

HIGHER EDUCATIONAL AIDS BOARD

Budget Summary						FTE Position Summary				
Fund	2004-05 Adjusted Base	Governor		2005-07 Change Over Base Year Doubled		2004-05	Governor		2006-07 Over 2004-05	
		2005-06	2006-07	Amount	%		2005-06	2006-07	Number	%
GPR	\$71,845,400	\$96,081,100	\$103,074,100	\$55,464,400	38.6%	10.36	9.86	9.86	- 0.50	- 4.8%
FED	1,396,400	1,707,900	1,707,900	623,000	22.3	0.00	0.00	0.00	0.00	0.0
PR	16,225,400	1,192,600	1,192,600	- 30,065,600	- 92.6	0.00	0.00	0.00	0.00	0.0
SEG	<u>77,800</u>	<u>76,600</u>	<u>76,600</u>	<u>- 2,400</u>	- 1.5	<u>0.64</u>	<u>0.64</u>	<u>0.64</u>	<u>0.00</u>	0.0
TOTAL	\$89,545,000	\$99,058,200	\$106,051,200	\$26,019,400	14.5%	11.00	10.50	10.50	- 0.50	- 4.5%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$79,300
SEG	- 2,400
Total	\$76,900

Governor: Adjust the base budget by \$38,300 GPR and -\$1,200 SEG in 2005-06 and \$41,000 GPR and -\$1,200 SEG in 2006-07 for: (a) full funding of salaries and fringe benefits (\$35,300 GPR and -\$1,200 SEG annually); and (b) reclassifications (\$3,000 GPR in 2005-06 and \$5,700 GPR in 2006-07).

2. FUNDING AND POSITION REDUCTIONS

Funding Positions		
GPR	- \$53,200	- 0.50

Governor: Delete \$26,600 and 0.50 position annually related to the following: (a) reduce office management specialist position from 1.0 to 0.5 position (\$21,600 annually and 0.5 position); and (b) reduce office space by 270 square feet and reduce office lease payment (\$5,000 annually).

3. WHEG-UW PROGRAM FUNDING INCREASE AND DELETE PR FUNDED WHEG-UW APPROPRIATION

GPR	\$47,501,300
PR	- 30,065,600
Total	\$17,435,700

Governor: Provide \$20,556,400 GPR in 2005-06 and \$26,944,900 GPR in 2006-07 and reduce funding by \$15,032,800 PR annually to replace base funding provided to the Wisconsin higher education grant (WHEG) program from the UW System auxiliary reserve. Delete the program revenue appropriation for the WHEG-UW program related to the 2003-05 auxiliary reserve transfer. Under 2003 Act 33, funding was provided for WHEG-UW from the UW System's auxiliary enterprises. In 2004-05, \$34,959,600 was provided

for WHEG-UW grants with \$19,926,800 GPR and \$15,032,800 PR. This provision would increase total funding by 15.8% in 2005-06 to \$40,483,200 and an additional 15.8% increase in 2006-07 to \$46,871,700, as shown in the following table:

	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
GPR	\$19,926,800	\$40,483,200	\$46,871,700
PR	<u>15,032,800</u>	<u>0</u>	<u>0</u>
Total	\$34,959,600	\$40,483,200	\$46,871,700
Change to Prior Year (All Funds)			
Amount		\$5,523,600	\$6,388,500
Percent		15.8%	15.8%

In addition, modify the statutory base funding reference for calculating future WHEG-UW GPR sum-sufficient appropriation increases to reflect total funding provided under the Governor's provision in 2005-06 and 2006-07. Under 2001 Act 109, WHEG-UW funding increases were linked to the highest prior year increase for resident undergraduate tuition at any UW System institution, and the appropriation was modified from a biennial sum certain to a sum sufficient appropriation starting in 2003-04. Under 2003 Act 33, the link between prior year percentage increases in UW System undergraduate tuition and GPR funding for WHEG-UW grants was suspended until 2005-06. In 2004-05, the highest UW System resident undergraduate tuition increase was 15.8%. The Governor's budget estimates that the resident undergraduate tuition would increase by 5.9% in 2005-06; however, additional funding beyond the 5.9% necessary for the sum-sufficient appropriation increase would be provided for WHEG-UW grants in 2006-07.

