

INFORMATION
February 28, 2003

HIGHER EDUCATIONAL AIDS BOARD

BOARD REPORT #03-16

2003-05 BIENNIAL BUDGET TALKING POINTS



State of Wisconsin Higher Educational Aids Board

James E. Doyle
Governor

P.O. Box 7885
Madison, WI 53707-7885

Telephone: (608) 267-2206
Fax: (608) 267-2808

E-Mail: HEABmail@heab.state.wi.us

Web Page: <http://heab.state.wi.us>

2003-05 BIENNIAL BUDGET REQUEST

Summary:

Financial need of Wisconsin college students continues to grow. The need to expand Wisconsin's trained workforce continues to grow. In order to provide access for Wisconsin residents to a college education or training beyond high school, financial assistance programs administered by the Higher Educational Aids Board (HEAB) for postsecondary education should become a priority. See background information below and Attachment A, which summarizes HEAB's 2003-05 Biennial Budget request.

Background:

The Higher Educational Aids Board administers need based undergraduate grant programs, the Academic Excellence Scholarship Program, tuition capitation programs for dental and medical students, the MN-WI Reciprocity and other interstate reciprocal tuition programs, as well as several undergraduate loan forgiveness programs. The Higher Educational Aids Board administered \$62,120,749 in need-based undergraduate student grants and loans used in Wisconsin in 2001-02. This amounted to 5.6% of the total college costs needy Wisconsin families faced in 2001-02. After family resources and federal, institutional, community, and state resources were taken into consideration, \$242,100,856 remained in unmet need. This reflects a 14.5% increase in financial need when compared to the level of financial need found in 1997-98. The financial assistance taken into consideration for this calculation includes need-based employment, loans, and grants. 193,436 needy Wisconsin students applied for State assistance in 2001-02. 56,593 awards based on financial need were made to those applicants. Wisconsin has, in the past, ranked between 12th and 14th in the country in terms of providing undergraduate need-based assistance to residents. However, Minnesota, a neighboring state which has a comparable number of applicants as Wisconsin, had in 2001-02 over 10,000 more awards and almost twice the amount in state funded aid for college students. The average award for a Wisconsin undergraduate aid recipient in comparison to students in other neighboring states continues to lag behind.

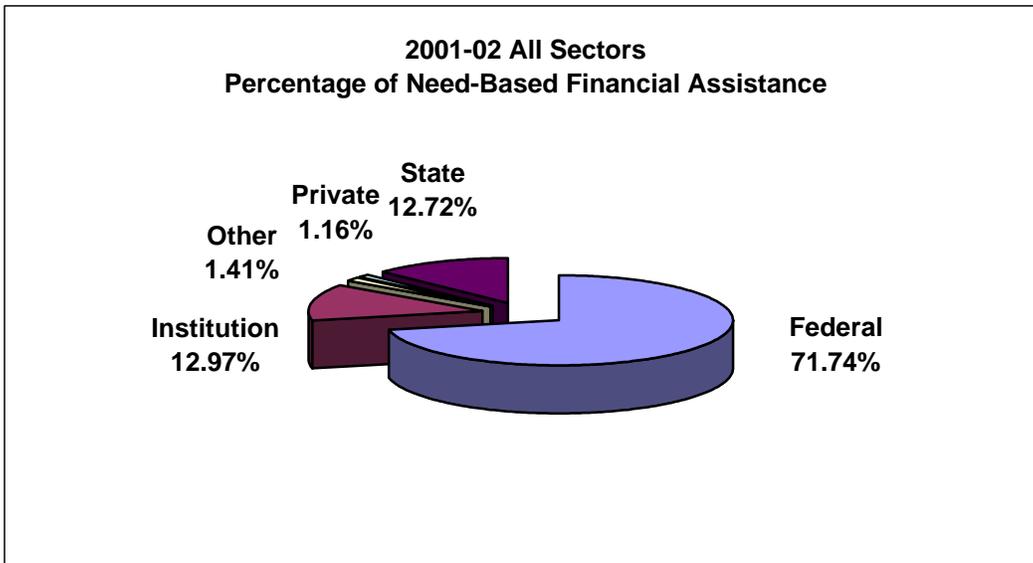
Request:

1. Due to substantial and increasing unmet financial need, need based undergraduate grant program funding increases are necessary in order to provide access to a higher education.
2. College financial assistance funding increases for needy students must parallel increases in the cost of education, specifically tuition increases.
3. Additional funding is required to maintain the same level of funding and access that college students in Wisconsin received in the past.
4. In order to meet increasing financial need due to the increase of needy applicants, additional funding is necessary.
5. Funding is necessary for programs focused on specific State needs:
 - A. The Indian Student Assistance Grant Program must be expanded and the maximum award increased in order to provide access and to assist the ever-growing financial need of Wisconsin Native American college students.
 - B. Additional Minority Undergraduate Grant Program funding would provide assistance to the ever-growing financial need of Wisconsin minority college students.
 - C. The Minority Teacher Loan Program funding must be increased in order to meet the growing need for minority teachers in Wisconsin as well as to provide access and to assist the ever-growing financial need of Wisconsin minority college students.
6. To address the "brain drain and/or labor force deficit" concerns in Wisconsin, the Academic Excellence Scholarship Program that keeps the best and the brightest in the State must be expanded.

