a unanimous voice vote.

Other Business

Chair Ballweg explained that this would be the last meeting of the committee, but a mail ballot would be sent to facilitate votes on the bill drafts that the committee had agreed to modify.

Adjournment

The meeting was adjourned at 2:30 p.m.

AH:ksm