[Bill Sections: 166, 167, 199, and 727 thru 730]

4. WHEG FUNDING FOR TECHNICAL COLLEGE STUDENTS

GPR	\$745,000
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Governor: Provide \$250,000 in 2005-06 and \$495,000 in 2006-07 to increase funding for the WHEG program for technical college students by 1.7% in 2005-06 and 1.6% in 2006-07. Total funding would increase from \$14,874,000 in 2004-05 to \$15,124,000 in 2005-06 and \$15,369,000 in 2006-07.

5. WHEG TUITION GRANT -- MAXIMUM AWARD

Governor: Increase the maximum grant award for the WHEG grant recipients from \$2,500 to \$3,000 for any academic year, effective beginning with WHEG grants awarded for the 2005-06 academic year. The WHEG program provides grants to resident undergraduate students enrolled at least half-time at UW, technical college institutions, and tribal colleges

located in Wisconsin. Under current law, eligible students may receive grants of \$250 to \$2,500 per year for no more than 10 consecutive semesters.

[Bill Sections: 726 and 9322(1)]

6. TUITION GRANT PROGRAM

GPR	\$1,110,000
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Governor: Provide \$370,000 in 2005-06 and \$740,000 in 2006-07 to increase funding for the tuition grant program by approximately 1.7% annually. Total funding would increase from \$22,103,700 in 2004-05 to \$22,473,700 in 2005-06 and \$22,843,700 in 2006-07.

The tuition grant program provides need-based grants to resident undergraduates who attend private, nonprofit postsecondary institutions in Wisconsin.

7. REESTIMATE MINNESOTA WISCONSIN RECIPROcity EXPENDITURES

GPR	\$5,800,000
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Governor: Provide \$2,900,000 annually above the base level of \$3,200,000 to reflect estimated tuition reciprocity payments to Minnesota during the 2005-07 biennium. Over the past few years Wisconsin has made a reciprocity payment to Minnesota, the 2002-03 payment was \$3,106,725 and the 2003-04 payment was \$6,163,200. In recent years the reciprocity payment has increased because tuition charged to Minnesota residents continues to be higher than Wisconsin resident tuition and there is higher participation by Wisconsin residents attending Minnesota schools under the reciprocity program. The increased payment to Minnesota is partially offset by greater GPR-Earned from the program through the tuition differential charged to Minnesota students attending UW-System institutions. In 2003-04, GPR-Earned from the Minnesota students attending UW-System was \$7.7 million; with the reciprocity payment to Minnesota, net revenue for Minnesota-Wisconsin tuition reciprocity was \$1.5 million. For the 2005-07 biennium, GPR-Earned under the UW System from this source is projected at \$8.3 million annually.

8. MAINFRAME UPGRADE PROJECT

GPR	\$255,000
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Governor: Provide \$134,100 in 2005-06 and \$120,900 in 2006-07 to fund mainframe computer upgrades. These upgrades would update the current system and make it easier to adapt to future programming changes. Under the bill, this funding is included in the tuition grant appropriation; a technical correction to shift this funding to the proper appropriation is needed.

9. REESTIMATE ACADEMIC EXCELLENCE SCHOLARSHIP PROGRAM EXPENDITURES

GPR	\$27,000
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Governor: Provide \$13,500 annually to reflect a reestimate of the amount required to fully fund the GPR share of scholarships in the 2005-07 biennium for the academic excellence scholarship program. This program provides college scholarships to 12th grade students who have the highest grade point average in public and private high schools in the state. Students may attend the UW System, private nonprofit colleges or a Wisconsin Technical College. The maximum annual award is \$2,250, of which half is funded from this GPR sum sufficient appropriation and half is matched by the institution. Base funding of \$3,133,000 is currently provided for this program.

10. REESTIMATE FEDERAL REVENUES

FED	\$623,000
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Governor: Provide \$311,500 annually above the base level of \$1,396,400 to reflect an anticipated increase in the amount of federal funding under the leveraging education assistance partnership (LEAP) grant program and the special leveraging educational assistance partnership (SLEAP) grant program. These federal monies are distributed to states on a formula basis and must be matched on a dollar-for-dollar basis with state funds. Federal monies from this program are combined with state funds under the talent incentive program (TIP). TIP grants are intended to encourage attendance in post-secondary educational institutions and are restricted to the most needy and educationally disadvantaged pupils. In 2003-04, total TIP expenditures were \$5,841,669 (\$4,454,329 GPR, \$1,387,340 FED).