**2001-02
ALL SECTORS
Independent Colleges & Universities, Tribal Colleges, UW System, WTC System
Need-Based Financial Assistance**

Number of Students Receiving Need-Based Financial Assistance	92,735
Total Cost of Education	\$1,117,954,475
- Expected Family Contribution (EFC)	- \$387,348,258
= Total Need	\$730,606,217
Total Need	\$730,606,217
- Total Need-Based Assistance	- \$488,505,361
= Total Unmet Need	\$242,100,856

	Number of Awards	Total Dollars	Average Award	% of Total Aid Spent
Total Federal Assistance	166,332	\$350,469,451	\$2,107	71.74%
Total Institutional Assistance	13,268	\$63,336,616	\$4,774	12.97%
Total Other Assistance	3,856	\$6,889,911	\$1,787	1.41%
Total Private Assistance	3,621	\$5,688,634	\$1,571	1.16%
Total State Assistance	56,593	\$62,120,749	\$1,098	12.72%
Total Need-Based Assistance	243,670	\$488,505,361	\$2,005	100.00%



Data Provided by the University of Wisconsin System Administration, each Independent College or University, each Tribal College, and the Wisconsin Technical College System Board

HIGHER EDUCATIONAL AIDS BOARD

GOVERNOR'S BUDGET RECOMMENDATIONS

RECOMMENDATIONS

1. Budget Reorganization – Eliminate Higher Educational Aids Board
2. Wisconsin Higher Education Grant – University of Wisconsin System
3. Dental Education Contract
4. Federal Aid Reestimate
5. Standard Budget Adjustments

ITEMS NOT APPROVED

6. IT Project Proposal
7. Position Funding Transfer

Table 1
Department Budget Summary by Funding Source (in thousands of dollars)

	ACTUAL FY02	ADJUSTED	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		BASE FY03	FY04	FY05	FY04	FY05
GENERAL PURPOSE REVENUE	\$65,306.0	\$70,691.0	\$72,602.3	\$74,326.6	\$68,790.9	
State Operations	754.3	752.0	916.1	893.3	704.2	
Aids to Ind. & Org.	64,551.7	69,939.0	71,686.2	73,433.3	68,086.7	
FEDERAL REVENUE (1)	1,146.3	875.8	1,396.4	1,396.4	1,396.4	
Aids to Ind. & Org.	1,146.3	875.8	1,396.4	1,396.4	1,396.4	
PROGRAM REVENUE (2)	1,148.4	1,192.6	1,192.6	1,192.6	7,646.3	
Aids to Ind. & Org.	1,148.4	1,192.6	1,192.6	1,192.6	7,646.3	
SEGREGATED REVENUE (3)	60.1	76.5	73.0	68.9	76.8	
State Operations	60.1	76.5	73.0	68.9	76.8	
TOTALS-ANNUAL	67,660.8	72,835.9	75,264.3	76,984.5	77,910.4	
State Operations	814.4	828.5	989.1	962.2	781.0	
Aids to Ind. & Org.	66,846.4	72,007.4	74,275.2	76,022.3	77,129.4	

(1) Includes Program Revenue-Federal and Segregated Revenue-Federal

(2) Includes Program Revenue-Service and Program Revenue-Other

(3) Includes Segregated Revenue-Service, Segregated Revenue-Other and Segregated Revenue-Local

Table 2
Department Position Summary by Funding Source (in FTE positions) (4)

	ADJUSTED	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
	BASE FY03	FY04	FY05	FY04	FY05
GENERAL PURPOSE REVENUE	11.36	11.36	11.36	10.36	
SEGREGATED REVENUE (3)	0.64	0.64	0.64	0.64	
TOTALS-ANNUAL	12.00	12.00	12.00	11.00	

(3) Includes Segregated Revenue-Service, Segregated Revenue-Other and Segregated Revenue-Local

(4) All positions are State Operations unless otherwise specified

Table 3
Department Budget Summary by Program (in thousands of dollars)

	ACTUAL FY02	ADJUSTED BASE FY03	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY04	FY05	FY04	FY05
1. Student support activities	\$66,846.4	\$72,006.4	\$74,274.2	\$76,021.3	\$77,128.4	
2. Administration	814.4	829.5	990.1	963.2	782.0	
TOTALS	67,660.8	72,835.9	75,264.3	76,984.5	77,910.4	

Table 4
Department Position Summary by Program (in FTE positions) (4)

	ADJUSTED BASE FY03	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY04	FY05	FY04	FY05
2. Administration	12.00	12.00	12.00	11.00	
TOTALS	12.00	12.00	12.00	11.00	

