

**State of Wisconsin**  
**Higher Educational Aids Board**

**Meeting Minutes**  
**August 2, 2002**

**Board Members Present:** Jeremy Shea, Steve VanEss, Mary Jo Green, Sandy Dercole, Linda Cross, Andre Jacque, James Jordon, Barbara Manthei, Nicole Nelson and Debra McKinney

**HEAB Staff Present:** Jane Hojan-Clark, Jim Buske, John Whitt, Mary Lou Kuzdas, and Nancy Wilkison

**Others Present:** Clare Huhn, UW-System Administration; R.J. Binau, DOA; Paul Nelson, WAICU; Rolf Wegenke, WAICU; Margaret Zitzer, Marquette University; and Tom Heffron, WTCSB

Chairman Shea called the meeting to order at 9:05

**APPROVAL OF MINUTES:**

The motion was made by Steve Van Ess to approve the minutes of the March 8, 2002 meeting and was seconded by Sandra Dercole. The minutes were approved.

**REPORT OF THE EXECUTIVE SECRETARY:**

Jane took a moment to recognize Paul Spraggins. Paul has retired from both the Department of Public Instruction and from the Higher Educational Aids Board. He has worked many years helping the disadvantaged students of Wisconsin. Sandra Dercole was welcomed in his place.

"Moving State Government" will be held at various locations around the state later in the summer. In past years a central location was chosen but this summer day events have been planned for towns such as Hudson, Tomahawk, La Crosse, Superior, Platteville, Ashland, Appleton, and Rhinelander.

HEAB's website statistics show over 40,000 hits in the month of June 2002 with 5,379 individual visits. This continues to be a helpful tool and over time will provide good statistics that will be useful in determining what information should be included on the site.

Three new press releases have been sent out to Wisconsin media. The first titled "Wisconsin's Commitment to College Student Financial Aid Remains Strong" examined a study done by the National Center For Public Policy called "Losing Ground." The study discusses the affordability of higher education in America today. Also in this press release we had a chance to recognize Governor McCallum and State of Wisconsin Legislators for their support in maintaining our aid programs. The second press release titled "Memorandum for Minnesota-Wisconsin Interstate Tuition Reciprocity Program Approved by Joint Committee on Finance" was sent out to assure Wisconsin residents that this program continues to be available. The third press release "Academic Excellence Scholars for 2002 Are Designated" let it be known that 874 Wisconsin scholars have received special recognition in the form of scholarships. Some of these releases have generated television and radio interviews and are a useful tool for disseminating financial aid information throughout the state.

HEAB continues to work on ways to reduce operational spending to meet the required reduction of 8.5% for 01-02 and 11.5 for 02-03. One position was eliminated which was actually 8% of staff. We continue to look for ways to cut costs and still provide service to students and our clients.

The Financial Education Task Force, in which Jane participated, has completed its work. The final product will be distributed next Monday at the start of the Wisconsin Institute of Financial and Economic Education program being held at Edgewood College. This popular program allows educators to take financial information back to their schools. Copies of the final report will be forwarded to Board members.

#### **BOARD REPORT #03-01 REPORT ON PROPOSED FARMER LOAN ASSISTANCE PROGRAM**

The 2001-03 Budget Bill, that passed in August of 2001, required HEAB to submit to the Governor and to the Legislature a report summarizing a proposed program to forgive educational loans for Wisconsin farmers. The consensus is that the overall number of farmers in Wisconsin is decreasing every year. The numbers indicate a shortage situation expanding by at least 1,000 to 1,500 farmers per year. The University of Wisconsin System and the Wisconsin Technical College System each have programs in agriculture related areas and there are a number of students enrolled in these programs. The purpose of a forgivable loan program in this area would be to encourage farmers to continue farming in Wisconsin. We have proposed to repay up to \$15,000 in educational loans obtained by the farmer from a public or private lending institution for education at participating colleges. In the agreement with HEAB, the farmer would agree to farm at least 40 hours per week for a period of five years in Wisconsin. Funding the program at \$4,500,000 per year would allow the payments of student loans for up to 1,500 farmers. HEAB is waiting for further action from the Legislature regarding this program.

#### **BOARD REPORT #03-02 MINNESOTA-WISCONSIN RECIPROCIITY PROGRAM APPROVED ADMINISTRATIVE MEMORANDUM OF UNDERSTANDING**

Annually the Joint Committee on Finance reviews the Administrative Memorandum for the Minnesota-Wisconsin Interstate Tuition Reciprocity Program. Minnesota and Wisconsin as well as Joint Finance have approved the memorandum presented. The basic agreement remains the same with only some minor clarifications.

