


UW SYSTEM TUITION-SETTING POLICY TASK FORCE

October 15, 2015, 1 p.m.
1220 Linden Drive, 1820 Van Hise Hall

Agenda

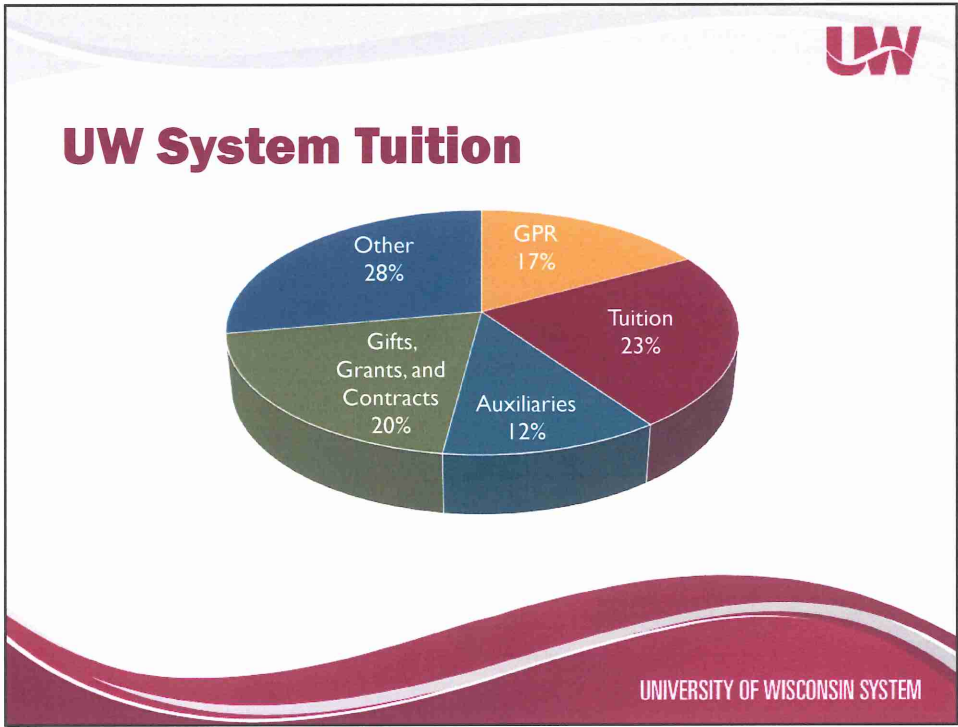
- 1:00 I. Welcome and introductions – *Regent Chair Tim Higgins/All*
- 1:15 II. Presentation of Task Force charge and underlying assumptions – *Regent President Regina Millner and UW System President Ray Cross*
- Tuition setting in the UW System
 - Why tuition-setting needs to be examined
 - Responses from Task Force members
- 1:45 III. Overview of current UW System tuition policy – *Adam Pfost, Director, UW System Office of Budget and Planning*
- A. Board of Regents policies, including delegations of authority to chancellors
 - B. UW System-level policies
- 2:15 IV. Discussion of current policies – *All*
- 2:45 Break
- 3:00 V. Analysis of demographic trends affecting higher education in Wisconsin – *Interim Sr. Vice President David Ward, UW System Office for Academic & Student Affairs*
- 3:30 VI. Discussion of relationship between demographic trends and tuition-setting – *All*
- 3:55 VII. Preview of upcoming meetings
- 4:00 VIII. Adjourn

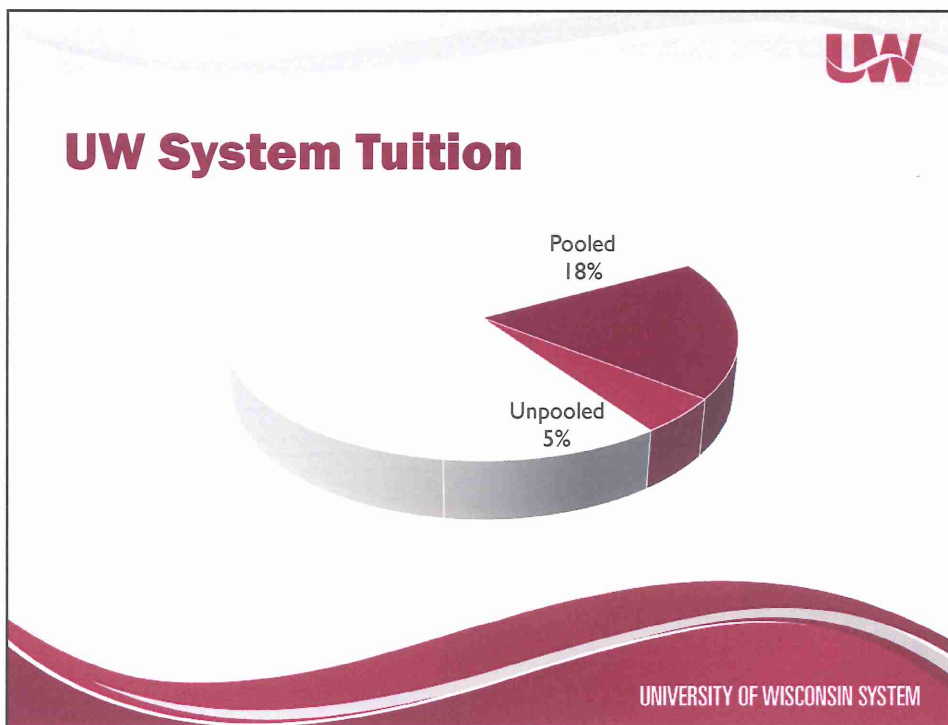
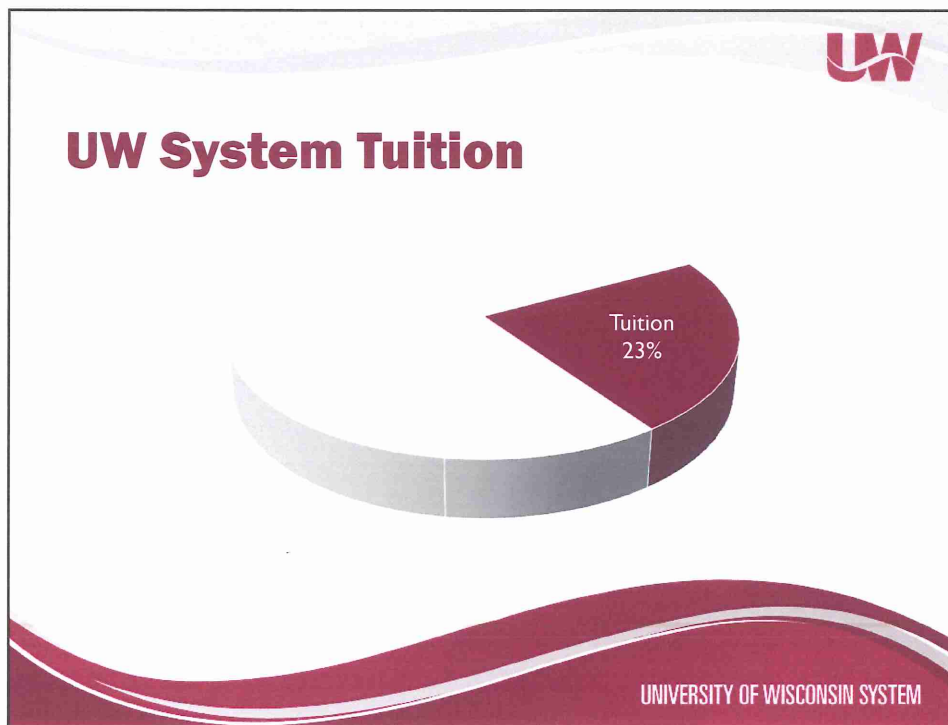


UNIVERSITY OF WISCONSIN SYSTEM

Tuition-Setting Process

October 15, 2015







Pooled Tuition

- Annual tuition increase by board
- Generally applies to traditional, on-campus students
- Supports pay plan, fringe benefits, utilities, and legislative initiatives

UNIVERSITY OF WISCONSIN SYSTEM



Pooled Tuition

Wis. Stat. 36.09(1)(h)

The board shall allocate funds and adopt budgets for the respective institutions giving consideration to the principles of comparable budgetary support for similar programs and equitable compensation for faculty and academic staff with comparable training, experience and responsibilities and recognizing competitive ability to recruit and retain qualified faculty and academic staff.

UNIVERSITY OF WISCONSIN SYSTEM



Pooled Tuition

LFB Informational Paper 33

Four of the five most recent biennial budget acts made significant reductions to the UW System's GPR base budget. During the 2009-11 and 2011-13 biennia, the Board of Regents increased tuition to partially offset GPR base reductions.

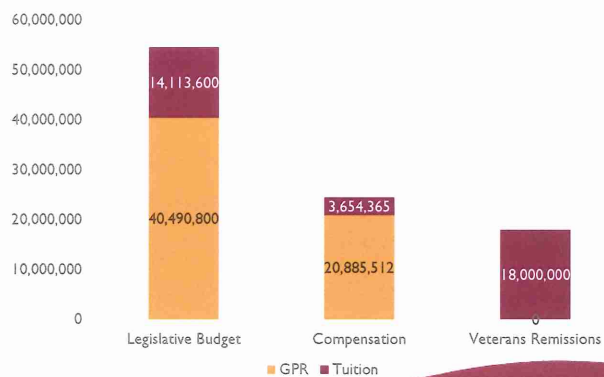
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UNIVERSITY OF WISCONSIN SYSTEM



Pooled Tuition

2008-09



UNIVERSITY OF WISCONSIN SYSTEM



Pooled Tuition

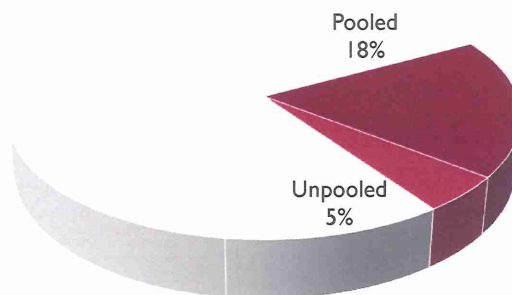
- Board Tuition Policy Principles
- Nonresidents should pay more than residents
- Market sensitivity
- 12-18 credit plateau
- Minnesota reciprocity

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UNIVERSITY OF WISCONSIN SYSTEM



UW System Tuition



UNIVERSITY OF WISCONSIN SYSTEM



Unpooled Tuition

- Differential tuition
- Delegated/Specific tuition pricing
- Enrollment growth


UNIVERSITY OF WISCONSIN SYSTEM



Differential Tuition

The Superior Experience	
Classroom and Lab Equipment	20.77
Technology Student Assistants	9.23
Library Database and Subscriptions	78.67
Library Resources	58.33
Career Services	70.00
Total	237.00

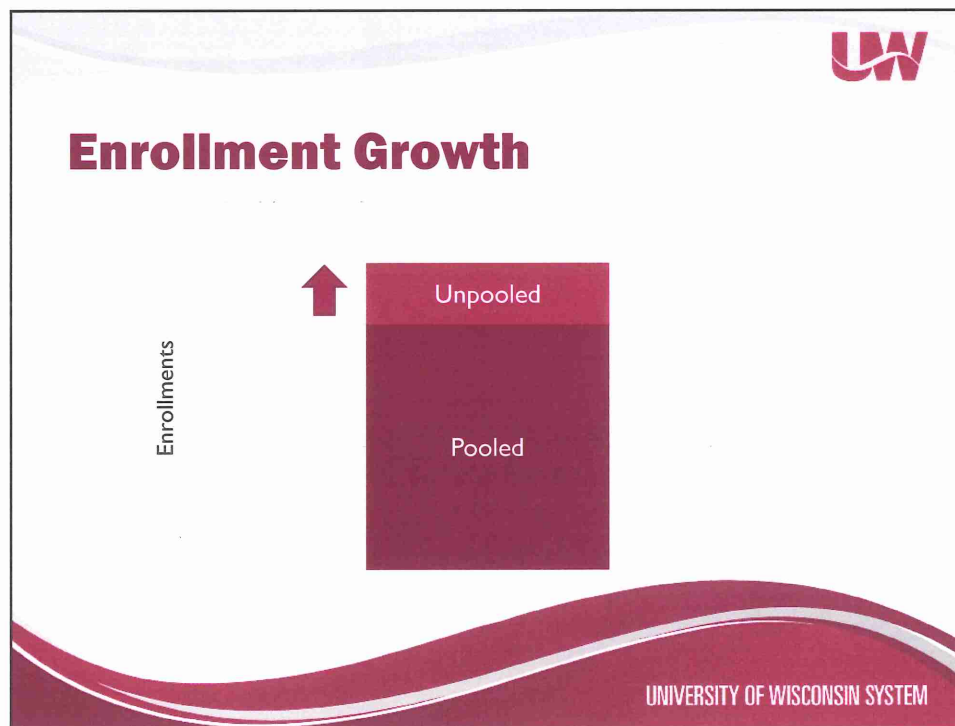
UNIVERSITY OF WISCONSIN SYSTEM



Delegated/Specific Tuition

	Service-Based Pricing	Distance Education	Contract Instruction	Specific Pricing
Students	Nontraditional	At a distance	Employees	Nonres/Grad
Characteristics	Flexibility	Distance	Partnership	Proposed
Intended Use	Programs	Programs	Courses	Programs
Pricing	Cost Recovery	Program/Market	Cost Recovery	Market/Access
Tuition Floor	Yes	No	Yes	Unknown
Authority	President	Chancellor	Chancellor	Board
Policy	ACIS 5.4	ACIS 5.4	ACIS 5.4	None

