

INFORMATION
October 15, 2004

HIGHER EDUCATIONAL AIDS BOARD

BOARD REPORT #05-10

2005-2007 BIENNIAL BUDGET REPORT



State of Wisconsin Higher Educational Aids Board

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James E. Doyle
Governor

Connie L. Hutchison
Executive Secretary

September 14, 2004

Marc Marotta, Secretary
Department of Administration
101 East Wilson Street
P. O. Box 7864
Madison, WI 53707-7864

Dear Secretary Marotta,

Enclosed is the 2005 – 2007 Biennial Budget Request for the Higher Educational Aids Board.

HEAB recognizes the financial constraints of the current state budget. However, in addition to the request developed under the biennial budget guidelines, the Higher Educational Aids Board has submitted its prioritized list for critical financial aid programs in the event that the budget picture becomes brighter in the upcoming months. The Board worked hard to pare down the list, leaving only those decision items they felt would be most beneficial to the neediest Wisconsin students.

I look forward to discussing our budget request with you. Please call if you have any questions.

Sincerely,

Connie Hutchison
Executive Secretary

Cc: Legislative Fiscal Bureau

**HIGHER EDUCATIONAL AIDS BOARD
2005 – 2007 BIENNIAL BUDGET REQUEST
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 Sub Unit Summary

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HIGHER EDUCATIONAL AIDS BOARD
DECISION ITEM PRIORITY LISTING

HEAB recognizes financial constraints of the current state budget. However, if funds do become available, financial assistance programs administered by the Higher Educational Aids Board (HEAB) for postsecondary education should become a priority. Please see the Board Prioritized Priority Listing on the following page.

All items listed below are of equal priority:

Connie Hutchison is the contact for all Decision Items

<u>Description</u>	Decision Item
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Program One - Programs and Policy

Tuition Grants	4501
WHEG Technical College	4502
Dental Education Contract	4503
WHEG University of WI	4506
Minority Undergraduate Grants	4507
Minority Teacher Loan	4510
Nursing Student Loan	4517
Handicapped Grant	4512
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Indian Student Assistance	4532
WHEG Tribal College	4533
Academic Excellence Scholarship	4505
MN/WI Reciprocity	4504

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IT Proposal	5001
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Proposed Statutory Language Changes	7005
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HIGHER EDUCATIONAL AIDS BOARD (HEAB)

Structure and Functions

The Higher Educational Aids Board is responsible for administering Wisconsin student financial aid programs. The agency is made up of the executive secretary and ten (10) additional permanent classified staff members. The executive secretary is appointed by and serves at the pleasure of the Governor. The executive secretary makes policy recommendations to the Board, carries out policy directives from the Governor, Legislature and Board, and is responsible for initiating and carrying out all administrative direction and responsibilities of the agency

The Higher Educational Aids Board is a part-time independent policy-making board composed of eleven members appointed to serve at the pleasure of the Governor. The Governor appoints one member from the Board of Regents of the University of Wisconsin System; one member from the State Board of the Wisconsin Technical College System; one member who is a trustee of an independent college or university to represent such independent institutions; one student and one financial aid administrator each from within the University of Wisconsin System, Wisconsin Technical College System and independent institutions; one citizen member to represent the general public; and a designee of the state superintendent of public instruction.

The agency's activities are organized into two programs. Program One includes the following subprograms which provide financial support to individuals: Academic Excellence Scholarship; Dental Education Contract (Capitation) Program; Handicapped Student Grant; Indian Student Assistance Grant; Minnesota-Wisconsin Reciprocity Program; Minority Undergraduate Grant; Minority Teacher Loan; Talent Incentive Program Grant; Teacher Education Loan; Teacher of the Visually Impaired Loan; Wisconsin Higher Education Grant; and the Wisconsin Tuition Grant. Program Two includes the costs of administering the activities of Program One along with costs associated with servicing contracts associated with the Medical College of Wisconsin, the Independent Student Grant, Nursing Student Stipend Loan, Paul Douglas Scholarship, Wisconsin Health Education Assistance Loan, and the Wisconsin Nonguarantee Loan.