#### **BOARD REPORT #03-03 STATUS OF 2001-02 AND 2002-03 APPLICANTS AND PROGRAMS**

In 2001-02 WHEG-UW has committed 134.77 percent (\$26,617,988) of its appropriation with 23,049 awards. This is 477 more awards and 0.18 percent less committed compared to this time during the last academic year. WHEG-WTC has committed 170.86 percent (\$24,254,779) of its appropriation with 28,389 awards. This is 1,621 more awards and 0.86 percent less than the last academic year. Once again it has been noted that there has been a dramatic increase in eligible applicants so a waiting list has been established. WTG has committed 121.95 percent (\$26,297,560) of its appropriation with 11,825 awards. This is 1,415 less awards and 1.07 percent more committed compared to the last academic year. There are fewer awards but dollars committed increased. The number of applicants through June 15, 2002 for 2001-02 was 193,436.

In the current academic year WHEG-UW has committed 101.20 percent (\$22,477,188) of its appropriation with 18,464 awards. This is 1,539 more awards and 1.78 percent more committed than at this time last year. WHEG-WTC has committed 122.33 percent (\$17,550,715) of its appropriation with 21,579 awards. This is 3,368 more awards and 19.61 percent more committed than at this time last year. WTG has committed 111.47 percent (\$25,110,177) of its appropriation with 11,247 awards. This is 1,021 more awards and 5.82% more committed than at this time last year. The number of applicants through July 29, 2002 for 2002-03 is 153,903. Last year at this time there were 141,113 applicants.

#### **BOARD REPORT #03-04 BIENNIAL BUDGET UPDATE**

Governor McCallum recently signed the Budget Reform Act of 2002. This bill is designed to address the budget deficit for 2001-03 that developed after the budget was originally passed last August. Jane was pleased to announce that the programs HEAB administers have all been held harmless. No program is eliminated nor is funding decreased. The funding increases included in the 2001-03 biennial budget passed last August are also held harmless. In addition, the bill includes Governor McCallum's proposed \$1.2 million increase in the UW-WHEG and an

\$800,000 increase in the WTC-WHEG for 2002-03. There is also a component included in this bill that ties future funding increases for the UW-WHEG Program to increases in UW System tuition. This bill is extremely good news for financially needy college students.

### **BOARD REPORT #2003-05 BIENNIAL BUDGET ISSUES**

At the time of this meeting the 2003-05 Budget Instructions had not been distributed. The 2001-03 Biennial Budget Adjustment Bill had not been completely finalized. It is clear that, in terms of requesting additional funds for the next biennial period, the opportunities appear to be limited.

The first Budget issue discussed was a request for funding increases for broadest need based grant programs. Prior to 1997, the last substantial increase for both the WHEG and the WTG Programs occurred in 1989-91. Total funds available for the academic year 2002-03 under the UW/WTC WHEG and WTG Programs currently total \$56,817,300 compared to \$36,679,700 ten years ago (54.9 percent increase). Other programs such as TIP have experienced sporadic funding increases/decreases in the last ten years. No increases were included for TIP in the 2001-03 budget. The Minority Undergraduate Grant and Minority Teacher Loan Programs each experienced 4.5 percent increases. Historically, funding for programs administered by HEAB was tied to the cost of education. Funding was initially created to meet 33.3 percent of the cost of education but is now tied to tuition increases.

Steve VanEss proposed a three-tiered program for UW-WHEG, WTC-WHEG, WTG, and TIP funding. The first tier would tie increases in funding to increases in UW tuition. The second tier would be a ten-year catch-up plan to bring funding in line with the 1990-01 8.95 percent of financial need met by these programs. Third tier increases would be requested as the number of applicants increase. Debra McKinney seconded the motion. The proposal was passed unanimously.

The second Budget issue raised asked if an increase in the maximum Minority Undergraduate Retention Grant and its appropriation should be pursued and should the program be expanded to also include first year students. Steve Van Ess moved that a request be made to increase the amount of funds now available to the program up to double what is now appropriated and that these programs not be extended to include first year students. Barbara Manthei seconded the motion. The motion was passed unanimously.