UNIVERSITY OF WISCONSIN SYSTEM





Possible Topics

- Plateau
- Differential Tuition (New and Existing)
- Tuition Floor
- Nonresident Tuition Remissions
- Nonresident and Graduate Pricing
- Community Programming
- Distance Education Flexibilities

UNIVERSITY OF WISCONSIN SYSTEM

TABLE B-1

**UNIVERSITY OF WISCONSIN SYSTEM
PROPOSED 2008-09
TUITION SCHEDULE
FOR FULL ACADEMIC YEAR**

		2008-09 TUITION				
	2007-08 TUITION	ANNUAL TUITION	SEMESTER TUITION	DOLLAR INCREASE (Academic Year)	SEMESTER INCREASE	PERCENT INCREASE
UW-MADISON						
<u>Resident</u>						
Undergraduate	\$6,330	\$6,678	\$3,339	\$348	\$174	5.5%
Graduate	\$8,784	\$9,132	\$4,566	\$348	\$174	4.0%
Business Masters	\$10,240	\$10,588	\$5,294	\$348	\$174	3.4%
Law School	\$12,850	\$13,840	\$6,920	\$990	\$495	7.7%
Medical School	\$21,864	\$22,212	\$11,106	\$348	\$174	1.6%
Veterinary School	\$15,982	\$16,330	\$8,165	\$348	\$174	2.2%
<u>Nonresident</u>						
Undergraduate	\$20,580	\$20,928	\$10,464	\$348	\$174	1.7%
Graduate	\$24,054	\$24,054	\$12,027	\$0	\$0	0.0%
Business Masters	\$25,678	\$25,678	\$12,839	\$0	\$0	0.0%
Law School	\$31,916	\$33,764	\$16,882	\$1,848	\$924	5.8%
Medical School	\$32,988	\$33,336	\$16,668	\$348	\$174	1.1%
Veterinary School	\$24,054	\$24,402	\$12,201	\$348	\$174	1.4%
UW-MILWAUKEE						
<u>Resident</u>						
Undergraduate	\$6,191	\$6,531	\$3,266	\$340	\$170	5.5%
Graduate	\$8,486	\$8,826	\$4,413	\$340	\$170	4.0%
Business Masters	\$9,880	\$10,220	\$5,110	\$340	\$170	3.4%
<u>Nonresident</u>						
Undergraduate	\$15,919	\$16,259	\$8,130	\$340	\$170	2.1%
Graduate	\$22,852	\$22,852	\$11,426	\$0	\$0	0.0%
Business Masters	\$24,316	\$24,316	\$12,158	\$0	\$0	0.0%
UW COMPREHENSIVE UNIVERSITIES						
<u>Resident</u>						
Undergraduate	\$4,819	\$5,084	\$2,542	\$265	\$133	5.5%
Graduate	\$6,161	\$6,426	\$3,213	\$265	\$133	4.3%
Business Masters	\$6,715	\$6,980	\$3,490	\$265	\$133	3.9%
<u>Nonresident</u>						
Undergraduate	\$12,392	\$12,657	\$6,329	\$265	\$133	2.1%
Graduate	\$16,771	\$16,771	\$8,386	\$0	\$0	0.0%
Business Masters	\$17,351	\$17,351	\$8,676	\$0	\$0	0.0%
UW COLLEGES						
<u>Resident</u>						
	\$4,268	\$4,268	\$2,134	\$0	\$0	0.0%
<u>Nonresident</u>						
	\$11,252	\$11,252	\$5,626	\$0	\$0	0.0%

Refer to Table B-2 for tuition rates of the differential tuition programs previously approved by the Board of Regents.

Tuition rates shown in this table have been rounded to the dollar. Campus fee schedules and student billing statements will include actual rates that will be within a dollar of these rates.

**UW System Resident Undergraduate Tuition
1967-68 Through 2015-16**

Year	UW-Madison		UW-Milwaukee		UW Comprehensives		UW Colleges	
	Tuition	Change	Tuition	Change	Tuition	Change	Tuition	Change
1967-68	\$301		\$301		\$238		n/a	
1968-69	\$301	0.0%	\$301	0.0%	\$238	0.0%	n/a	n/a
1969-70	\$382	26.9%	\$382	26.9%	\$292	22.7%	n/a	n/a
1970-71	\$430	12.6%	\$430	12.6%	\$320	9.6%	n/a	n/a
1971-72	\$451	4.9%	\$451	4.9%	\$349	9.1%	n/a	n/a
1972-73	\$470	4.2%	\$470	4.2%	\$400	14.6%	\$400	n/a
1973-74	\$513	9.1%	\$513	9.1%	\$445	11.3%	\$426	6.5%
1974-75	\$522	1.8%	\$522	1.8%	\$468	5.2%	\$440	3.3%
1975-76	\$540	3.4%	\$540	3.4%	\$524	12.0%	\$524	19.1%
1976-77	\$574	6.3%	\$574	6.3%	\$544	3.8%	\$518	-1.1%
1977-78	\$631	9.9%	\$631	9.9%	\$581	6.8%	\$558	7.7%
1978-79	\$712	12.8%	\$712	12.8%	\$620	6.7%	\$610	9.3%
1979-80	\$769	8.0%	\$769	8.0%	\$677	9.2%	\$677	11.0%
1980-81	\$832	8.2%	\$832	8.2%	\$721	6.5%	\$721	6.5%
1981-82	\$865	4.0%	\$865	4.0%	\$753	4.4%	\$753	4.4%
1982-83	\$994	14.9%	\$994	14.9%	\$836	11.0%	\$836	11.0%
1983-84	\$1,065	7.1%	\$1,065	7.1%	\$886	6.0%	\$836	0.0%
1984-85	\$1,150	8.0%	\$1,150	8.0%	\$980	10.6%	\$865	3.5%
1985-86	\$1,255	9.1%	\$1,255	9.1%	\$1,077	9.9%	\$1,024	18.4%
1986-87	\$1,431	14.0%	\$1,431	14.0%	\$1,202	11.6%	\$1,153	12.6%
1987-88	\$1,563	9.2%	\$1,563	9.2%	\$1,305	8.6%	\$1,251	8.5%
1988-89	\$1,679	7.4%	\$1,679	7.4%	\$1,363	4.4%	\$1,251	0.0%
1989-90	\$1,793	6.8%	\$1,793	6.8%	\$1,457	6.9%	\$1,251	0.0%
1990-91	\$1,882	5.0%	\$1,882	5.0%	\$1,528	4.9%	\$1,251	0.0%
1991-92	\$1,946	3.4%	\$1,946	3.4%	\$1,580	3.4%	\$1,293	3.4%
1992-93	\$2,076	6.7%	\$2,076	6.7%	\$1,686	6.7%	\$1,380	6.7%
1993-94	\$2,227	7.3%	\$2,206	6.3%	\$1,792	6.3%	\$1,467	6.3%
1994-95	\$2,415	8.4%	\$2,359	6.9%	\$1,916	6.9%	\$1,568	6.9%
1995-96	\$2,549	5.5%	\$2,513	6.5%	\$2,041	6.5%	\$1,670	6.5%
1996-97	\$2,651	4.0%	\$2,639	5.0%	\$2,143	5.0%	\$1,779	6.5%
1997-98	\$2,860	7.9%	\$2,847	7.9%	\$2,312	7.9%	\$1,956	9.9%
1998-99	\$3,001	4.9%	\$2,987	4.9%	\$2,426	4.9%	\$2,097	7.2%
1999-00	\$3,290	9.6%	\$3,194	6.9%	\$2,594	6.9%	\$2,264	8.0%
2000-01	\$3,290	0.0%	\$3,194	0.0%	\$2,594	0.0%	\$2,264	0.0%
2001-02	\$3,568	8.4%	\$3,462	8.4%	\$2,776	7.0%	\$2,422	7.0%
2002-03	\$3,854	8.0%	\$3,738	8.0%	\$3,000	8.1%	\$2,700	11.5%
2003-04	\$4,554	18.2%	\$4,439	18.8%	\$3,500	16.7%	\$3,200	18.5%
2004-05	\$5,254	15.4%	\$5,138	15.7%	\$4,000	14.3%	\$3,700	15.6%
2005-06	\$5,618	6.9%	\$5,494	6.9%	\$4,277	6.9%	\$3,977	7.5%
2006-07	\$6,000	6.8%	\$5,868	6.8%	\$4,568	6.8%	\$4,268	7.3%
2007-08	\$6,330	5.5%	\$6,191	5.5%	\$4,819	5.5%	\$4,268	0.0%
2008-09	\$6,678	5.5%	\$6,531	5.5%	\$5,084	5.5%	\$4,268	0.0%
2009-10	\$7,296	(1) 9.3%	\$6,890	5.5%	\$5,364	5.5%	\$4,268	0.0%
2010-11	\$7,933	(1) 8.7%	\$7,269	5.5%	\$5,659	5.5%	\$4,268	0.0%
2011-12	\$8,592	(1) 8.3%	\$7,669	5.5%	\$5,970	5.5%	\$4,502	5.5%
2012-13	\$9,273	(1) 7.9%	\$8,091	5.5%	\$6,298	5.5%	\$4,750	5.5%
2013-14	\$9,273	(1) 0.0%	\$8,091	0.0%	\$6,298	0.0%	\$4,750	0.0%
2014-15	\$9,273	(1) 0.0%	\$8,091	0.0%	\$6,298	0.0%	\$4,750	0.0%
2015-16	\$9,273	(1) 0.0%	\$8,091	0.0%	\$6,298	0.0%	\$4,750	0.0%

n/a: data not found

The above does not include segregated fees or differential tuition initiatives except as noted.

(1) Includes the Madison Initiative Differential Tuition

Source: Annual Operating Budget and Fee Schedule Documents

UW SYSTEM TUITION POLICIES

October 5, 2015

Policy	Policy Summary Specific to Tuition *
BOARD POLICIES	
Tuition Policy Principles (RPD 32-5), https://www.wisconsin.edu/regents/policies/tuition-policy-principles/	This policy delineates eight principles that guide tuition setting in the UW System. These principles include setting tuition rates that maintain a balance between quality, access, and ability to pay; keeping tuition increases moderate and predictable; and charging nonresident students higher rates than resident students, though the rates for nonresident students should be competitive with those charged at peer institutions.
Student Involvement in Differential Tuition Initiatives (RPD 32-7), https://www.wisconsin.edu/regents/policies/student-involvement-in-differential-tuition-initiatives/	The policy describes procedures for student involvement in differential tuition initiatives; establishes requirements for differential tuition proposals; and instructs the UW System President to develop guidelines for preparing differential tuition proposals.
Tuition Structure: 12-18 Credit Plateau (RPD 32-4), https://www.wisconsin.edu/regents/policies/tuition-structure-12-18-credit-plateau/	This policy establishes the 12 to 18 credit plateau tuition structure as the general tuition policy of the UW System, but permits UW institutions to seek approval from the Board to adopt a per credit structure.
Excess Credit Policy (RPD 4-15), https://www.wisconsin.edu/regents/policies/excess-credit-policy/	The policy instructs the UW System President and the Chancellors to assess a per-credit surcharge, equal to 100 percent of the regular resident tuition, on all resident undergraduate students who have accumulated 165 credits (or 30 credits more than required by the degree programs, whichever is greater), but allows UW institutions to provide exceptions to this surcharge where appropriate.
Delegation of Authority Regarding Residence Classification (RPD 32-1), https://www.wisconsin.edu/regents/policies/delegation-of-authority-regarding-residence-classification/	This policy delegates to the Chancellors authority to make final decisions concerning the residence classification of students for tuition purposes.
Nonresident Tuition Remission Delegated to Chancellors (RPD 32-2), https://www.wisconsin.edu/regents/policies/nonresident-tuition-remission-delegated-to-chancellors/	The policy delegates authority to the Chancellors to remit nonresident tuition and charges the UW System Vice President for Business and Finance with the responsibility for monitoring the granting of such remissions.
Delegation of Authority to Establish Graduate Resident Tuition Remissions (RPD 32-6), https://www.wisconsin.edu/regents/policies/delegation-of-authority-to-establish-graduate-resident-tuition-remissions/	This policy revises the delegation of authority to the Chancellors to remit nonresident tuition and fees, in whole or part, to resident and nonresident graduate students who are fellows or who are employed within the UW System with an amount equal to at least 33 percent of a full-time equivalent position. This revision was to reflect statutory language changes.