Mission

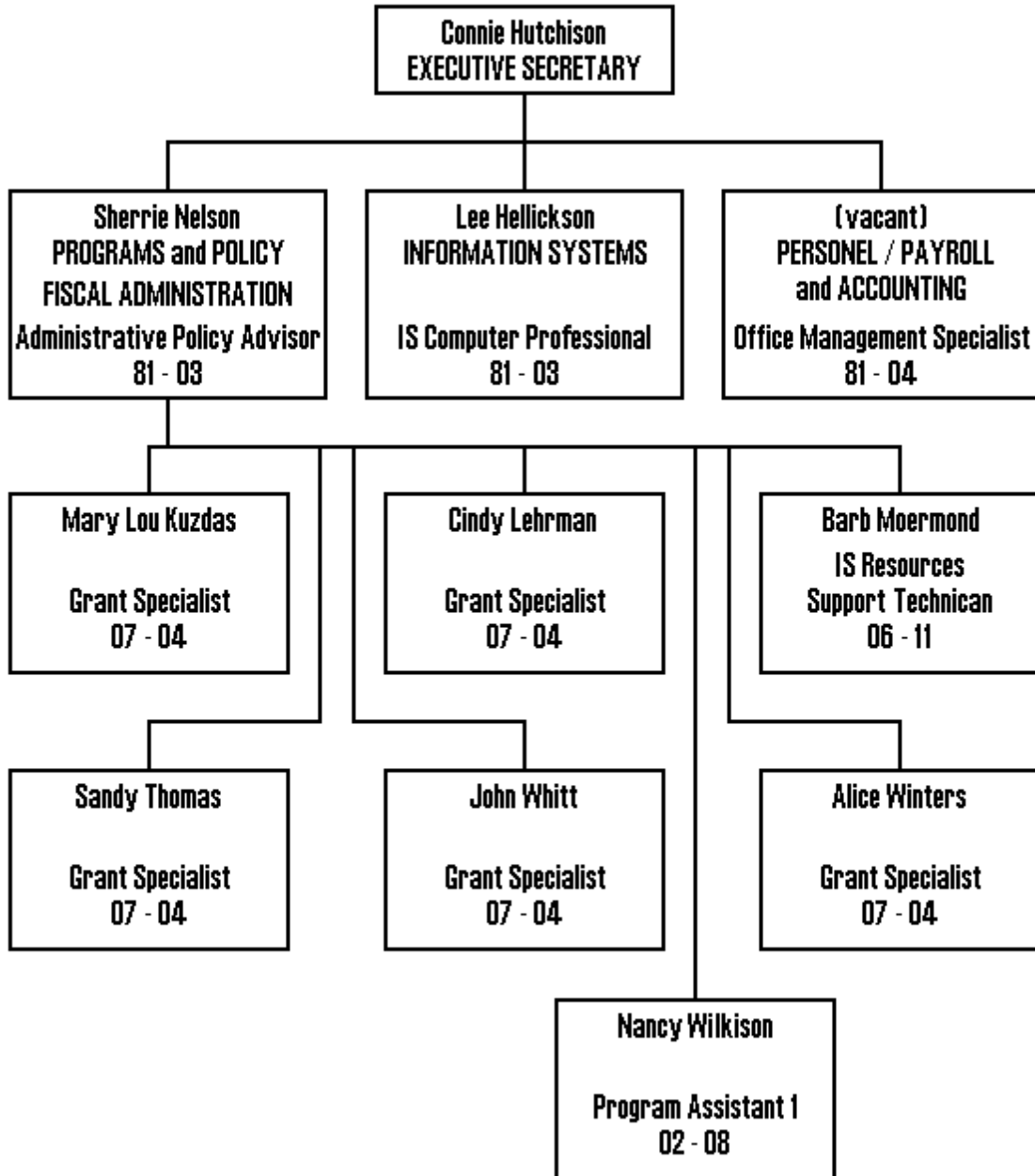
The Wisconsin Higher Educational Aids Board will work to ensure that all Wisconsin residents are provided equal access to a higher education, to promote diversity on Wisconsin college and university campuses, and to distribute all funds in HEAB administered programs using fair, equitable and timely procedures.

Goals and Strategies

1. HEAB strives to ensure that all Wisconsin residents have equal access to higher education by:
 - 1.1. Working to remove all financial barriers in order to ensure educational opportunity for all Wisconsin citizens commensurate with their desires and abilities.
 - 1.2. Providing support of educational diversity by allowing students freedom to choose educational programs based on their interests and abilities.

