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**WISCONSIN LEGISLATIVE COUNCIL  
STAFF MEMORANDUM**

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Memo No. 3

**TO:** MEMBERS OF THE SPECIAL COMMITTEE ON REVIEW OF HIGHER EDUCATION FINANCIAL AID PROGRAMS

**FROM:** Daniel Schmidt, Senior Analyst

**RE:** Proposal for the Repeal of Certain Financial Aid Programs and Reallocation of Funding to Certain Specified Remaining Programs

**DATE:** December 10, 2010 (Revised December 15, 2010)

At the November 9 meeting of the Special Committee on Review of Higher Education Financial Aid Programs, Chairperson Ballweg indicated that she would work with the Director of the Higher Education Aids Board and Legislative Council staff to develop an option for the elimination of a number of scholarship programs and the reallocation of the funds from the eliminated programs to certain need-based financial aid programs. This Memo describes the result of that work.

The suggested proposal would eliminate the following 10 programs and permit the reallocation of the following funds:

<u><i>Program</i></u>	<u><i>2010-11 Appropriation</i></u>
Grants for Study Abroad	\$ 990,000
Handicapped Student Grants	\$ 122,600
Loans for Teachers and Mobility Instructors of Visually Impaired Students	\$ 99,000
Minority Teacher Loans	\$ 259,900
Nursing Student Loans	\$ 445,500

<u><i>Program</i></u>	<u><i>2010-11 Appropriation</i></u>
Teacher Education Loans	\$ 272,200
Tuition Increase Grants	\$ 8,300,000
UWEX Sustainable Management Degree Program	\$ 100,000
UW Madison Nelson Inst. for Environmental Studies Grant	\$ 100,000
Wisconsin Covenant (GPR funding)	\$25,000,000
<b>Subtotal A</b>	<b>\$35,689,200</b>

The committee has also recommended reducing the state contribution to the Academic Excellence Scholarship program from the current \$1,125 per student annually, to \$500 per student annually. This would make an additional \$1,853,200 available for need-based programs. In addition, the recommended change to the current Minnesota-Wisconsin reciprocity rules that will require Wisconsin students to pay the highest of the two states' tuitions is expected to result in the availability of an additional \$3,300,000 in funds for need-based programs (based on the 2010-11 reciprocity payment).

<u><i>Program</i></u>	<u><i>2010-11 Appropriation Funds Received</i></u>
Academic Excellence Scholarship	\$ 1,853,200
Minnesota-Wisconsin Reciprocity	\$ 3,300,000
<b>Subtotal B</b>	<b>\$5,153,200</b>

Together, these reductions and eliminations result in approximately \$40,842,400 in funding, which may be reallocated to existing need-based financial aid programs.

<u>Program Subtotals</u>	<u>2010-11 Appropriated Funds</u>
Subtotal A	\$35,689,200
Subtotal B	\$ 5,153,200
<b>Total Funds Available</b>	<b>\$40,842,400</b>

While a number of other financial aid programs will remain in effect at their current funding levels, Chairperson Ballweg recommends, with the advice of the committee, that the funds from the eliminated programs be allocated to the three largest remaining need-based programs: the Wisconsin Higher Education Grant Program for the UW System (WHEG-UWS), the Wisconsin Higher Education Grant Program for the Wisconsin Technical College System (WHEG-WTCS), and the Wisconsin Tuition Grant Program (WTG). These programs provide aid to students of the UW System schools, the Wisconsin technical colleges, and Wisconsin's private colleges and universities, respectively. The current recommendation is to divide the excess funds between these three programs at the same ratio as their current funding: 55% to WHEG-UWS; 25% to WTG; and 20% to WHEG-WTCS. This would result in the following funding increases for these programs:

<u>Program</u>	<u>Reallocated 2010-11 Funds</u>
WHEG-UWS	(\$22,463,320)
WTG	(\$10,210,600)
WHEG-WTCS	(\$ 8,168,480)
<b>Total Funds Reallocated</b>	<b>(\$40,842,400)</b>

If you have any questions regarding the figures or other content provided in this Memo, please feel free to contact me at the Legislative Council Staff offices.

DWS:ksm