

2013 – 2015 Biennial Budget Report

**STATE OF WISCONSIN
HIGHER EDUCATIONAL AIDS BOARD**

BIENNIAL REPORT
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AGENCY STRUCTURE

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 Board and independent institutions; one citizen member to represent the general public; and the state superintendent of public instruction.

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. All other permanent agency staff are in the classified service. During the 2013-2015 biennium, total agency staff did not exceed 11 individuals. The functional organizational chart of the agency reflects the most recent structure.

AGENCY 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."

AGENCY FUNCTIONS

The agency's major operational responsibilities during 2013-2015 include three distinct categories, which include grant/scholarship/loan programs, reciprocal agreements and tuition capitation programs. First, the administration of the state's student grant/scholarship/loan programs includes the expenditure of over \$251,027,275 during 2013-2015. All of these funds were secured from General Purpose Revenue tax funds. The majority of these programs are based upon the federally determined student and/or parental contributions, and hence the financial need of the student recipients. Total awards exceeded 181,210 from over 736,290 Wisconsin resident undergraduates who applied for assistance during the biennium. In addition, to the programs mentioned above HEAB was responsible for the remission of fees and reimbursement to the UW and Technical College for veterans and dependents. In the 2009-2010 academic year HEAB embarked on a new program – the J.R. Justice grant that provides loan repayment assistance for local, state, and federal public defenders and prosecutors who commit to continued employment as a public defender and prosecutor for at least three years.

HEAB continues the collection of outstanding loans for the following programs: Minority Teacher Loan; Nursing Student Stipend Loan; Paul Douglas Scholarship (Loan); Milwaukee Teacher Education Loan, and the Teacher of the Visually Impaired Loan.

In addition to student grants/scholarships and the collection of loans, HEAB's third major function continues to be the administration of the Minnesota-Wisconsin Reciprocity Program in conjunction with the Minnesota Higher Education Services Office. A total of 8,794 Wisconsin residents participated in the program in 2013-2014 by enrolling in Minnesota public institutions. The 2014-2015 total is expected to be approximately the same.

Two tuition capitation agreements comprise the last major operational responsibility of the agency. The Board has tuition capitation agreements with both the Medical College of Wisconsin and Marquette University School of Dentistry. These agreements provide funds to the two institutions to train Wisconsin residents as physicians and dentists. During 2013-2015 the total appropriation on behalf of the Medical College was \$3,853,200 and \$3,037,083 for the School of Dentistry for resident student tuition capitation purposes.

PRESENT BOARD POLICIES

In 1968, a rational and policy framework for Wisconsin's Student Financial Aid Structure was established. Today, in 2015, the rational and policy framework continues to operate. Essentially, there are two broad goals and seven operational policies which serve to implement the broader goals. The two broad goals, Universal Educational Opportunity and Educational Diversity or "Freedom of Choice," are looked upon as educational goals which can be achieved in part through the financial aid structure.

The first goal of Universal Educational Opportunity is to eliminate financial barriers and thereby insure an educational opportunity for all Wisconsin citizens commensurate with their desires and abilities. This goal suggests that it is the primary purpose of the student financial aid structure to insure an educational opportunity for all citizens commensurate with their desires and abilities regardless of their financial circumstances. This goal does not imply that the same educational experience need be provided to all students, but it does require that all students be given an equal opportunity to pursue an education consistent with their individual abilities, interests and ambitions. It has been recognized that if society is to achieve the goal of equality of opportunity it must first insure the equality of educational opportunities. As a result of the technological revolution, the knowledge explosion, and the development of a highly skilled and complex society, education has become the most important key to the "American Dream." The educational investment in human resources has a direct impact on the economic and technological development of the nation. Students need to possess 21st century skills such as problem-solving and critical thinking, entrepreneurship and creativity. Education is no longer just a pathway to opportunity and success but a prerequisite. This circular relationship between providing universal educational opportunity results in benefits which accrue to society in addition to those which accrue directly to the individual in terms of personal fulfillment and economic security. Every citizen has a right to participate in the economic, social, and political aspects of our society. Education provides the opportunity to exercise this right of full participation and, consequently, must be made equally available to all.