(4) All positions are State Operations unless otherwise specified

1. Budget Reorganization – Eliminate Higher Educational Aids Board

Source of Funds	Agency Request				Governor's Recommendation			
	FY04		FY05		FY04		FY05	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	-80,300	-1.00	-68,038,600	-11.36
PR-F	0	0.00	0	0.00	0	0.00	-1,396,400	0.00
PR-O	0	0.00	0	0.00	0	0.00	-15,033,800	0.00
PR-S	0	0.00	0	0.00	0	0.00	-1,191,600	0.00
SEG-O	0	0.00	0	0.00	0	0.00	-76,800	-0.64
TOTAL	0	0.00	0	0.00	-80,300	-1.00	-85,737,200	-12.00

The Governor recommends eliminating the Higher Educational Aids Board as a separate agency effective July 1, 2004. Existing financial aid programs with a FY05 funding totaling \$84.9 million and 2.0 FTE positions and related funding will be transferred to the University of Wisconsin System. Also, 2.0 FTE positions and related funding will be transferred to the Department of Administration to work with the University of Wisconsin System to administer these financial aid programs. These Department of Administration positions will ensure fair treatment by the University of Wisconsin System for the programs being administered on behalf of private institutions, the Wisconsin Technical College System and the programs affecting Native American students. See University of Wisconsin System, Item #2.

2. Wisconsin Higher Education Grant – University of Wisconsin System

Source of Funds	Agency Request				Governor's Recommendation			
	FY04		FY05		FY04		FY05	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	1,747,200	0.00	3,494,300	0.00	-1,093,700	0.00	-1,912,800	0.00
PR-O	0	0.00	0	0.00	6,453,700	0.00	15,032,800	0.00
TOTAL	1,747,200	0.00	3,494,300	0.00	5,360,000	0.00	13,120,000	0.00

The Governor recommends adjusting the funding of the Wisconsin Higher Education Grant-University of Wisconsin (WHEG-UW) System student grant program by reducing the GPR appropriation (-\$1,093,700 GPR in FY04 and -\$1,912,800 GPR in FY05) and creating a WHEG-UW auxiliary enterprises appropriation (\$6,453,700 PR in FY04 and \$15,032,800 PR in FY05). The new appropriation will supplement the grants provided by the GPR-funded program. This will provide an overall increase to the WHEG-UW program of \$5,360,000 (24.5 percent) in FY04 and \$13,120,000 (28.5 percent over prior year) in FY05. Given the tuition increases that may be required at University of Wisconsin System campuses, additional financial aid will reduce the impact of these increases on students with financial need.

3. Dental Education Contract

Source of Funds	Agency Request				Governor's Recommendation			
	FY04		FY05		FY04		FY05	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	-758,600	0.00	-758,600	0.00
TOTAL	0	0.00	0	0.00	-758,600	0.00	-758,600	0.00

The Governor recommends reducing this appropriation by 50 percent. While the Governor supports efforts to provide financial aid to Wisconsin residents attending the Marquette University Dental School, closing the state's budget deficit requires reductions to this program.

4. Federal Aid Reestimate

Source of Funds	Agency Request				Governor's Recommendation			
	FY04		FY05		FY04		FY05	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-F	520,600	0.00	520,600	0.00	520,600	0.00	520,600	0.00
TOTAL	520,600	0.00	520,600	0.00	520,600	0.00	520,600	0.00

The Governor recommends adjusting the board's expenditure authority for federal appropriations based on reestimates of funding.

5. Standard Budget Adjustments

Source of Funds	Agency Request				Governor's Recommendation			
	FY04		FY05		FY04		FY05	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	32,500	0.00	19,000	0.00	32,500	0.00	19,000	0.00
SEG-O	300	0.00	300	0.00	300	0.00	300	0.00
TOTAL	32,800	0.00	19,300	0.00	32,800	0.00	19,300	0.00

The Governor recommends adjusting the board's base budget for: (a) full funding of continuing salaries and fringe benefits (\$100 in each year); (b) reclassifications and semiautomatic pay progression (\$3,900 in each year); (c) BadgerNet increases (\$26,600 in FY04 and \$13,100 in FY05); and (d) full funding of lease and direct moves costs (\$2,200 in each year). These changes will fully fund those positions and functions that will be transferred to the University of Wisconsin System (see Item #1).

ITEMS NOT APPROVED

The following requests are not included in the Governor's budget recommendations for the Higher Educational Aids Board.

Decision Item	Source of Funds	FY04		FY05	
		Dollars	Positions	Dollars	Positions
6. IT Project Proposal	GPR	127,800	0.00	114,400	0.00
7. Position Funding Transfer	GPR	3,800	0.00	7,900	0.00
	SEG-O	-3,800	0.00	-7,900	0.00
TOTAL OF ITEMS NOT APPROVED	GPR	131,600	0.00	122,300	0.00
	SEG-O	-3,800	0.00	-7,900	0.00