Policy	Policy Summary Specific to Tuition *
<p>Academic Student Fee Structure (RPD 32-3), https://www.wisconsin.edu/regents/policies/academic-student-fee-structure/</p>	<p>This policy approves the transmittal of the Academic Student Fee Structure Policy Paper to the Joint Committee on Finance, as directed by 1987 Wisconsin Act 27, section 3054(3g).</p> <p>The Legislature was concerned that the UW System's tuition structure (plateau system) had led to increases in bottlenecks or closed courses and higher costs for part-time students, and directed the UW System to report on a plan for restructuring tuition beginning in the fall semester of the 1989-90 academic year. The paper discusses the straight per credit fee structure and its effects. The paper recommends against changing to a straight per credit tuition structure, but recommends establishing a cap on the plateau range.</p>
FINANCIAL AND ADMINISTRATIVE POLICIES	
<p>Tuition and Fee Policies for Credit Instruction (F44), https://www.wisconsin.edu/financial-administration/financial-administrative-policies-procedures/fppp/f44-tuition-and-fee-policies-for-credit-instruction/</p>	<p>The policy delineates the tuition and fees structure in the UW System. The policy lists 26 different tuition and fees, including resident, nonresident, graduate, undergraduate, excess credits surcharge, differential tuition, service-based pricing, remedial course fees, audit, and multiple campus enrollments.</p>
<p>Extramural Support for Instructional Programs (F22), https://www.wisconsin.edu/financial-administration/financial-administrative-policies-procedures/fppp/f22-extramural-support-for-instructional-programs/</p>	<p>The policy establishes the different costs extramural sponsors should reimburse to the UW System. Costs include direct, indirect, and segregated fees if offered on UW facilities.</p>
<p>Study Abroad Programs (F45), https://www.wisconsin.edu/financial-administration/financial-administrative-policies-procedures/fppp/f45study-abroad-programs/</p>	<p>The policy establishes cost recovery as the basis for which study abroad programs are financed.</p>
<p>Summer Short Courses (G35), https://www.wisconsin.edu/financial-administration/financial-administrative-policies-procedures/gapp-numeric-index/g35-summer-short-courses/</p>	<p>The policy provides criteria for determining the special fees for summer short courses. The fees must be sufficient to cover all projected direct costs and not be less than the per-credit resident fee.</p>
<p>Student Technology Fee Expenditures (F49), https://www.wisconsin.edu/financial-administration/financial-administrative-policies-procedures/fppp/f49-student-technology-fee-expenditures/</p>	<p>The policy implements the special tuition increase or tuition surcharge approved by the Legislature in the 1993-95 biennium for student technology. This fee is set as a percentage of tuition – two percent at most UW System institutions currently.</p>

Policy	Policy Summary Specific to Tuition *
Cooperative Educational Fee Schedules (G30), https://www.wisconsin.edu/financial-administration/financial-administrative-policies-procedures/gapp-numeric-index/g30-cooperative-educational-fee-schedules/	The policy authorizes UW System institutions to negotiate agreements establishing fees for academic programs offered between two or more UW System institutions. As part of the cooperative agreement, the fee schedule applying at the host institution may be applied to all courses taught at the host institution and the host institution may agree to provide all administrative services for the specified programs.
College Credit in High Schools (G36), https://www.wisconsin.edu/financial-administration/financial-administrative-policies-procedures/gapp-numeric-index/g36-college-credit-in-high-schools/	The policy establishes the per-credit resident tuition as the rate to charge high school students taking UW courses held at Wisconsin high schools for college credit.
OTHER POLICIES	
Definition of Institution-Wide Differential Tuition (Budget and Planning policy), https://www.wisconsin.edu/budget-planning/download/tuition_tuition_policy/differential_tuition_policy/Institution-Wide%20Differential%20Tuition.pdf	The policy establishes the procedures for UW System institutions when proposing institution-wide differential tuition. Procedures call for student consultation before the proposals are submitted to the Board for approval.
Definition of Program Specific Differential Tuition (Budget and Planning policy), https://www.wisconsin.edu/budget-planning/download/tuition_tuition_policy/differential_tuition_policy/Program%20Specific%20Differential%20Tuition.pdf	The policy establishes the procedures for UW System institutions when proposing program specific differential tuition. Procedures call for student consultation before the proposals are submitted to the Board for approval.
Differential Tuition Process Timelines (Budget and Planning policy), https://www.wisconsin.edu/budget-planning/download/tuition_tuition_policy/differential_tuition_policy/Differential%20Tuition%20Process%20Timeline.pdf	The policy requires UW System institutions to provide in their differential tuition proposals the proposed special tuition rate expressed as either a percentage tuition increase or as a flat dollar increase.

Policy	Policy Summary Specific to Tuition *
<p>Policy Regarding Offering of On-Site Undergraduate and Graduate and Other Instruction Programs Beyond the Boundaries of the State by UW System Units (Academic Information Series 2.0 Revised), https://www.wisconsin.edu/program-planning/download/University%20of%20Wisconsin%20System%20Policy%20Regarding%20Offering%20of%20On-Site%20Undergraduate%20and%20Graduate%20and%20Other%20Instruction%20Programs.pdf</p>	<p>The policy requires that all undergraduate and graduate instruction offered by UW System institutions in another state be funded only through 104-02. Fund 104-02 dictates that that charges for courses offered under this policy be based on at least full cost recovery and may be higher than regular tuition.</p>
<p>Programming for the Non-Traditional Market in the University of Wisconsin System (Academic Information Series 5.4 Rev), https://www.wisconsin.edu/program-planning/download/Programming%20for%20the%20Non-Traditional%20Market%20in%20the%20UW%20System.pdf</p>	<p>The policy provides the principles for pricing programs for the non-traditional markets. Service-based pricing should be used for programs that are offered, in whole or in part, through a face-to-face delivery mode. Distance education pricing guidelines should be used for programs that are provided exclusively by distance education. Any contract instruction must cover the cost of the programs being offered and must not delivered at a cost lower than the Regent-approved cost per credit of traditional programs.</p>

* Policy may also address other areas. This summary pertains to tuition only.

Office of the Board of Regents, 10/5/2015

Table C-1

**University of Wisconsin System
2015-16
Tuition Schedule**

	Annual Tuition	Semester Tuition	Summer Tuition ¹
UW-Madison			
Resident			
Undergraduate	\$9,273	\$4,637	\$2,318
Bachelor's of Business Administration	\$10,273	\$5,137	\$2,568
Certificate in Business	\$9,573	\$4,787	\$2,393
Engineering	\$10,673	\$5,337	\$2,668
Graduate	\$10,728	\$5,364	\$2,682
Business Masters ²	\$14,476	\$7,238	\$3,619
Law School	\$20,235	\$10,118	\$5,059
Medical School	\$26,117	\$13,058	N/A
Veterinary School	\$19,676	\$9,838	\$4,919
Pharmacy	\$16,521	\$8,260	\$4,130
Doctor of Nursing Practice ⁸	\$14,809	N/A	N/A
Nonresident			
Undergraduate	\$28,523	\$14,262	\$7,131
Undergraduate - International	\$29,523	\$14,762	\$7,381
Bachelor's of Business Administration	\$29,523	\$14,762	\$7,381
Bachelor's of Business Administration - International	\$30,523	\$15,262	\$7,631
Certificate in Business	\$28,823	\$14,412	\$7,206
Certificate in Business - International	\$29,823	\$14,912	\$7,456
Engineering	\$29,923	\$14,961	\$7,481
Engineering - International	\$30,923	\$15,462	\$7,731
Graduate	\$24,054	\$12,027	\$6,014
Business Masters ²	\$29,293	\$14,646	\$7,323
Law School	\$38,932	\$19,466	\$9,733
Medical School	\$36,013	\$18,006	N/A
Veterinary School	\$29,769	\$14,885	\$7,442
Pharmacy	\$30,100	\$15,050	\$7,525
Doctor of Nursing Practice ⁸	\$32,068	N/A	N/A
UW-Milwaukee			
Resident			
Undergraduate	\$8,091	\$4,046	\$2,023
Graduate	\$10,387	\$5,193	\$2,597
Communication Science and Disorders	\$12,464	\$6,232	\$3,116
Occupational Therapy	\$12,464	\$6,232	\$3,116
Business Masters	\$12,429	\$6,214	\$3,107
Nonresident			
Undergraduate	\$18,265	\$9,132	\$4,566
MSEP - Undergraduate	\$12,137	\$6,068	\$3,034
Graduate	\$23,424	\$11,712	\$5,856
MSEP - Graduate	\$15,580	\$7,790	\$3,895
Communication Science and Disorders	\$28,245	\$14,123	\$7,061
Occupational Therapy	\$28,245	\$14,123	\$7,061
Business Masters	\$25,653	\$12,827	\$6,413
MSEP - Business Masters	\$15,580	\$7,790	\$3,895

Table C-1 (Continued)

**University of Wisconsin System
2015-16
Tuition Schedule**

	Annual Tuition	Semester Tuition	Summer Tuition ¹
<u>UW-Milwaukee (Continued)</u>			
Resident and Nonresident Students³			
Sheldon B. Lubar School of Business Administration		\$21	\$21
College of Engineering and Applied Science		\$22	\$22
College of Nursing		\$32	\$32
Peck School of the Arts		\$22	\$22
School of Architecture 100 Level Courses		\$12	\$12
School of Architecture 200-800 Level Courses		\$43	\$43
<u>UW-Eau Claire</u>			
Resident			
Undergraduate	\$7,361	\$3,681	\$1,840
Material Science and Engineering	\$8,761	\$4,381	\$2,190
Graduate ⁴	\$7,640	\$3,820	\$2,122
Business Masters	\$8,195	\$4,097	\$2,276
Nonresident			
Undergraduate	\$14,934	\$7,467	\$3,734
Return to Wisconsin Program	\$11,466	\$5,733	\$2,867
MSEP - Undergraduate	\$10,511	\$5,255	\$2,628
Material Science and Engineering	\$16,334	\$8,167	\$4,084
Return to Wisconsin - Material Science and Engineering	\$12,516	\$6,258	\$3,129
MSEP - Material Science and Engineering	\$12,610	\$6,305	\$3,153
Graduate ⁴	\$16,771	\$8,386	\$4,659
MSEP - Graduate	\$11,461	\$5,730	\$3,184
Business Masters	\$17,351	\$8,676	\$4,820
MSEP - Business Masters	\$12,015	\$6,007	\$3,337
<u>UW-Green Bay</u>			
Resident			
Undergraduate	\$6,298	\$3,149	\$1,575
Engineering Technology	\$7,698	\$3,849	\$1,925
Graduate ⁴	\$7,640	\$3,820	\$2,122
Nonresident			
Undergraduate	\$13,871	\$6,936	\$3,468
Return to Wisconsin	\$10,404	\$5,202	\$2,601
MSEP - Undergraduate	\$9,448	\$4,724	\$2,362
Engineering Technology	\$15,271	\$7,636	\$3,818
Return to Wisconsin - Engineering Technology	\$11,454	\$5,727	\$2,863
MSEP - Engineering Technology	\$11,547	\$5,774	\$2,887
Graduate ⁴	\$16,771	\$8,386	\$4,659
MSEP - Graduate	\$11,461	\$5,730	\$3,184

Table C-1 (Continued)