The second goal of the Financial Aid Structure is to support existing Educational Diversity by allowing students the freedom to choose among the various educational offerings. Educational Diversity implies a wide range of academic environments, programs, and course offerings as well as diversity in sponsorship e.g. public and private. A comprehensive educational environment is one which offers technical training in addition to collegiate programs not of the technical nature; one and two year programs as well as four year programs whether they are traditional campus programs or online. The diversity issue generally concentrates on the need to preserve the strength and vitality of private schools of higher education for the following reasons:

1. To assure to students the opportunity of selecting an institution on such basis as academic program, campus environment, size, etc..
2. To stimulate healthy competition in seeking distinctions, whether by innovations in program or by quality achievements.

3. To maximize the use of educational resources including faculties, facilities, etc.

In order to implement the two goals described , the following operational policies were established to serve as the guideposts of the Financial Aid Structure.

1. The first operational policy designed to implement the goals of the Financial Aid Structure is that **financial aid be distributed on the basis of the student's financial need** in order to maximize financial resources and thereby insure an educational opportunity to the greatest number of students.
2. The second operational policy designed primarily to implement the goal of educational diversity or freedom of choice is **equalization**. Equalization supports diversity and insures freedom of choice by placing all students in the same relative position vis' a vis' governmental instructional subsidies.
3. The third operational policy, **awarding for excellence**, requires that academic excellence be recognized.
4. The fourth operational policy, **shared responsibility**, recognizes the multiple responsibility of the student, the student's parent/s or spouse, government, and private sources to contribute to educational costs.
5. The fifth policy, **recognizing the unique financial needs of the disadvantaged**, suggests that it is a responsibility of the financial aid structure to recognize and relate to the unique financial needs of the economically disadvantaged.
6. The policy, **maximization of resources**, emphasizes the need to maximize the contribution of financial aid resources provided by all sources including students, spouses, parents, government, institutions, and private sponsors.
7. The last policy, **administrative coordination and simplicity**, recognizes the importance of providing coordinated, equitable, efficient, and responsive administrative framework designed to implement the other policies enumerated above. The enactment of the State's financial aid programs and subsequent assignment of these programs to the Higher Educational Aids Board points out the desirability of insuring an orderly development and coordination of the State's Financial Aid Structure as well as equitable, efficient, and responsive distribution mechanisms. In order to best serve the body of Wisconsin students who are attending a wide range of schools including public and private, in-state as well as out-of-state, two year programs and four year programs, coordinated State financial aid programs are essential. Meeting this requirement and, in addition, fulfilling the Legislative mandate of providing an annual review of the State's Financial Aid Structure, suggests that a single governmental body should be responsible for the administrative coordination of the State's financial aid programs.

To summarize, the State Student Financial Aid Policy Framework is as follows:

I. Goals of the Financial Aid Structure

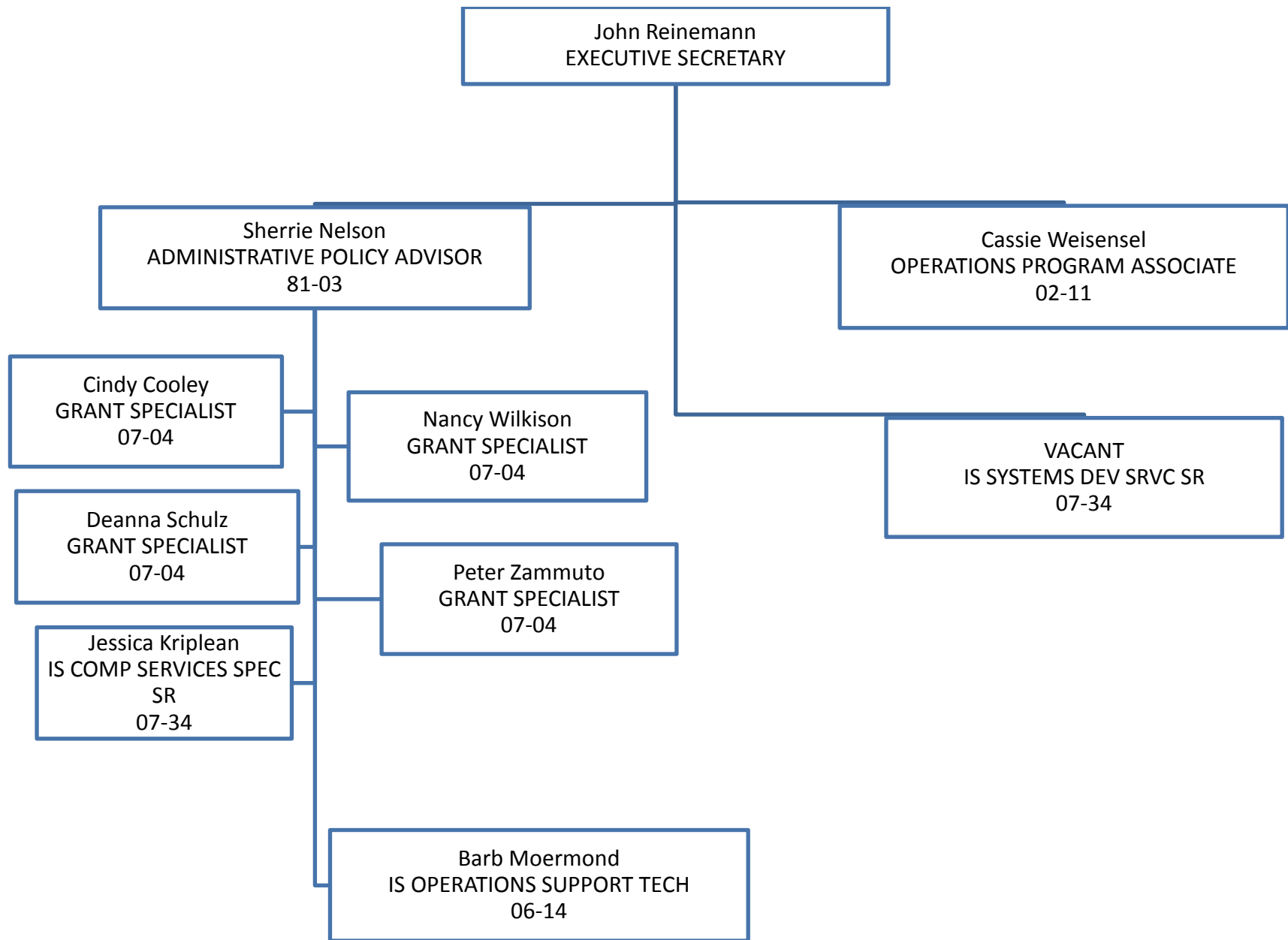
- A. Removal of all financial barriers in order to insure an Educational Opportunity for all Wisconsin citizens commensurate with their desires and abilities.
- B. Support of Educational Diversity by allowing students the freedom to choose educational programs on the basis of their interests and abilities.

II. Operational Policies

- A. Distribution of student financial aid on the basis of the student's financial need in order to maximize financial resources and thereby insure an educational opportunity to the greatest number of students.
- B. Equalization of the instructional subsidy paid on behalf of students thereby insuring maximum freedom of choice.
- C. Recognition of academic excellence.
- D. Recognition of the multiple responsibility of the student, the student's parent/s or spouse, government, and private sources to contribute to educational costs.
- E. Recognition of the unique financial need of the economically and educationally disadvantaged.
- F. Maximization of the financial aid resources provided by all sources including students, the student's parent/s or spouse, government, institutions, and private sponsors.
- G. Implementation of these operational policies through a coordinated, equitable, efficient and responsive administrative framework.

During the 2013-2015 biennium the following individuals served on the Higher Educational Aids Board.

MEMBER	REPRESENTING
Mary Jo Green, Chairman	WI Technical College System – Financial Aid Representative
Regina Miller	UW System Administration Board of Regents
Laramie Wieseman	Independent Colleges and Universities - Student Representative
Steve Midthun	Independent Colleges and Universities – Financial Aid Representative
Susan Schaumburg	WI Technical College System – Student Representative
Vacant	Independent Colleges and Universities – Board Representative
Kathleen Sahlhoff	UW System Administration – Financial Aid Representative
Jennifer Kammerud	Dept of Public Instruction – Superintendent – Designee
Stephen Willett, Secretary	WI Technical College System – Board Representative
Darcy Paulson	Public-At-Large Representative
Tim Rindahl	UW System Administration – Student Representative
Verna Fowler (Ex-Officio Member)	Tribal Colleges



**PERFORMANCE AND OPERATION OF
HIGHER EDUCATIONAL AIDS BOARD
DURING 2013-2015**

It is recognized that the staff of the Higher Educational Aids Board (HEAB) is small in number, yet the responsibilities the board has is extremely important to Wisconsin residents seeking a postsecondary education. Due to an extraordinary level of expertise and dedication, HEAB staff members continue to be able to meet the high expectations placed upon them by customers, the Administration and the Legislature. HEAB has been able to successfully carry out its mission to ensure that all students be provided equal access and diversity in obtaining a higher education and make certain the funds for each program HEAB administers are distributed in a fair, equitable, and timely manner.