The third budget topic for discussion concerned expanding funding and forgiveness parameters and increasing maximum award for the Minority Teacher Loan. The Minority Teacher Loan Program provides loans at 5 percent interest in amounts of up to \$2,500 per year to Wisconsin resident, minority, undergraduate juniors or seniors. The student who participates in this program must agree to teach in a Wisconsin school district in which minority students constitute at least 29 percent of total enrollment or in a school district participating in the inter-district pupil transfer program. For each year the student teaches in an eligible school district, 25 percent of the loan is forgiven. If the student does not teach in an eligible district, the loan must be repaid at an interest rate of 5 percent. During the 2001-02 academic year, 107 students received on average \$2,230 in loan assistance under this program. Some schools indicate that the current level of funding under this program has discouraged them from making students aware of the program's existence due to the fear of creating the "false hope of funding availability" among students. Another concern of aid professionals is that it has become increasingly difficult to recruit minority faculty. Elementary or secondary school districts with minority student populations between 10 and 29 percent are having a difficult time recruiting minority teachers.

Andre Jacque made a motion regarding the Minority Teacher Loan. He proposed that funding be increased up to double the current amount, but that students must teach in schools with a minority population at the current level of 29 percent. Steve VanEss seconded the motion. The motion failed in a vote of 4-6.

Debra McKinney moved that we increase funding of the Minority Teacher Loan up to double its current amount and that HEAB allow students to then teach in schools with a minority

population as low as 10 percent instead of the current 29 percent. Nicole Nelson seconded the motion. The motion passed in a vote of 6-4.

The fourth budget topic for discussion concerned expanding and increasing the maximum award for both the Indian Student Assistance Grants and for the Tribal WHEG Program. Currently the maximum award for the Indian Student Assistance Grant is \$1,100. Prior to 1995-96, the maximum award was \$2,200. The award had been split in half in 1995-96 because funding available dropped by 50 percent. Since the decrease in the maximum, there has been an increasing number of Native American students who have been forced to drop out of school due to lack of funding. In order to fund an increase in the maximum the program's appropriation would also need to double. Tribal WHEG provides grant assistance to students attending one of Wisconsin's two Tribal Colleges. The maximum award per statute is \$1,800 per academic year. Each year of this program's existence students have been placed on a waiting list due to lack of funds. If funds were available, best projections indicate that an additional \$452,000 could have been spent beyond the \$404,000 allocated for 2002-03.

It was moved by Andre Jacque that HEAB request 100 percent increase in funding and a doubling of the maximum awards for both Indian Student Assistance Grants and for Tribal WHEG with consideration that the tribes must also be in agreement. Debra McKinney seconded the motion, which was passed unanimously.

The fifth budget topic for discussion was the Nursing Student Loan Program. This program was established as part of the 2001-03 biennial budget with 2002-03 designated as the first year of its existence. Annual funding for this program is set at \$450,000. Currently there is an extreme shortage of nurses in the state and HEAB has received many calls and inquiries indicating that the \$450,000 appropriation does not come close to meeting the need and interest that exists in the State. Concern has also been raised that the current maximum level of forgiveness, which is set at 50 percent, does not go far enough to encourage nurses to stay in the State once they have completed their degree.

Andre Jacque moved that we maintain the status quo with this new program so more information can be gathered over time. Motion seconded by Steve VanEss and passed with a vote of 9-1.

The sixth budget topic for discussion concerned increasing maximum awards for the Academic Excellence Scholarship. The maximum scholarship is currently \$2,250. The maximum scholarship for students awarded in 1995-96 and prior was full tuition and fees at a UW campus or Wisconsin Technical College, or an amount equal to the UW-Madison tuition and fees for the students attending independent institutions in Wisconsin. Most recent data indicates that the program may no longer be fulfilling its purpose due to the \$2,250 annual maximum. Tuition and fees at UW-Madison was \$4,088 for 2001-02. Half the scholarship is funded by the state, while the other half is matched by the institution.

Barbara Manthei proposed that the maximum award for Academic Excellence Awards be tied to UW tuition and that the number of awards not be expanded. Debra McKinney seconded the motion and it passed with a vote of 8-2.

The final budget topic of discussion concerned continuing appropriation for the WHEG, the WTG, and the TIP grants. There are four types of appropriations; annual, biennial, continuing, and sum sufficient. Currently all three programs are under the biennial appropriation type. This allows funds to be carried forward and back between the two biennial years only. In 2001-02 funds were carried back from 2002-03 for one of the programs to fund awards made in 2001-02. Also, funds will be carried forward from 2001-02 to 2002-03 for several of the programs.