**University of Wisconsin System
2015-16
Tuition Schedule**

	Annual Tuition	Semester Tuition	Summer Tuition ¹
<u>UW-La Crosse</u>			
Resident			
Undergraduate	\$7,585	\$3,792	\$1,896
Graduate	\$8,162	\$4,081	\$2,267
Occupational Therapy	\$9,767	\$4,883	\$2,713
Business Masters	\$8,716	\$4,358	\$2,421
Physical Therapy/Physician Assistant	\$9,767	\$4,883	\$2,713
Physical Therapy - Doctoral Program	\$10,899	\$5,450	\$2,725
Nonresident			
Undergraduate	\$15,536	\$7,768	\$3,884
Return to Wisconsin	\$11,974	\$5,987	\$2,993
MSEP - Undergraduate	\$10,734	\$5,367	\$2,684
Graduate	\$17,750	\$8,875	\$4,931
MSEP - Graduate	\$12,174	\$6,087	\$3,382
Occupational Therapy	\$21,272	\$10,636	\$5,909
Business Masters	\$18,330	\$9,165	\$5,092
MSEP - Bus Masters	\$12,728	\$6,364	\$3,535
Physical Therapy/Physician Assistant	\$21,272	\$10,636	\$5,909
Physical Therapy - Doctoral Program	\$23,988	\$11,994	\$5,997
<u>UW-Oshkosh</u>			
Resident			
Undergraduate	\$6,422	\$3,211	\$1,606
Engineering Technology	\$7,822	\$3,911	\$1,956
Graduate ⁴	\$7,640	\$3,820	\$2,122
Business Masters	\$8,195	\$4,097	\$2,276
Nonresident			
Undergraduate	\$13,995	\$6,998	\$3,499
Return to Wisconsin Program	\$10,527	\$5,264	\$2,632
MSEP - Undergraduate	\$9,571	\$4,786	\$2,393
Engineering Technology	\$15,395	\$7,698	\$3,849
Return to Wisconsin - Engineering Technology	\$11,577	\$5,789	\$2,894
MSEP - Engineering Technology	\$11,671	\$5,836	\$2,918
Graduate ⁴	\$16,771	\$8,386	\$4,659
MSEP - Graduate	\$11,461	\$5,730	\$3,184
Business Masters	\$17,351	\$8,676	\$4,820
MSEP - Business Masters	\$12,015	\$6,007	\$3,337
<u>UW-Parkside</u>			
Resident			
Undergraduate	\$6,298	\$3,149	\$1,575
Graduate	\$7,870	\$3,935	\$2,186
Business Masters	\$8,195	\$4,097	\$2,276
Nonresident			
Undergraduate	\$14,287	\$7,144	\$3,572
Return to Wisconsin	\$10,716	\$5,358	\$2,679
MSEP - Undergraduate	\$9,448	\$4,724	\$2,362
Graduate	\$17,274	\$8,637	\$4,798
MSEP - Graduate	\$11,804	\$5,902	\$3,279
Business Masters	\$17,351	\$8,676	\$4,820
MSEP - Business Masters	\$12,129	\$6,065	\$3,369

Table C-1 (Continued)

University of Wisconsin System
2015-16
Tuition Schedule

	Annual Tuition	Semester Tuition	Summer Tuition ¹
<u>UW-Platteville</u>			
Resident			
Undergraduate	\$6,418	\$3,209	\$1,605
Graduate ⁴	\$7,640	\$3,820	\$2,122
School of Education ⁵		\$460	\$460
Nonresident			
Undergraduate	\$14,268	\$7,134	\$3,567
Undergraduate Tri-State Initiative	\$11,018	\$5,509	\$2,755
Undergraduate-International	\$15,269	\$7,634	\$3,817
MSEP - Undergraduate	\$9,567	\$4,784	\$2,392
Graduate ⁴	\$16,771	\$8,386	\$4,659
School of Education ⁵		\$460	\$460
<u>UW-River Falls</u>			
Resident			
Undergraduate	\$6,428	\$3,214	\$1,607
Graduate ⁴	\$7,640	\$3,820	\$2,122
Master of Science in Communicative Disorders ⁵		\$424	\$424
STEMTeach ⁵		\$424	\$424
Master of Science in Computer Science ⁵		\$692	\$692
Master of Clinical Exercise Physiology ⁵		\$500	\$500
Nonresident			
Undergraduate	\$14,001	\$7,001	\$3,500
Return to Wisconsin Program	\$10,534	\$5,267	\$2,633
MSEP - Undergraduate	\$9,578	\$4,789	\$2,394
Graduate ⁴	\$16,771	\$8,386	\$4,659
Master of Science in Communicative Disorders ⁵		\$932	\$932
STEMTeach ⁵		\$932	\$932
Master of Science in Computer Science ⁵		\$692	\$692
Master of Clinical Exercise Physiology ⁵		\$500	\$500
<u>UW-Stevens Point</u>			
Resident			
Undergraduate	\$6,298	\$3,149	\$1,575
Graduate	\$7,870	\$3,935	\$2,186
Collaborative Audiology	\$10,728	\$5,364	\$2,682
Nonresident			
Undergraduate	\$14,565	\$7,282	\$3,641
Return to Wisconsin	\$10,924	\$5,462	\$2,731
MSEP - Undergraduate	\$9,448	\$4,724	\$2,362
Graduate	\$17,274	\$8,637	\$4,798
MSEP - Graduate	\$11,804	\$5,902	\$3,279
Collaborative Audiology	\$24,054	\$12,027	\$6,014

Table C-1 (Continued)

**University of Wisconsin System
2015-16
Tuition Schedule**

	Annual Tuition	Semester Tuition	Summer Tuition ¹
UW-Stout⁶			
Resident			
Undergraduate		\$234	\$234
Mechanical Engineering		\$292	\$292
Graduate		\$367	\$367
M.S. Applied Psychology		\$380	\$380
M.S. Clinical Mental Health Counseling		\$384	\$384
M.S. Food and Nutrition Sciences		\$380	\$380
M.S. Marriage and Family Therapy		\$389	\$389
M.S. School Counseling		\$389	\$389
M.S. School Psychology		\$389	\$389
Ed.S. School Psychology		\$384	\$384
M.S. Vocational Rehabilitation, Rehabilitation Counseling		\$389	\$389
Nonresident			
Undergraduate		\$492	\$492
Return to Wisconsin		\$372	\$372
MSEP - Undergraduate		\$345	\$345
Mechanical Engineering		\$550	\$550
Return to Wisconsin - Mechanical Engineering		\$416	\$416
MSEP - Mechanical Engineering		\$433	\$433
Graduate		\$778	\$778
MSEP - Graduate		\$542	\$542
M.S. Applied Psychology		\$792	\$792
MSEP - M.S. Applied Psychology		\$562	\$562
M.S. Clinical Mental Health Counseling		\$796	\$796
MSEP - M.S. Clinical Mental Health Counseling		\$568	\$568
M.S. Food and Nutrition Sciences		\$792	\$792
MSEP - M.S. Food and Nutrition Sciences		\$562	\$562
M.S. Marriage and Family Therapy		\$801	\$801
MSEP - M.S. Marriage and Family Therapy		\$575	\$575
M.S. School Counseling		\$801	\$801
MSEP - M.S. School Counseling		\$575	\$575
M.S. School Psychology		\$801	\$801
MSEP - M.S. School Psychology		\$575	\$575
Ed.S. School Psychology		\$796	\$796
MSEP - Ed.S. School Psychology		\$568	\$568
M.S. Vocational Rehabilitation, Rehab. Counseling		\$801	\$801
MSEP - M.S. Vocational Rehabilitation, Rehab. Counseling		\$575	\$575
UW-Superior			
Resident			
Undergraduate	\$6,535	\$3,268	\$1,634
Graduate ⁴	\$7,640	\$3,820	\$2,122
Nonresident			
Undergraduate	\$14,108	\$7,054	\$3,527
MSEP - Undergraduate	\$9,685	\$4,842	\$2,421
Graduate ⁴	\$16,771	\$8,386	\$4,659
MSEP - Graduate	\$11,461	\$5,730	\$3,184
Resident and Nonresident Students³			
Natural Sciences Department		\$12	\$12

Table C-1 (Continued)

**University of Wisconsin System
2015-16
Tuition Schedule**

	Annual Tuition	Semester Tuition	Summer Tuition ¹
<u>UW-Whitewater</u>			
Resident			
Undergraduate	\$6,519	\$3,259	\$1,630
Graduate	\$7,793	\$3,897	\$2,165
Business Masters	\$8,358	\$4,179	\$2,322
Online MBA	\$11,306	\$5,653	\$3,141
Nonresident			
Undergraduate	\$14,592	\$7,296	\$3,648
Return to Wisconsin Program	\$10,999	\$5,499	\$2,750
MSEP - Undergraduate	\$9,668	\$4,834	\$2,417
Graduate	\$17,107	\$8,553	\$4,752
MSEP - Graduate	\$11,690	\$5,845	\$3,247
Business Masters	\$17,698	\$8,849	\$4,916
MSEP - Business Masters	\$12,255	\$6,128	\$3,404
Online MBA	\$11,306	\$5,653	\$3,141
<u>UW Colleges</u>			
Resident			
Undergraduate	\$4,750	\$2,375	\$1,188
Bachelor of Applied Arts and Sciences (BAAS) ⁷		\$262	\$262
Nonresident			
Undergraduate	\$11,734	\$5,867	\$2,934
Bachelor of Applied Arts and Sciences (BAAS) ⁷		\$578	\$578
MSEP - Undergraduate	\$7,126	\$3,563	\$1,781

¹Represents tuition for a "full-time" summer session student, which is defined as half of the full-time academic year semester load.

²Includes the full-time MBA, Masters of Accountancy, Global Real Estate Master, and the MS in Applied Security Analysis.

³These per-credit amounts are in addition to the regular tuition for students taking courses in these disciplines.

⁴Graduate students at UW-Eau Claire, UW-Green Bay, UW-Oshkosh, UW-Platteville, UW-River Falls, and UW-Superior pay summer tuition on a per-credit basis.

⁵These programs charge per-credit tuition and are exempt from the board-approved tuition plateau.

⁶UW-Stout charges a per-credit tuition rate.

⁷The Bachelor of Applied Arts and Sciences (BAAS) is a degree completion program that charges a per-credit rate. The total tuition charge will not exceed the plateau rate at the partner institution. The BAAS program offered in partnership with UW-Stout will not exceed the tuition charged by UW-Stout.

⁸The Doctor of Nursing Practice is a full-year program, including summer term. The rate shown is the full-year rate.

Table C-2

**University of Wisconsin System
2015-16
Consolidated Schedule of Tuition and Segregated Fees**

Doctoral Universities	Tuition		Segregated Fees ¹	Total Tuition and Fees	
	Resident	Nonresident		Resident	Nonresident
Undergraduate					
UW-Madison	\$9,273	\$28,523	\$1,142	\$10,416	\$29,665
UW-Milwaukee	\$8,091	\$18,265	\$1,338	\$9,429	\$19,603
Graduate					
UW-Madison	\$10,728	\$24,054	\$1,142	\$11,870	\$25,197
UW-Milwaukee	\$10,387	\$23,424	\$1,338	\$11,725	\$24,762
Law	\$20,235	\$38,932	\$1,142	\$21,378	\$40,074
Medicine	\$26,117	\$36,013	\$1,142	\$27,259	\$37,155
Veterinary Medicine	\$19,676	\$29,769	\$1,142	\$20,819	\$30,912
Comprehensive Universities					
Undergraduate					
UW-Eau Claire	\$7,361	\$14,934	\$1,261	\$8,622	\$16,195
UW-Green Bay	\$6,298	\$13,871	\$1,526	\$7,824	\$15,397
UW-La Crosse	\$7,585	\$15,536	\$1,073	\$8,658	\$16,609
UW-Oshkosh	\$6,422	\$13,995	\$1,065	\$7,487	\$15,060
UW-Parkside	\$6,298	\$14,287	\$1,043	\$7,341	\$15,330
UW-Platteville	\$6,418	\$14,268	\$915	\$7,333	\$15,183
UW-River Falls	\$6,428	\$14,001	\$1,357	\$7,785	\$15,358
UW-Stevens Point	\$6,298	\$14,565	\$1,193	\$7,492	\$15,758
UW-Superior	\$6,535	\$14,108	\$1,501	\$8,037	\$15,610
UW-Whitewater	\$6,519	\$14,592	\$956	\$7,475	\$15,548
UW-Stout ²	\$234	\$492	\$35	\$268	\$527
Graduate					
UW-Eau Claire	\$7,640	\$16,771	\$1,261	\$8,901	\$18,032
UW-Green Bay	\$7,640	\$16,771	\$1,526	\$9,166	\$18,297
UW-La Crosse	\$8,162	\$17,750	\$1,073	\$9,235	\$18,823
UW-Oshkosh	\$7,640	\$16,771	\$1,065	\$8,705	\$17,836
UW-Parkside	\$7,870	\$17,274	\$1,043	\$8,913	\$18,317
UW-Platteville	\$7,640	\$16,771	\$915	\$8,555	\$17,686
UW-River Falls	\$7,640	\$16,771	\$1,357	\$8,997	\$18,128
UW-Stevens Point	\$7,870	\$17,274	\$1,193	\$9,063	\$18,468
UW-Superior	\$7,640	\$16,771	\$1,501	\$9,142	\$18,273
UW-Whitewater	\$7,793	\$17,107	\$956	\$8,749	\$18,063
UW-Stout ²	\$367	\$778	\$47	\$415	\$826
UW Colleges					
UW-Baraboo/Sauk	\$4,750	\$11,734	\$452	\$5,203	\$12,186
UW-Barron	\$4,750	\$11,734	\$434	\$5,184	\$12,168
UW-Fond Du Lac	\$4,750	\$11,734	\$459	\$5,210	\$12,194
UW-Fox Valley	\$4,750	\$11,734	\$279	\$5,029	\$12,013
UW-Manitowoc	\$4,750	\$11,734	\$358	\$5,108	\$12,092
UW-Marathon	\$4,750	\$11,734	\$382	\$5,132	\$12,116
UW-Marinette	\$4,750	\$11,734	\$355	\$5,106	\$12,089
UW-Marshfield/Wood	\$4,750	\$11,734	\$392	\$5,143	\$12,126
UW-Richland	\$4,750	\$11,734	\$580	\$5,330	\$12,314
UW-Rock County	\$4,750	\$11,734	\$379	\$5,130	\$12,113
UW-Sheboygan	\$4,750	\$11,734	\$386	\$5,137	\$12,120
UW-Washington	\$4,750	\$11,734	\$350	\$5,100	\$12,084
UW-Waukesha	\$4,750	\$11,734	\$362	\$5,113	\$12,096