Over the two-year biennial period \$283,960,872 was distributed to 189,548 Wisconsin students through programs administered by HEAB. Programs administered by HEAB served 25% of all Wisconsin resident undergraduates. Undergraduate need-based state grant aid awarded by Wisconsin through HEAB was ranked 27th in the country in 2013-2014.

The expansion of communication throughout the higher education community in order to better serve our customer, the student, continued to be a priority for the agency. Improvements to the monthly memos, training workshops, visits, presentations, agency web site and various other forms of communication were made as well as efforts to develop relationships with other agencies and organizations in order to provide Wisconsin residents with as much financial assistance related information as possible.

The Minnesota-Wisconsin Reciprocity program is fully automated. Students are able to apply for reciprocity on-line and receive notification of approval or denial in a very short time.

An agreement with the Department of Revenue has been implemented and the collection of defaulted loans for the Nursing Student Loan, Teacher Education Loan, Teacher of the Visually Impaired Loan and the Minority Teacher Loans is now accomplished through the Department of Revenue.

The 2012 Commission on Financial Aid Consolidation and Modernization was created in 2011 Wisconsin Act 176 to study:

- a. The potential for consolidating all grant programs administered by the Higher Educational Aids Board (HEAB) into a single, comprehensive, need-based grant program.
- b. Options for providing grant aid for students who are attending Wisconsin institutions of higher education at less than full-time credit loads

Act 176 provided for membership on the Commission. HEAB was charged with administering the Commission and assisting the body in its work.

The Commission on Financial Aid Consolidation and Modernization reported its recommendations to the Higher Educational Aids Board, and to the legislature in the manner provided in section 13.172 (2) of the statutes, in a report dated November 30, 2012. The Commission had been required by Act 176 to report by December 1, 2012. Act 176 specified that upon submission of its report, the commission shall terminate its activities and shall cease to exist. A copy of the final report and its recommendations can be found at HEAB's website www.heab.wi.gov.

AB260/SB 229: Provides for discontinuous enrollment under the Talent Incentive Program (TIP) and extends eligibility to five years. This was a recommendation of the 2012 Commission on Financial Aid Consolidation and Modernization. HEAB testified in support at Assembly hearing on 8/15/2013. It was approved on a 12-0 vote by the Assembly Committee on 10/22/2013. The Senate bill was signed into law on April 23, 2014, 2013 Wisconsin Act 329.

AB 398/SB334: Created a new Technical Excellence higher education scholarship program to be administered by HEAB. HEAB testified for information only at Assembly hearing on 10/3/2013 and at the Senate hearing on 10/10/2013. The Senate bill was signed into law as 2013 Act 60.

AB 454/SB 366: Created a grant program for primary care physicians and psychiatry professionals and exempts from taxation amounts received from said grant program. HEAB testified for information only at Assembly hearing on 10/22/2013 and at Senate hearing on 1/9/2014. The Senate bill was signed into law as 2013 Act 60.

AB 532/SB 406: Changes the name of the Wisconsin Higher Education Grant and Wisconsin Tuition Grant to Wisconsin Grant with sector suffixes. This was a recommendation made by the 2012 Commission on Financial Aid Consolidation and Modernization. HEAB testified in support at an Assembly hearing on 12/19/2013 and at a Senate hearing on 2/5/2014. The Senate bill was approved by the Governor on 4-23-2014. 2013 Wisconsin Act 330.

PROGRAMS	2013-2014		2014-2015	
	DOLLARS		DOLLARS	
	SPENT*	AWARDS	SPENT*	AWARDS
CAPITATION				
Marquette University School of Dentistry	\$1,477,383	171	\$1,559,700	180
Medical College of Wisconsin	\$1,926,600	339	\$1,926,600	378
GRANTS				
Handicapped Student Grant	\$89,671	71	\$88,900	54
Indian Student Assistance Grant	\$684,762	742	\$724,825	801
Minority Retention Grant - Independent and Tribal Colleges	\$409,498	320	\$414,082	294
Minority Retention Grant - WTC System	\$400,204	557	\$413,149	573
Talent Incentive Program Grant	\$4,684,089	3,187	\$3,696,551	3,459
Wisconsin Grant -UW System	\$58,334,069	32,898	\$58,317,618	32,886
Wisconsin Grant - Technical College System	\$20,155,089	23,969	\$19,464,095	24,275
Wisconsin Grant - Tribal Colleges	\$445,653	337	\$451,759	342
Wisconsin Grant - Private Non-Profit	\$27,686,300	10,884	\$26,339,977	10,306
Wisconsin Covenant Grant	\$9,001,526	12,569	\$11,328,931	16,254
Wisconsin Foundation Grant	\$3,703,690	3,288	\$4,542,795	4,014
JR Justice Grant (Federally funded)			\$52,920	32
LOANS				
Minority Teacher Loan	\$159,100	68	\$129,319	59
Teacher Education Loan	\$244,750	82	\$263,510	63
Teacher of the Visually Impaired Loan	\$82,000	10	\$90,000	9
Nursing Student Loan	\$443,974	202	\$443,215	191
RECIPROCITY**				
MN-WI Reciprocity Program ***	\$9,596,026	9,282	\$8,264,621	8,794
SCHOLARSHIPS				
Academic Excellence Scholarship	\$2,984,774	2,931	\$2,939,147	2,753
Totals	\$142,509,158	101,907	\$141,451,714	105,717

