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## WISCONSIN LEGISLATIVE COUNCIL

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### REVIEW OF HIGHER EDUCATION FINANCIAL AID PROGRAMS

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

November 9, 2010  
10:00 a.m. – 3:00 p.m.

[The following is a summary of the November 9, 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>.]

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#### 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, Louise Janke, Amy Kerwin, Rock Larson, Don Madelung, Darcy Paulson, Michael Swain, Paul Watson, and Rolf Wegenke.

COMMITTEE MEMBER EXCUSED: Rep. Marlin Schneider.

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

APPEARANCES: Connie Hutchison, Executive Secretary, Higher Education Aids Board; and Emily Pope, Analyst, Legislative Fiscal Bureau.

#### Approval of the Minutes of the Committee's October 7, 2010 Meeting

*Sen. Risser moved, seconded by Rep. Lothian, that the minutes of the committee's October 7, 2010 meeting be approved. The motion passed by unanimous voice vote.*

## **Review and Discussion of Memo No. 2, *Options for Legislation***

Legislative Council Staff described each of the following potential subjects for legislation as presented in the staff memorandum and discussion then followed:

### **1. Modification or Elimination of the Academic Excellence Scholarship (AES) Program**

Mr. Wegenke suggested that the committee consider legislation to eliminate the AES and roll the monies allocated to the AES into the three largest need-based programs: the Wisconsin Higher Education Grant (WHEG) program, the Talent Incentive Program (TIP) grants, and the Wisconsin Tuition Grant (WTG) program. He added that the AES program could still provide a small merit-based reward (\$250/yr.) to valedictorians if it were kept in place.

Ms. Kerwin urged the committee to consider not “muddying the waters” with a combination of need-based and non-need based components in various programs.

Mr. Watson asked if the committee would consider maintaining some base funding for the AES to give something to top graduates attending in-state institutions, but allow much of the funding to be redirected to need-based programs.

Chair Ballweg indicated that she preferred to keep things simple by eliminating programs as needed and not simply reducing a portion of one program’s funding for another.

Connie Hutchison, Executive Secretary, Higher Education Aids Board (HEAB), asked that the committee consider phasing the AES out over four years to allow students currently relying on the program to finish college and recommended the elimination of the AES over reduction as the reduced amount would have a limited effect.

Ms. Goldrick-Rab indicated that she does not believe the token payments--the \$250--distributed on a non-need basis would have an impact on students, and could be considered for elimination.

Chair Ballweg asked Ms. Goldrick-Rab if she was aware of any other states that have programs similar to AES. Ms. Goldrick-Rab replied that Georgia has a merit-based program with criteria for continuing receipt and that *while some positive effects* of the program have been noted, there have also been some adverse consequences.

Ms. Green stated that the AES program was designed to keep the brightest students in Wisconsin and that many of the scholars under the program are not from high-income families.

Rep. Lothian asked Ms. Hutchison if there was any data on the effectiveness of each of the HEAB programs. Chair Ballweg inquired whether there was any information available regarding where the AES scholars establish permanent residency following college.

Ms. Hutchison replied that she would provide the data of the differences between the number of freshmen and seniors receiving scholarships at Wisconsin schools.

Ms. Hojan-Clark asked if the committee could perhaps look at Department of Revenue data and cross-list it with scholarship recipients to see which scholars have income in Wisconsin.

Ms. Goldrick-Rab responded that this will not demonstrate the effectiveness of the program.

Chair Ballweg then asked Legislative Council Staff to prepare one draft to eliminate the AES program in its entirety and reallocating the funding to the specified need-based scholarships (WHEG, TIP, and WTG) and another draft that will reduce the funding for the current AES program to \$500 per student per year in state contribution (from the prior \$1,125).

## **2. Tuition Incentives**

The committee discussed per-credit tuition and prepayment programs. Members indicated that a study on per credit tuition is forthcoming and that tuition is set by the Board of Regents.

In regard to prepayment, Ms. Hojan-Clark stated that the EdVest Program already exists for families who want to save for college tuition expenses. Ms. Kerwin added that prepayment programs do not generally reach students with the greatest financial need.

The committee recommended no action on tuition incentives at this time.

## **3. Modification and Expansion of Reciprocity Programs**

Based on 2009-2010 numbers, Legislative Council Staff estimated that a savings of \$3.3 million may be realized in the general budget by requiring Wisconsin students attending Minnesota schools to pay the higher of the two states' tuitions. Ms. Hutchison indicated that the committee may not need to draft legislation to make this change as current law authorizes an agreement based on the higher of the resident tuitions in the two states. Mr. Wegenke indicated that the committee should take the position of requiring the agreement to adopt the higher of the tuitions, stating that we are currently losing money on the program and that it does not encourage top graduates to stay in Wisconsin.