¹ Excludes textbook rental fees.

² UW-Stout charges per-credit tuition and segregated fees. The E-Stout fee is not included.

Tuition and segregated fee rates shown in this table have been rounded to the dollar. Campus fee schedules and student billing statements will include actual rates that will be within a dollar of these rates.

UW System Differential Tuition by Institution – June 2015

Institution	Tuition Program	Description	Pricing	Annual Increase
UW-Madison	School of Business - Undergraduate	Implemented Fall 2007. The differential rate applies to all undergraduate students enrolled in the Bachelor of Business Administration (BBA) major and Certificate in Business (CIB) program. The differential will be reviewed by the campus and students after the 2011-12 academic year.	BBA tuition increased by \$500 per semester (\$1,000 per year). CIB tuition increased by \$150 per semester (\$300 per year).	None
	School of Engineering – Undergraduate Differential Tuition	The differential applies to all undergraduate students enrolled in the Engineering major beginning in Fall 2008. The differential increases the number of faculty, expands student services, and funds new programs. The College of Engineering committed to raising funds for need-based financial aid.	The differential is \$700 per semester (\$1,400 per year).	None
	The Madison Initiative for Undergraduates	Approved in May 2009. The differential applies to all undergraduate students. The differential will improve quality by increasing student access to key courses and majors; introducing curricular and pedagogical change; improving vital student services; and enhancing access and affordability. The Initiative will add faculty and instructional support while increasing need-based financial aid. Students from families with an adjusted gross income of \$80,000 or less and with unmet financial need will be held harmless from the differential increase.	The differential is \$1,000 for residents and \$3,000 for nonresidents.	None

Differential Tuition (continued)

Institution	Tuition Program	Description	Pricing	Annual Increase
UW-Milwaukee	Peck School of the Arts - Undergraduate	Implemented Fall 2004. Differential rate applies to all undergraduate courses provided by the Peck School of the Arts, with the exception of eight 100-level General Education Requirement courses.	The differential is \$21.80 per credit in 2015-16.	None
	College of Engineering and Applied Science – Undergraduate and Graduate	Implemented Fall 2004. Applies to all undergraduate and graduate courses provided by the college.	The differential is \$21.63 per credit in 2015-16.	None
	Sheldon B. Lubar School of Business Administration – Undergraduate	Implemented Fall 2004. Differential rate applies to all 200- to 600-level courses provided by the School.	The differential is \$21.22 per credit in 2015-16.	None
	College of Nursing – Undergraduate	Implemented Fall 2004. Applies to all undergraduates enrolled in clinical major courses within the College.	The differential is \$31.52 per credit in 2015-16.	None
	School of Architecture and Urban Planning (SARUP) – Undergraduate and Graduate	Implemented Fall 2006. Supports a desktop computer workstation program with enhanced support services for architecture students.	\$11.55 per credit for all Department of Architecture courses and an additional \$31.45 per credit (\$43 per credit total) for all courses at the 200 through 800 levels.	May increase by 5% annually
UW-Eau Claire	The Blugold Commitment - Undergraduate	In 2010, UW-Eau Claire expanded their existing differential in support of the Blugold Commitment – a commitment to extraordinary learning, affordable education, and globally prepared graduates from Wisconsin. The differential supports high-impact practices, additional faculty, and financial aid.	For full-time resident and nonresident undergraduate students, the differential is \$1,063 per year in 2015-16. The Board-approved increase to \$1,363 per year in Fall 2013 was prevented by the tuition freeze.	None

Differential Tuition (continued)

Institution	Tuition Program	Description	Pricing	Annual Increase
UW-La Crosse	Academic Excellence Initiatives – Undergraduate and Graduate	Implemented Fall 2003 and reviewed in 2010. The differential provides financial support for academic advising, diversity initiatives, undergraduate research, and international education. The differential must be merged with the Growth, Quality, and Access differential in 2013.	The rate is \$69.96 per semester in Fall 2015. The Board-approved increase to \$74.16 per semester in Fall 2013 was prevented by the tuition freeze.	None
	Growth, Quality, and Access - Undergraduate	Approved by the Board of Regents in 2007. The differential does not apply to students enrolled before Fall 2008. The differential is used to hire additional faculty and staff and to purchase instructional supplies and equipment.	The differential is \$573.24 per semester (\$1,146.48 per year) in 2015-16.	Increase will be sufficient to cover salary and fringe increases and is not expected to be larger than the percent increase in resident undergraduate tuition.
UW-Oshkosh	Oshkosh Personal Development Compact – Undergraduate	Implemented Fall 2003 to enhance assessment, advising, co-curricular involvement, and emotional wellness. Emphasis is placed on student retention, reduced time to graduation, and increased graduation rates.	The undergraduate tuition differential is \$61.92 per semester (\$123.84 per year) in 2015-16.	None
UW-Platteville	Regional Enrollment Plan – Undergraduate	Implemented Fall 2005. Offers a differential tuition rate to nonresident, undergraduate students from Illinois and Iowa who enroll in fields that address the workforce needs of both new and established Wisconsin businesses.	Eligible students will be charged the resident tuition rate plus a premium of \$4,600 per year.	After Fall 2010, the premium may increase up to the resident undergraduate tuition rate.
	Academic and Support Services – Undergraduate	Approved in April 2008. The differential expands student services (e.g., Writing Center and Tutoring Center), supports additional mental health staff, funds career services staff, and provides financial support to students completing their senior capstone project.	Differential tuition will be 1.9% of the resident undergraduate tuition rate for all undergraduates. In 2015-16, this is \$59.88 per semester (\$119.76 per year).	As a percent of tuition, the differential increases with tuition

Differential Tuition (continued)

Institution	Tuition Program	Description	Pricing	Annual Increase
UW-River Falls	The Falcon Promise - Undergraduate	This institution-wide differential was initially implemented in Fall 2007 and was reviewed in 2011. The Falcon Promise supports enhanced library services, a testing center, tutoring services, undergraduate research and engagement opportunities, learning space upgrades, and the Falcon Scholars financial aid program.	The differential is \$65 per semester (\$130 per year). The Board-approved increase to \$160 per year in Fall 2013 was prevented by the tuition freeze.	None
UW-Stout	Customized Instruction	Implemented Fall 1999. Provides tuition flexibility to determine and charge market rates for customized programs, certificates, and courses to meet the needs of business and industry. Courses will be typically provided in alternative time frames (i.e., summer, evenings, and/or weekends.)	Market tuition rates will vary by program.	Variable based on market rates
	Access to Learning – Undergraduate and Graduate	Implemented Fall 1999. The differential tuition provides access to active learning programs that promote critical and creative thinking abilities in students. The differential provides expanded access to campus laboratories, cooperative education programs, field trips, and instructional materials.	Both residents and nonresidents pay the same differential tuition amount, which equals 5% of undergraduate and graduate tuition. In 2015-16, this was \$11.13 per credit for undergraduates and \$17.50 per credit for graduates.	As a percent of tuition, the differential increases with tuition

Differential Tuition (continued)

Institution	Tuition Program	Description	Pricing	Annual Increase
UW-Superior	The Superior Experience - Undergraduate	First approved in 2003. The Superior Experience supports technology for Swenson Hall, Jim Dan Hill Library acquisitions, and Career Services.	All undergraduate students are assessed an additional \$119 per semester (\$237 per year). The differential fee is prorated for part-time students.	None
	Natural Science Per-Credit Differential – Undergraduate	Implemented in Fall 2011. The per-credit differential on Department of Natural Sciences courses will support laboratory equipment, field trips, student assistants, and capstone research projects. The differential will replace all special course fees in the Department of Natural Sciences.	Undergraduate tuition increased by \$12.00 per credit on courses offered in the Department of Natural Sciences.	None
UW-Whitewater	Advising and Integrated Freshman Experience Program – Undergraduate	Implemented Fall 2002 to promote continual student success through a multilevel advising model and an integrated freshman experience program.	Undergraduate tuition increases by an amount equal to 3.5% of the resident undergraduate tuition rate. In 2015-16, this is \$110.28 per semester (\$220.56 per year).	As a percent of tuition, the differential increases with tuition