2. HEAB provides information and assistance regarding financial aid to our public, including students, schools, the state legislature, other state agencies and other organizations by:
 - 2.1. Continuing to improve awareness of State of Wisconsin funded financial aid programs through the use of printed materials, electronic communications, the HEAB website and workshops.
 - 2.2. Continuing to provide additional training to agency staff in order to: facilitate communication with students and participating Wisconsin schools; disseminate information; and identify problems and concerns.
 - 2.3. Ensuring that agency staff has the training and equipment necessary to provide information and assistance in a timely and courteous manner.
3. HEAB continues its use of technology to improve existing and provide new tools for the administration of state financial aid programs by:
 - 3.1. Expanding and refining our internal local area network (LAN) capabilities.
 - 3.2. Utilizing new and advancing technologies to update and modernize existing mainframe programs.
 - 3.3. Reviewing emerging technologies for application to HEAB.
 - 3.4. Continuing agency-wide participation in technology planning and implementation.
 - 3.5. Improving service by the continued sharing and exchange of information using electronic methods.
 - 3.6. Providing opportunities for agency staff to research and develop new systems to optimize the use of technology.
4. HEAB continues to fulfill its mission because of the quality of its agency staff. HEAB supports the development of staff skills by:
 - 4.1. Providing a healthy and safe work environment.
 - 4.2. Promoting training and growth opportunities for staff.
 - 4.3. Promoting positive communication, cooperation and mutual respect among staff.
 - 4.4. Continuing to promote diversity in the workplace.
5. HEAB will strive to continue to meet and exceed the needs and expectations of its customers in 2005 through 2007 by:
 - 5.1. Reviewing statutes and administrative rules that affect HEAB.
 - 5.2. Examining the possibility of expanding the reciprocity programs to other states.
 - 5.3. Evaluating, with input from our customers, the current grant program formulas.
 - 5.4. Annually updating, with input from our customers, the HEAB Policies and Procedures Manual.
 - 5.5. Working to update and expand a statistical database for use in tracking and monitoring trends in Wisconsin financial aid.

HIGHER EDUCATIONAL AIDS BOARD ORGANIZATIONAL CHART



Request for WHEG–UW Systems:

FY 03-04 Current	FY 05-06 Proposed	FY 06-07 Proposed
\$34,959,600	\$34,959,600	\$40,483,200

HEAB’s request uses the total 03-05 appropriation, combining PR and GPR funds to determine the base for the standard budget adjustment. The intent is to permanently replace PR with GPR funds. In accordance with current statutory language, the FY 05-06 appropriation is the same as 04-05, and the FY 06-07 appropriation was determined by the reported increase in UW tuition.

Background: The 03-05 appropriation for WHEG-UW was made up of both PR and GPR funds. Additionally, statutory language in the 03-05 budget tied future appropriations to tuition increases starting in FY 06-07.

Corresponding Statutory Language Change: Please see DIN 7005, proposed statutory language changes, which allows carry-forward and carry-back of funds mid-biennium, and carry-forward of funds from one biennium to the next.

Request for WHEG–WTCS:

If additional funds become available, HEAB requests an increase of 8.6% in FY 05-06 and an additional 8.6% in FY 06-07. This biennial request is based on a statutory change tying WHEG – WTCS to tuition determined by the most recent (FY04-05) percentage increase in WTCS postsecondary/vocational education tuition

FY 03-04 Current	FY 05-06 Proposed	FY 06-07 Proposed
\$14,874,000	\$16,153,200	\$17,542,400

Background: While the budget instructions indicate that agencies must submit level funded budgets, reality is that the WHEG – WTCS is insufficient to meet the needs of the technical college students. Tuition has increased, and the number of applicants qualifying for financial aid has risen dramatically. In the past two years, new awards have been suspended and existing awards have been frozen very early, October 18, 2002 in 02-03, and September 4, 2003 in 03-04. WHEG-WTCS received zero increases in 03-04 and 04-05, resulting in a widening gap between student need and available funds.

Corresponding Statutory Language Change: Please see DIN 7005, proposed statutory language changes, which accomplishes the following: 1) Tie WHEG – WTCS appropriation to WTCS tuition; 2) continue to allow carry-forward and carry-back of funds mid-biennium if appropriation is tied to tuition; and 3) allow carry-forward of funds from one biennium to the next.

Request for Tuition Grant:

If additional funds become available, HEAB requests an increase of 15.8% in FY 06-07 for a total increase of \$3,492,400 over the biennium. This biennial request is based on a statutory change mirroring WHEG – UW System language tying Tuition Grant to University of Wisconsin System tuition beginning FY 06-07.

FY 03-04 Current	FY 05-06 Proposed	FY 06-07 Proposed
\$22,103,700	\$22,103,700	\$25,596,100

Background: While the budget instructions indicate that agencies must submit level funded budgets, reality is that the current funding of Tuition Grant is insufficient to meet the needs of the students. The number of applicants *qualifying* for Tuition Grants has risen dramatically, however there was no increase in funding this program in either FY 03-04 or FY 04-05. This has resulted in a gap between student need and available funds. Additionally, there is precedent for tying Tuition Grant (available to students in non-profit independent and/or private colleges and universities) to UW System tuition. The formula used to determine individual Tuition Grant awards includes UW System tuition as one of its multipliers.