Steve VanEss moved that HEAB seek a continuing appropriation for WHEG, WTG, and TIP with authority to carry 5-10 percent over each year. Andre Jacque seconded the motion. The motion was defeated in a vote of 7-3.

Finally, a discussion of prioritizing programs was lead by Jane. The prioritizing of programs may become necessary if HEAB is asked to take cuts in the funding for its programs. During the last biennial period our programs were divided into three tiers. The first priority for action would be given to the WHEG, TIP, and WTG Programs. In the second tier were the Indian Student Assistance Grant, Minority Undergraduate Retention Grant, Minority Teacher Loan, Academic Excellence Scholarship, and the Hearing & Visually Handicapped Student Grant. In the third tier were the Teacher Education Loan, Teacher of the Visually Impaired Loan, and the Reciprocity Program. Steve VanEss proposed that we add the Nursing Student Loan to tier three and that all other programs remain in the same position. It was seconded by Mary Jo Green and passed in a vote of 6-4. In the past when a request has been made to reduce funding HEAB has chosen to collapse the smaller programs into the larger programs or the elimination of the small programs in tiers two and three. Sandra Dercole moved that if cuts were to be made HEAB would give TIP priority within the first tier because less attention has been given this program in the past. Steve VanEss seconded the motion that was passed unanimously.

#### **MINNESOTA-WISCONSIN RECIPROCITY PROGRAM DATA UPDATE (ADDENDUM TO BOARD REPORT #02-12)**

Jim presented a handout listing Minnesota residents enrolled in Wisconsin institutions for the 2000-01 academic year that was unavailable at the last board meeting on March 8, 2002.

#### **REVIEW OF THE TALENT INCENTIVE PROGRAM GRANT AWARDING CRITERIA UPDATE**

Jane presented the recommended changes suggested by a TIP work group that included aid administrators from around the state. The main focus of the group was to go over the obsolete language of the rules. It then looked at the statutes in general to make suggested changes and recommendations. This material will be brought back to the Board in October as an action issue.

#### **ANNUAL NASSGAP SURVEY DATA**

Jim highlighted NASSGAP's 32<sup>nd</sup> Annual Survey Report on State-Sponsored Student Financial Aid. In the 2000-01 academic year, the states awarded \$4.681 billion in need and non-need based student grant aid to more than three million students, an increase of 14.5 percent in expenditures awarded in 1999-00. Minnesota was one of the top six states in the country in awarding need-based aid. The top six states awarded \$2.1 billion in undergraduate need-based grant aid, comprising 59 percent of the total awarded in this category.

#### **FEDERAL PROGRAMS STATUS REPORT**

The House approved supplemental appropriations totaling \$28.9 billion for fiscal year 2002. This funding includes a \$1 billion allocation for Pell Grants to help make up a \$1.276 billion shortfall and preserve the maximum award of \$4,000. The Senate Appropriations committee completed its mark-up of the Fiscal Year 2003 Labor, HHS and Education appropriations bill. The full Senate is not expected to take up consideration of the bill until after the August recess. The "FED UP" bill, the product of a year-long project that collected recommendations regarding student aid was introduced in early June. Although the bill had strong support from both the education community and the federal legislature, it was defeated in the House on July 16<sup>th</sup>. The future of the "FED UP" Higher Education Technical Amendments Act is now uncertain. Congress will most likely request recommendation for adjustments to the Higher Education Act next Spring as part of the Act's reauthorization process. Many in the aid community have begun their work of preparing recommendation.

#### **NEW BUSINESS**

The State Assembly has assembled a Task Force on Government Spending to help make reductions in government spending in order to balance the 2003-05. They have asked for input from various department secretaries. There is a similar group working on the Senate side as well.

Steve VanEss made the board aware that at the end of October an educational conference will be held on the UW campus by WISCAPE (Wisconsin Center for the Advancement of Postsecondary

Education). Reauthorization and retention issues will be a focus as will Federal, State, institutional and family issues regarding student financial aid.

The Board voted on the dates for the next four meetings. Those chosen were:

October 18, 2002  
February 28, 2003  
April 25, 2003  
July 18, 2003

Andre Jacque moved to adjourn and was seconded by Sandra Dercole. Chairman Shea adjourned the meeting.