Wisconsin Demographics and Serving Undergraduate Resident Students

UW System Tuition-setting Policy Task Force

October 15, 2015

David J. Ward, Interim Vice President

Academic & Student Affairs

Outline

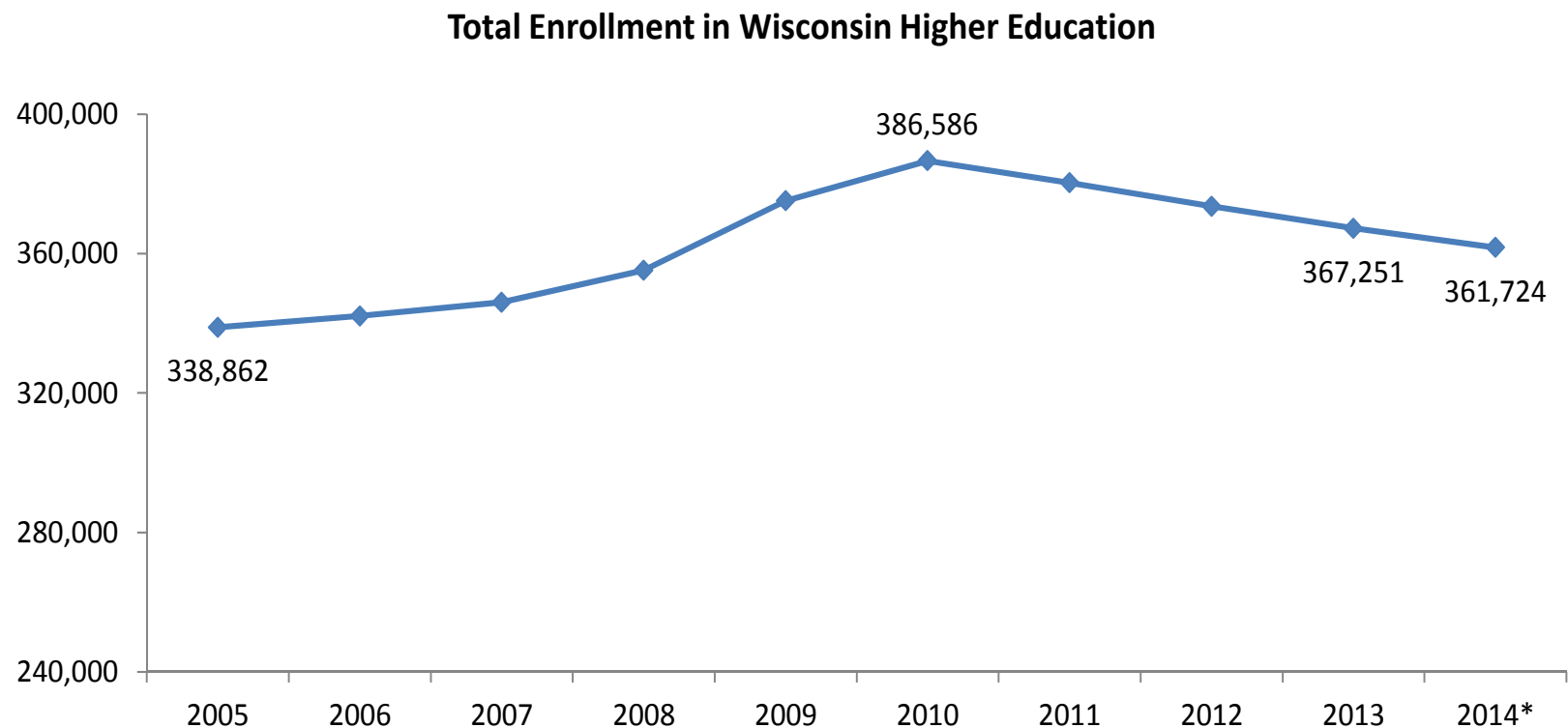
Overview of Enrollment Trends

Changing Demographics

Educational Attainment

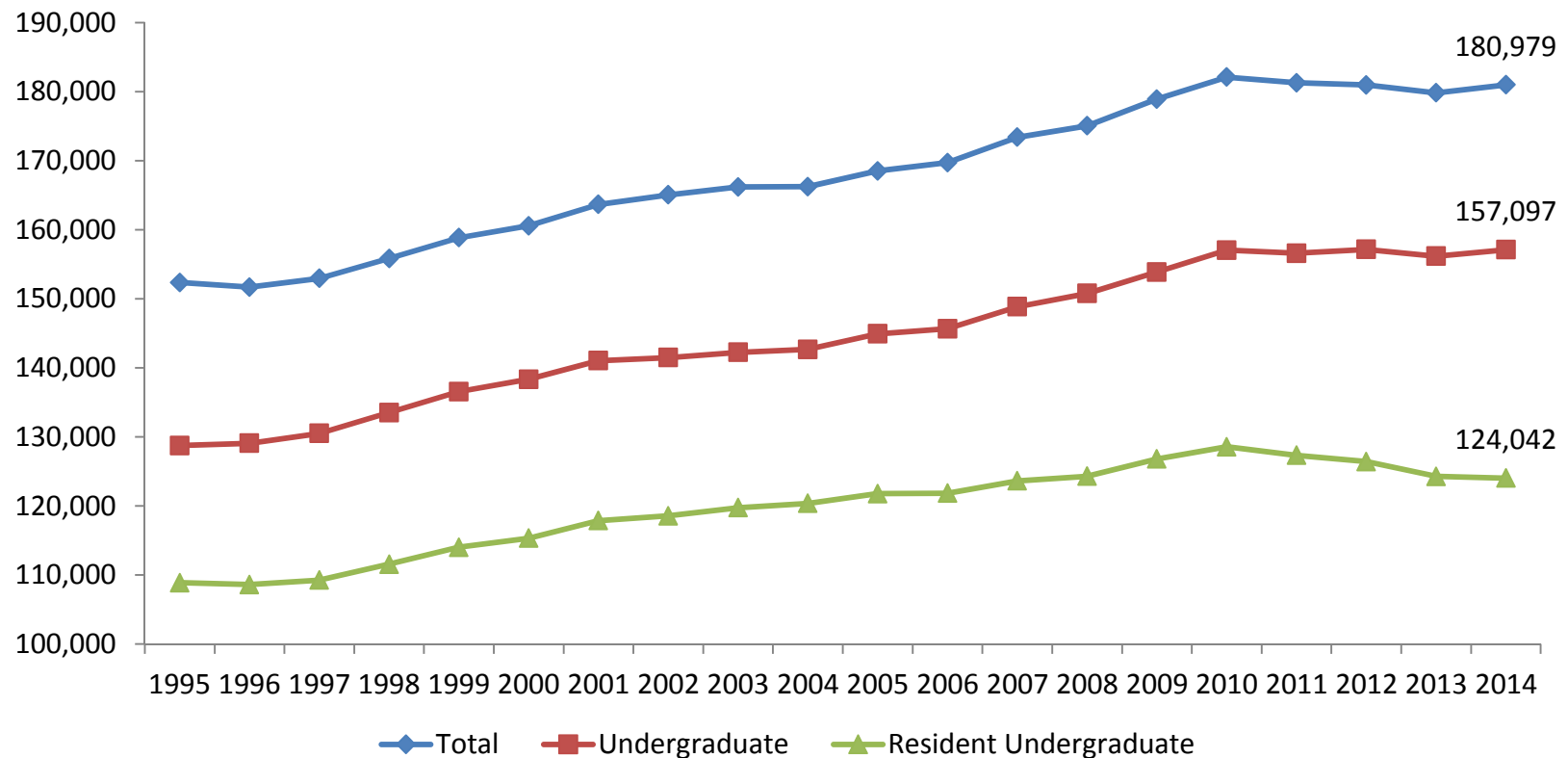
Overview of Enrollment Trends

Enrollment in Wisconsin higher education has declined from its peak in 2010

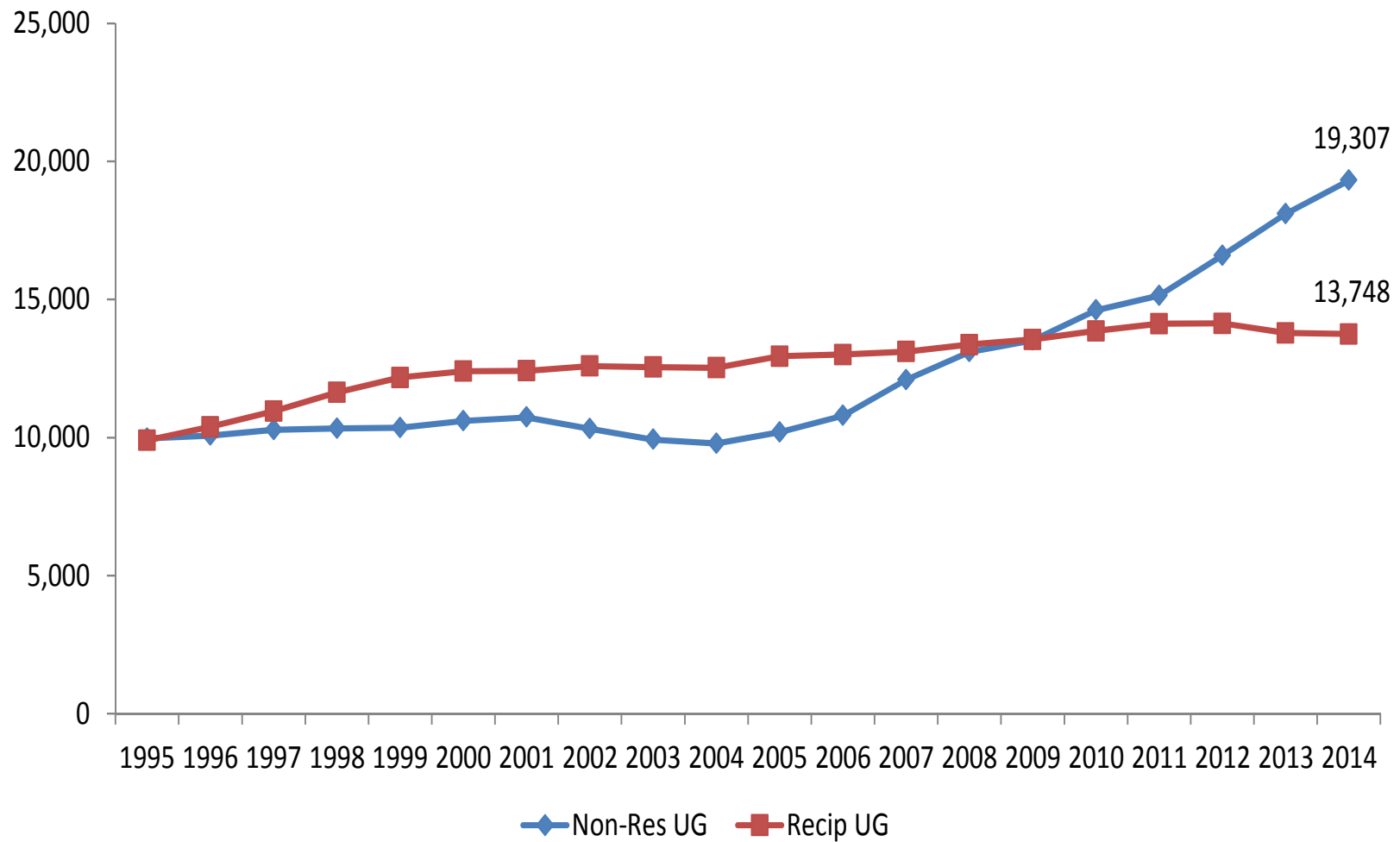


*2014 data are preliminary.

UW System enrollments have increased over the past two decades and held steady since 2010



UW System undergraduate non-resident and reciprocity enrollments have increased



Overall WI Higher Education Enrollment Trend

Opportunities

Challenges

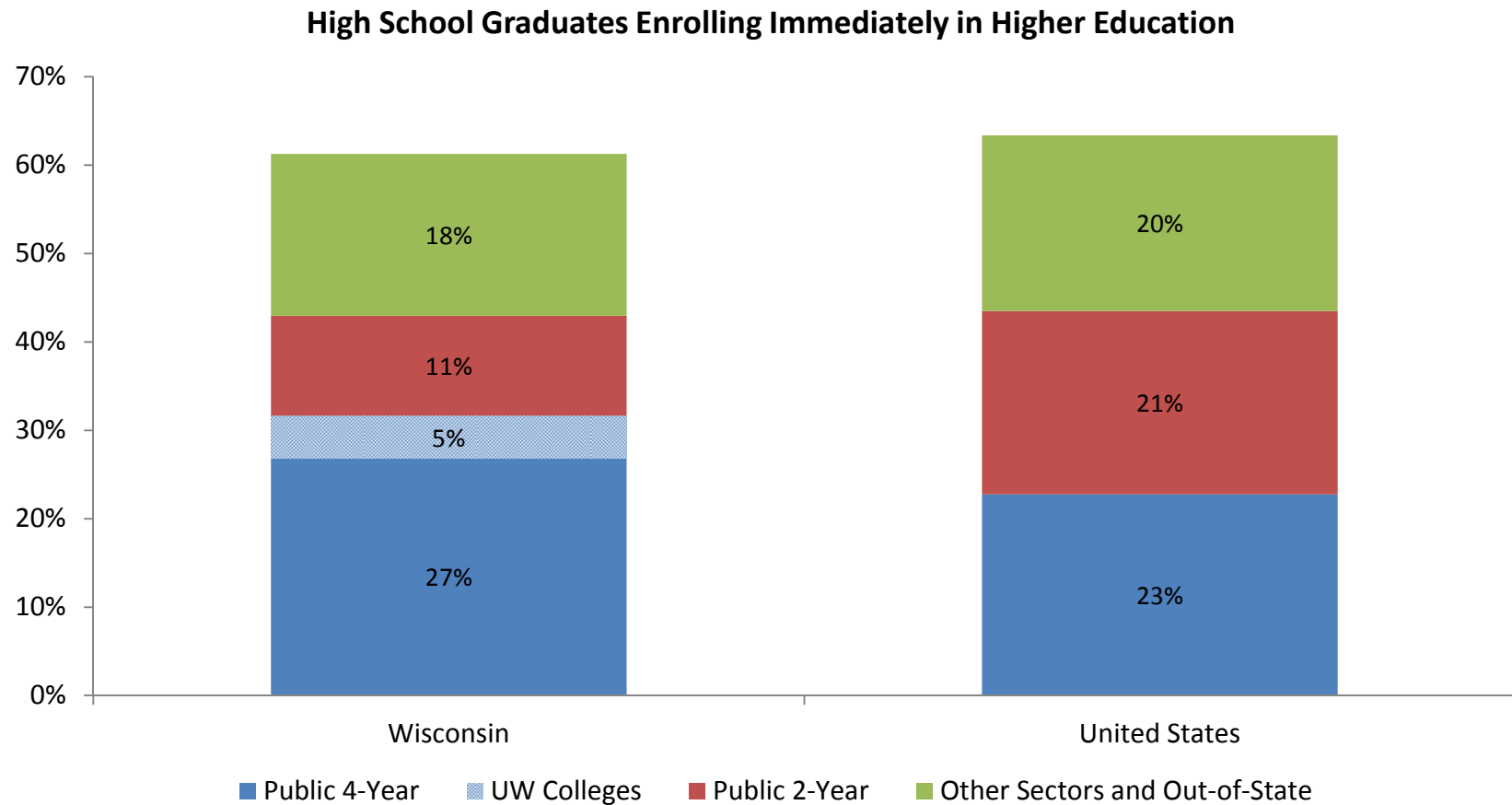
Changing Demographics Affecting Undergraduate Residents