Corresponding Statutory Language Change: Please see DIN 7005, proposed statutory language changes, which accomplishes the following: 1) Tie the Tuition Grant appropriation to UW System tuition beginning in FY 06-07; 2) continue to allow carry-forward and carry-back of funds mid-biennium if appropriation is tied to tuition; and 3) allow carry-forward of funds from one biennium to the next.

Request for WHEG - Tribal:

If additional funds become available, HEAB requests an increase of \$404,000 in FY 05-06, bringing the total appropriation to \$808,000 in each FY 05-06 and FY 06-07. In this proposal, funds for WHEG – Tribal Colleges would continue to come from gaming revenues.

FY 03-04 Current	FY 05-06 Proposed	FY 06-07 Proposed
\$404,000	\$808,000	\$808,000

Background: While the budget instructions indicate that agencies must submit level funded budgets, reality is that the current funding of WHEG – Tribal is insufficient to meet the needs of the students. The number of applicants *qualifying* for WHEG – Tribal continues to increase, however, since established in 1999, the only increase in funding for this program was in 02-03 when it was raised 1% from \$400,000 to \$404,000. The gap between student need and available funds continues to widen with the current appropriation.

Corresponding Statutory Language Change: Please see DIN 7005, proposed statutory language changes, which allows carry-forward of funds from one biennium to the next.

Request for Minority Retention Grant (MRG):

If additional funds become available, HEAB requests annual increases of 14.5% in FY 05-06 and FY 06-07.

FY 03-04 Current	FY 05-06 Proposed	FY 06-07 Proposed
\$756,900	\$866,700	\$984,000

Background: While the budget instructions indicate that agencies must submit level funded budgets, reality is that the current funding of the MRG is insufficient to meet the needs of the students. The Minority Undergraduate Retention Grant* is available to students at the Tech Colleges, the Tribal Colleges, and the Private and Independent Non-Profit Colleges and Universities. The grant is available to minority students enrolled at least halftime, and at least in their second year of school. This grant has not been increased since 2002, however the minority population at the Technical Colleges and Private, Non-Profit Colleges and universities has been steadily increasing.

*The Lawton Grant is a similar program run by and for the UW System schools.

Corresponding Statutory Language Change: Please see DIN 7005, proposed statutory language changes, which allows carry-forward of funds from one biennium to the next.

Request for Talent Incentive Program (TIP):

If additional funds become available, HEAB requests annual increases of 8% in FY 05-06 and FY 06-07.

FY 03-04 Current	FY 05-06 Proposed	FY 06-07 Proposed
\$4,503,800	\$4,864,100	\$5,244,400

Background: The budget instructions dictate that agencies submit level funded budgets, however, funding for the TIP program is insufficient to meet the needs of the students. The TIP program provides grants to the *most financially needy and educationally disadvantaged* Wisconsin resident students. First-time freshmen must be nominated in order to be eligible for these grants.

Corresponding Statutory Language Change: Please see DIN 7005, proposed statutory language changes, which allows carry-forward of funds from one biennium to the next.

DEPARTMENT PROGRAM SUBPROGRAM	CODES	TITLES	PROGRAM ELEMENT DECISION ITEM NUMERIC APPROPRIAT.	CODES	TITLES	BUDGET ANALYSIS FORM B-2 PAGE _____
	235	Higher Educational Aids Board		4502		
	01	Student Support Activities		02	Wheg-Technical Colleges	
	Expenditure Items		1st Year Cost	2nd Year Cost		
01	Permanent Position Salaries					
02	Turnover					
03	Project Position Salaries					
04	LTE/Misc. Salaries					
05	Fringe Benefits					
06	Supplies and Services					
07	Permanent Property					
08	Unalloted Reserve					
09	Aids to Individuals & Organizations		0	0		
10	Local Assistance					
11	One-time Financing					
12						
13						
14						
15						
16						
17	TOTAL COSTS		0	0		
18	Project Positions Authorized					
19	Classified Positions Authorized					
20	Unclassified Positions Authorized					

NARRATIVE

Request for WHEG-WTCS:

If additional funds become available, HEAB requests an increase of 8.6% in FY 05-06 and an additional 8.6% in FY 06-07. This biennial request is based on a statutory change tying WHEG – WTCS to tuition determined by the most recent (FY04-05) percentage increase in WTCS postsecondary/vocational education tuition

FY 03-04
Current
**FY 05-06
Proposed
FY 06-07
Proposed**

\$14,874,000
\$16,153,200
\$17,542,400