The committee recommended that Legislative Council Staff draft a letter to HEAB recommending that students pay the higher of the tuitions with an elimination of the current budget supplement within three years.

## **4. Revision to Administration of the Wisconsin Higher Education Grant**

Ms. Green cautioned that creating a specific deadline date for the WHEG could eliminate a number of needy students who may not meet the deadline. Ms. Paulson stated that, if the WHEG were prorated like Pell Grants, the funding would go further. She also stated that when part-time students are paid the same as full time, the money does not go as far and to prorate awards for part-time students would at the very least push back the date when students start being waitlisted because the money would go farther.

Ms. Goldrick-Rab responded that the Pell Grants are biased against less-than-part-time students and that the WHEG should not be.

The committee recommended no change to the WHEG administration.

## **5. Correct Inconsistencies in the Financial Aid Process as Proposed by 2007 Senate Bill 450**

Ms. Hutchison reminded the committee that the Legislature has never followed the exact budget recommendation for higher education grants so this recommendation may only be followed in part. Mr. Wegenke noted that the Minority Retention Grant appears to not have been included in the provisions of the bill as an oversight.

The committee recommended that Legislative Council Staff draft 2007 Senate Bill 450, with the addition of the minority retention grant to its provisions and a delayed effective date of July 2013, as a committee bill.

## **6. Require University of Wisconsin (UW) Tuition to be Set a Year in Advance**

Mr. Watson expressed concerns that a lack of a firm tuition well in advance was not fair to students. Members of the committee stated that a one-year requirement was not feasible under the current budget process.

The committee recommended no action on setting tuition in advance.

## **7. Consolidate Multiple Existing Grant Programs or Streamline Funding**

Chair Ballweg indicated that she sees some opportunities for combination of the current programs. The committee had further discussion on this proposal regarding which programs may be eliminated and which programs should be kept.

The committee recommended that Legislative Council Staff and Chair Ballweg work together with HEAB to propose an elimination program for certain programs and report recommendations back to the committee at the next meeting.

## **8. Create a State Work Study Program**

Chair Ballweg asked whether members believed a work study program was more beneficial to students than grant programs. Ms. Goldrick-Rab replied that students prefer grants and that grants have generally been shown to be more beneficial. The committee agreed that, because there are federal and campus work study options, a state program is not currently needed.

The committee recommended no action on a state work study program.

## **9. Fund Financial Aid Staff Through “Administrative Allowances”**

Ms. Hojan-Clark stated that other states fund financial aid staff in this manner. Ms. Green stated that such funding programs actually pull funding away from students to fund administration and recommended against it. Further discussion regarding the funding of financial aid offices ensued.

The committee recommended that no action on financial aid staff funding.

#### **10. Remove the Continuous Enrollment Requirement for the TIP Grant**

Chair Ballweg asked Ms. Hutchison for her opinion on permitting students to take a year off of college while still remaining in the program. Ms. Hutchison indicated that she would support up to two semesters off with the provision that a student must use their eight semesters of eligibility within five years of being accepted to the program.

The committee recommended no action on financial aid staff funding.

#### **11. Eliminate the Prohibition on Receipt of Financial Aid by Persons Delinquent in Their Child Support**

Ms. Goldrick-Rab asked whether a zero payment plan would qualify as an approved payment plan under the current statutes.

Chair Ballweg indicated that she would work with Legislative Council Staff to find out more details regarding the payment plan requirements. No further action was recommended by the committee.

#### **12. Prohibit Funding of the WHEG Through the Transfer of Segregated Fees and Auxiliary Reserves**

The committee agreed that legislation could not bind the budget actions of a future Legislature. The committee recommended Legislative Council Staff prepare a letter to the Joint Finance Committee to discourage future funding transfer of segregated fees to auxiliary reserves.

### **Other Business**

Handouts, relating to HEAB's budget plans, were distributed and discussed by Ms. Green and Ms. Hojan-Clark. The committee briefly discussed the recommendations and requested additional data from HEAB explaining which of the programs it manages are need-based and which are not. Ms. Hutchison indicated she would provide the requested data to Chair Ballweg for distribution to the committee.

Emily Pope, the Legislative Fiscal Bureau Analyst for higher education issues, presented three memoranda she prepared to the committee and summarized their content. The memoranda were prepared in response to prior questions asked by the Committee and were in regard to *Potential Cost Savings of Three-Year Degree programs*, *Payments Received Through HEAB-Administered Education Loan Programs*, and *2009-10 Expenditures for State-Funded Student Financial Aid Programs*. The committee then briefly discussed the content of the memoranda provided.

### **Adjournment**

The meeting was adjourned at 3:00 p.m.

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