Traditional high school graduates enrolling immediately in higher education

Non-Traditional aged undergraduates

Serving High School Graduates

Wisconsin relies on in-state public 4-year higher education more than the national average

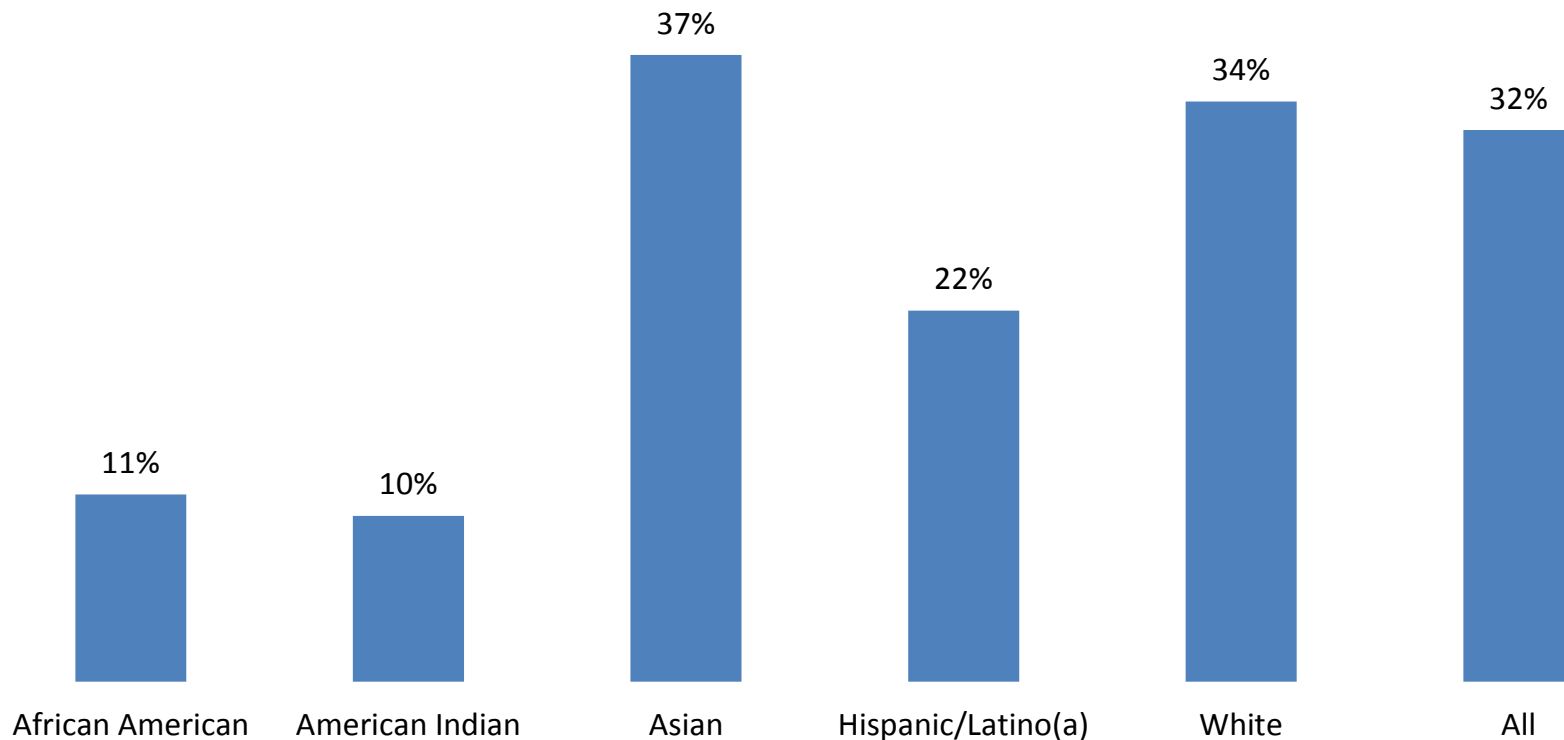


Of neighboring states, Indiana and Michigan also rely on in-state public 4-year institutions.

	Wisconsin	United States	Illinois	Indiana	Iowa	Michigan	Minnesota
High School Graduates 2012	67,794	3,354,503	151,036	68,542	34,995	116,053	61,638
Enrolled in Higher Education	61%	63%	61%	65%	67%	61%	70%
Enrolled In-State	50%	51%	42%	57%	58%	54%	49%
<u>Public 4-Year</u>	<u>28%</u>	23%	14%	<u>33%</u>	19%	<u>28%</u>	19%
UW Colleges	4%	--	--	--	--	--	--
Public 2-Year	11%	21%	18%	13%	29%	19%	19%
Nonprofit	6%	7%	10%	9%	10%	8%	10%
Proprietary	0%	1%	1%	2%	0%	0%	1%
Enrolled Out-of-State	11%	12%	19%	8%	9%	7%	21%

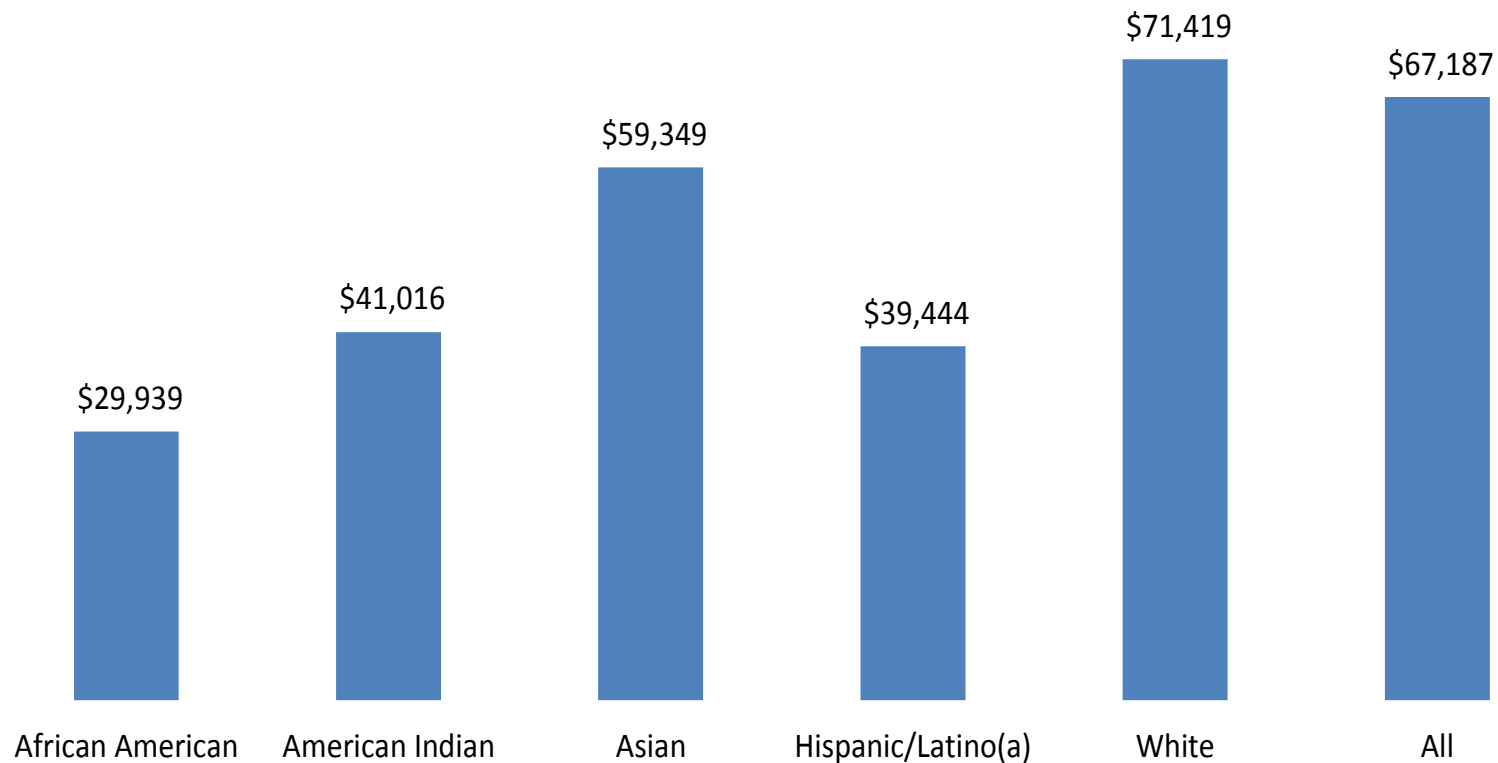
Although 32% of Wisconsin high school grads enroll immediately in the UW, some race/ethnic groups have lower rates of participation

WI Public High School Graduates Enrolling Immediately in UW System

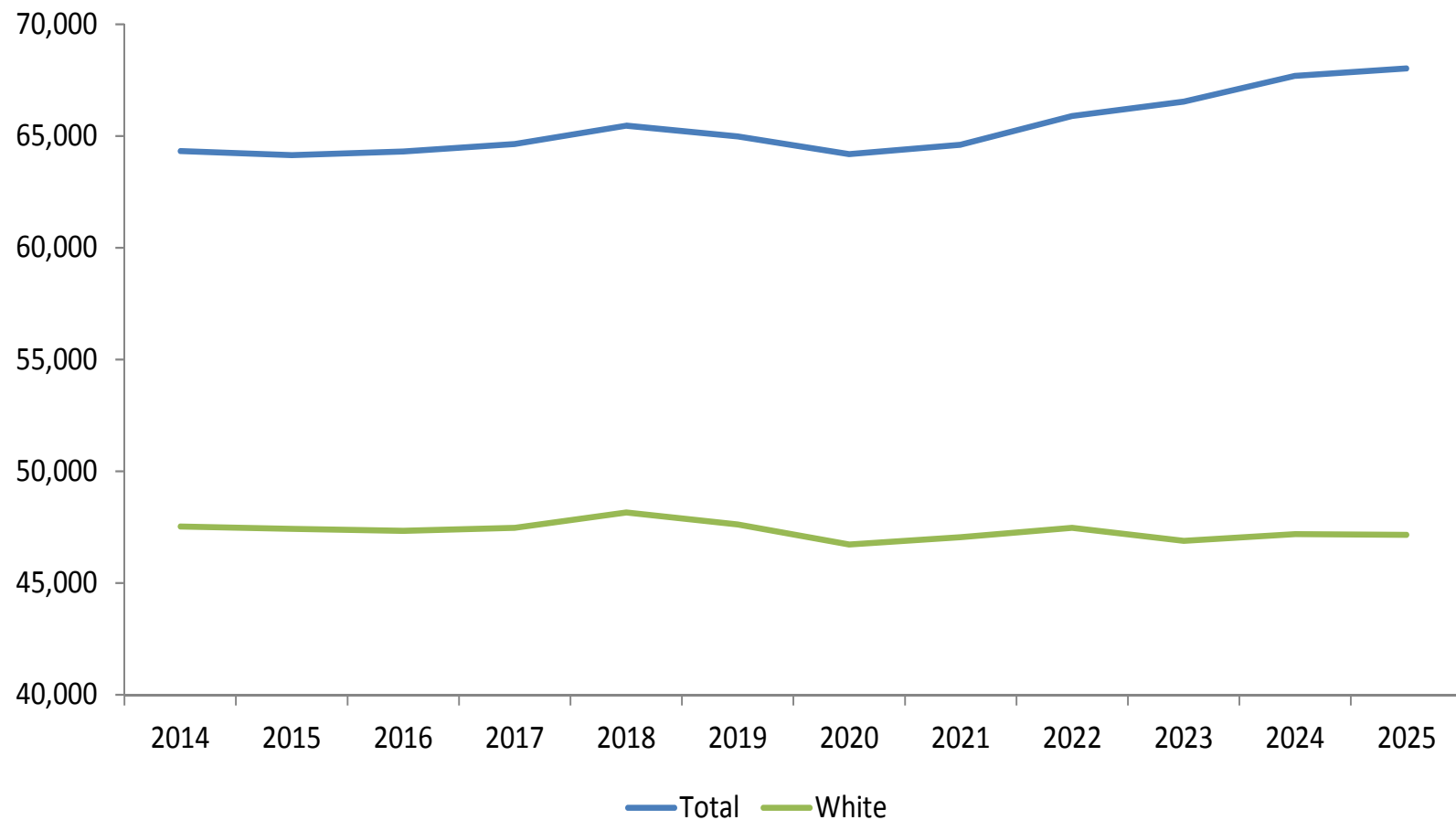


Race/ethnic groups with lower participation have lower median family incomes (ability to pay)