*These figures include refunds from the previous year received after the books were closed as well as partial or whole refunds received after the end of vouchering for that academic year.

**Final Figures not available.

***Assumed 2012-2013 for 2013-2014 MN-WI Reciprocity Program.

**MAJOR PROGRAM GOALS AND OBJECTIVES OF THE
HIGHER EDUCATIONAL AIDS BOARD
FOR THE 2015-2017 BIENNIUM**

The Higher Educational Aids Board (HEAB) will continue to pursue its long-term commitment of providing opportunities for educational access and diversity in obtaining a higher education. It will continue to review its program policies and operational objectives for all state aid programs. HEAB will strive to expand its outreach in order to increase the awareness and knowledge of postsecondary educational opportunities and available financial assistance programs available through the Higher Educational Aids Board.

Goals and objectives that have been set for the Higher Educational Aids Board to carry out over the next two years are extensive. The areas of focus will include addressing changes specific to the 2015-2017 biennial budget; reviewing program policy and potentially pursuing statute and/or rule changes; continuation of implementing technological changes; revision of HEAB's website, which has already started.

The first of HEAB's goals provided in the 2015-2017 budget request was to keep the best and the brightest in the State of Wisconsin. The objective/activity: Academic Excellence Scholarships are awarded to Wisconsin high school seniors who have the highest grade point average in each public and private high school throughout the State of Wisconsin. The number of scholarships each high school is eligible for is based on total student enrollment. In order to receive a scholarship, a student must be enrolled on a full-time basis by September 30th of the academic year following the academic year in which he or she was designated a scholar at a participating University of Wisconsin, Wisconsin Technical College, or independent institution in the state. The value of the scholarship is \$2,250 per year, to be applied towards tuition. Half of the scholarship is funded by the state, while the other half is funded by the institution.

The second goal is to increase the number of minority teachers in the State of Wisconsin. The objective/activity: The Minority Teacher Loan Program provides loans to Wisconsin resident, minority, undergraduate juniors or seniors who are enrolled at least half-time in programs leading to teacher licensure at independent or University of Wisconsin institutions. The maximum award per year is \$2,500 with an overall maximum of \$5,000. According to the statutes, a minority student is defined as a student who is either an African American, American Indian, Hispanic, or a person admitted to the United States after December 31, 1975, who is either a former citizen of Laos, Vietnam or Cambodia or whose ancestor was or is a citizen of Laos, Vietnam, or Cambodia. 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 (Chapter 220) 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 five percent.

Given the size of the agency the reliance on technology in order fulfill responsibilities has been vast. Every effort will be made to continue to evaluate and implement technological changes in order to provide better service to our customer, the student, and to again create efficiencies in day to day operations.

HEAB has always collected and analyzed data related to postsecondary education student financial aid. Reports that reflect some of this data are developed and distributed annually and available on our website www.heab.wi.gov.

ALTERNATIVE WORK PATTERNS

The agency also encourages the utilization of Alternative Work Patterns (AWP) such as flex-time, part-time, and shared time schedules to increase productivity, extend services, reduce absenteeism, improve employee morale, allow for employee development and to maximize energy conservation through ride sharing and use of mass transit systems. The agency recognizes AWP schedules may provide opportunities for individuals to productively utilize their skills, talents, and abilities. It recognizes that a traditional full-time work schedule may not meet the needs of individuals whom, due to age, health or family circumstances, find such a schedule in conflict with responsibilities outside of work. The agency has an AWP policy that is supported by AWP related statutes and rules.