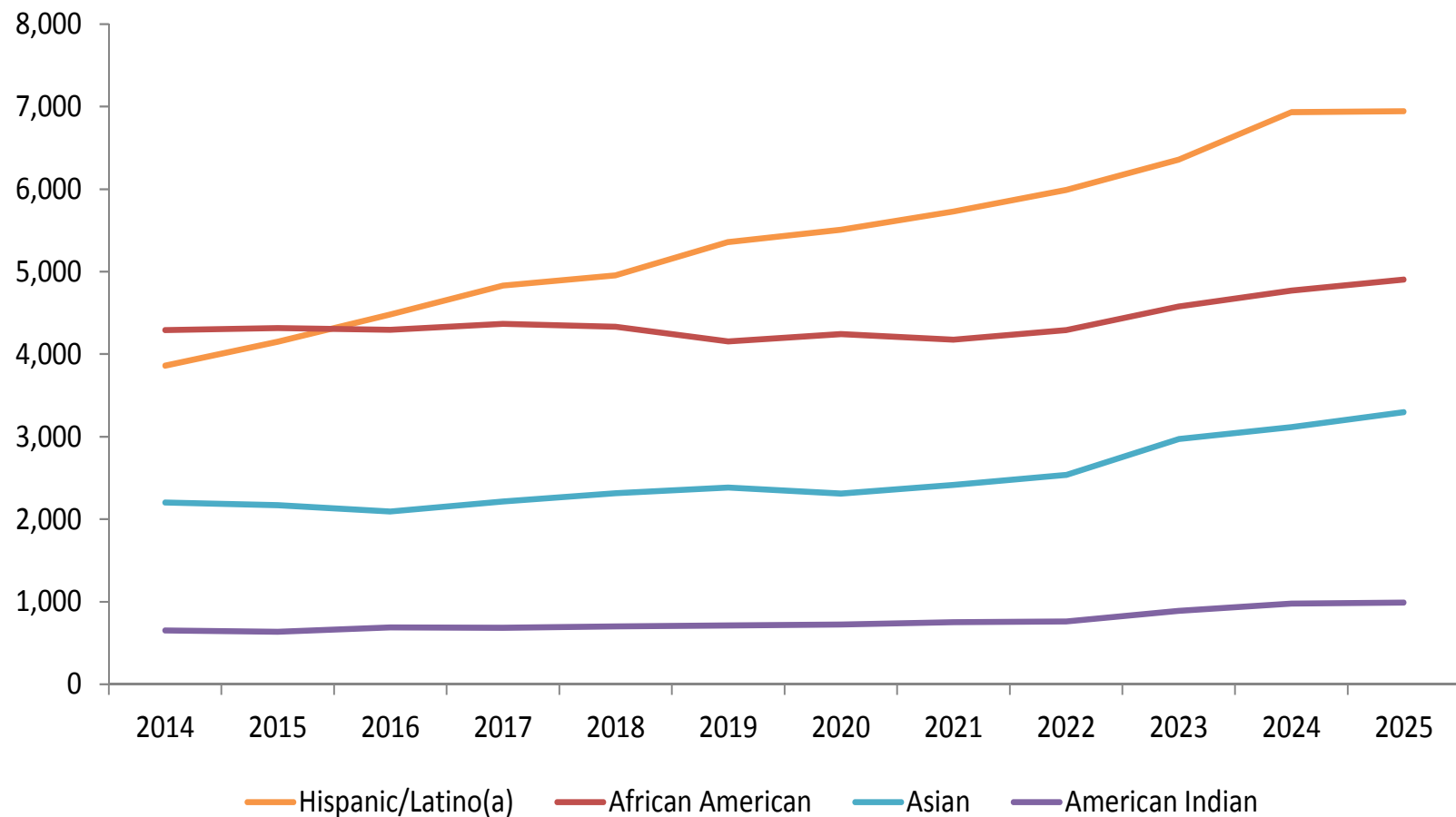
Wisconsin Median Family Incomes by Race/Ethnicity



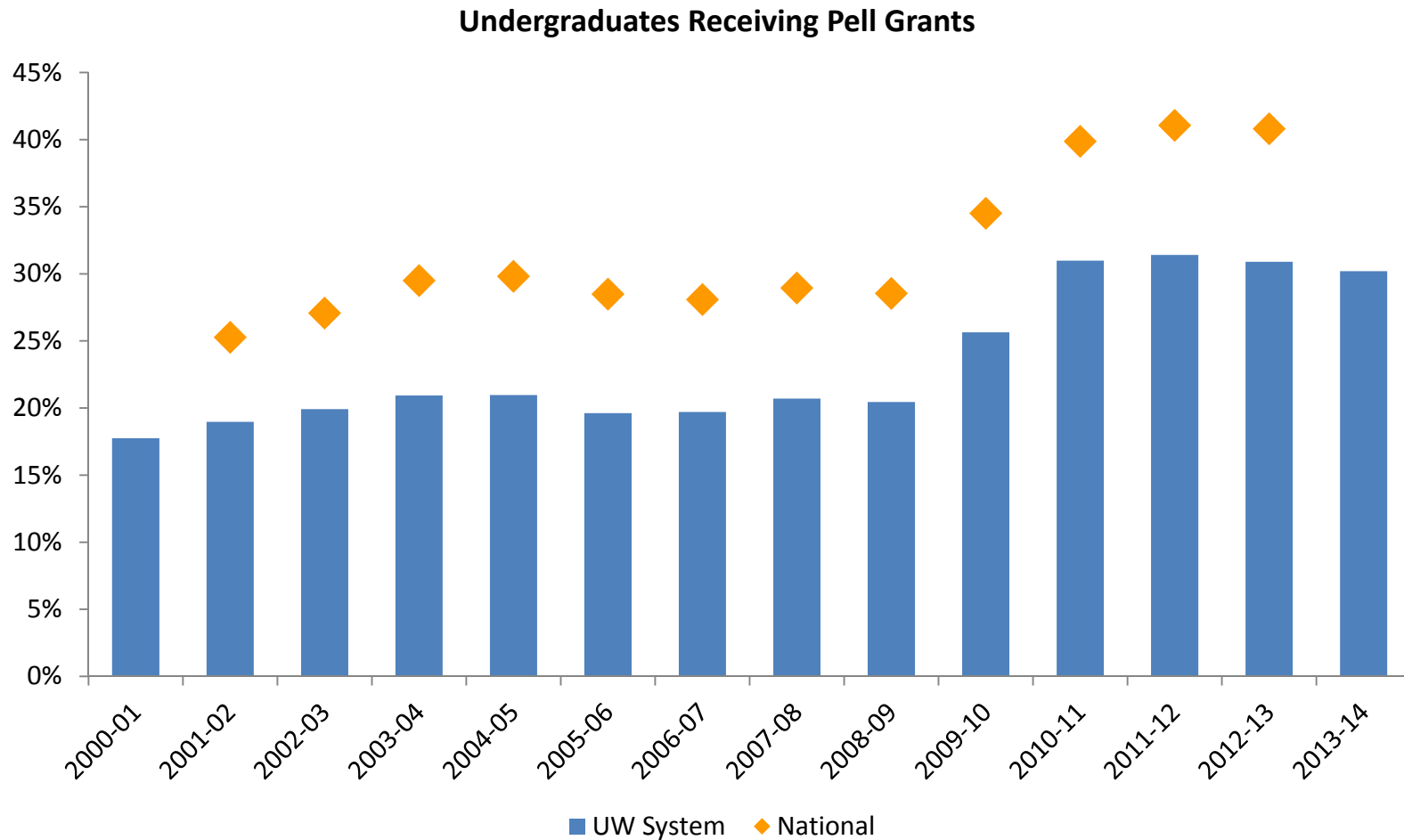
Total Wisconsin high school graduates are projected to increase as White grads decline



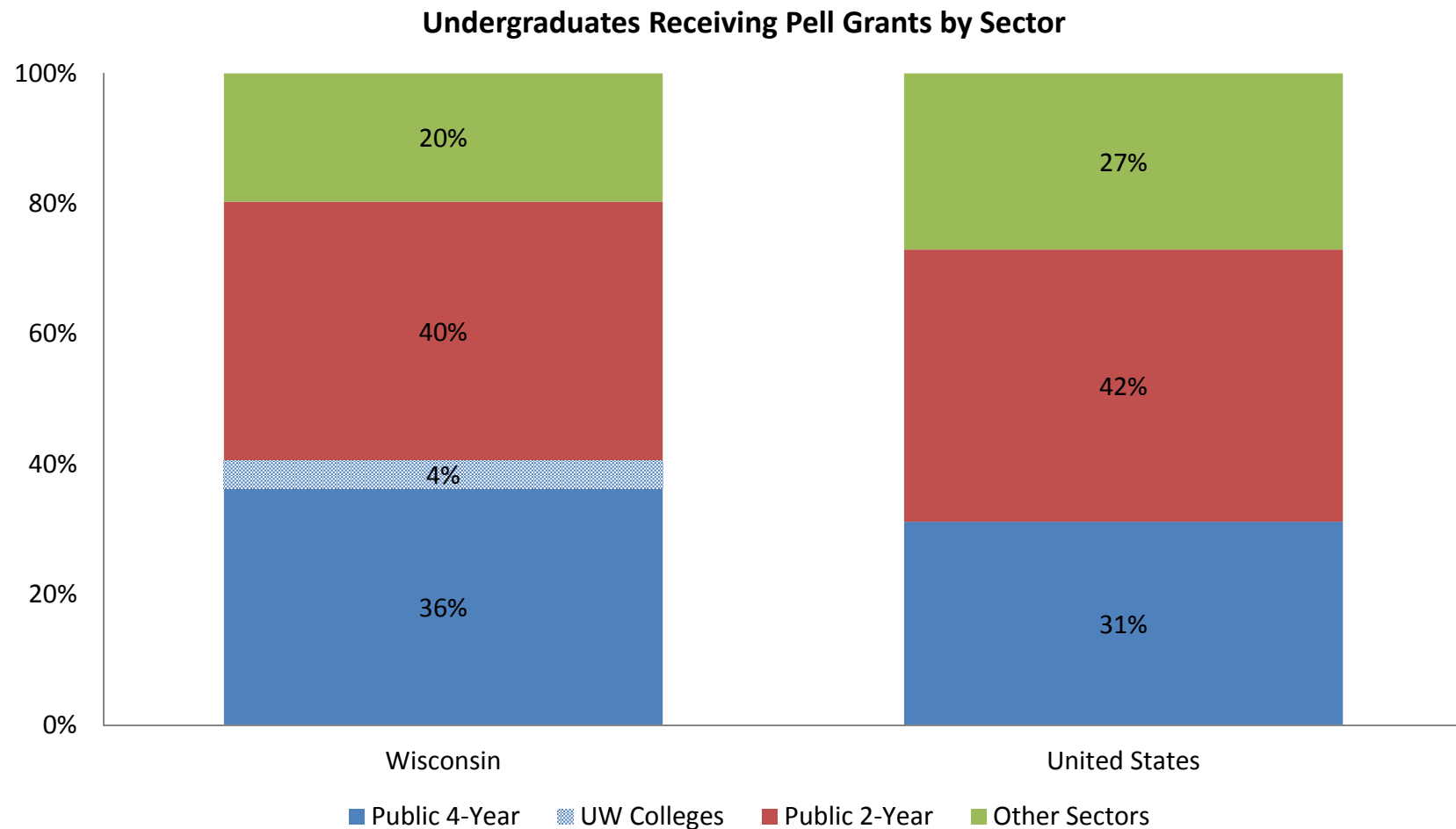
Increases in Wisconsin high school graduates are projected to be among students of color



Lower-income students are a smaller share of UW System undergraduates than nationally



Four out of five WI Pell Grant recipients enroll at a public institution



UW System Tuition Policy Impacts Traditional Students

The overall participation rate of WI high school graduates

The participation rates of students of color

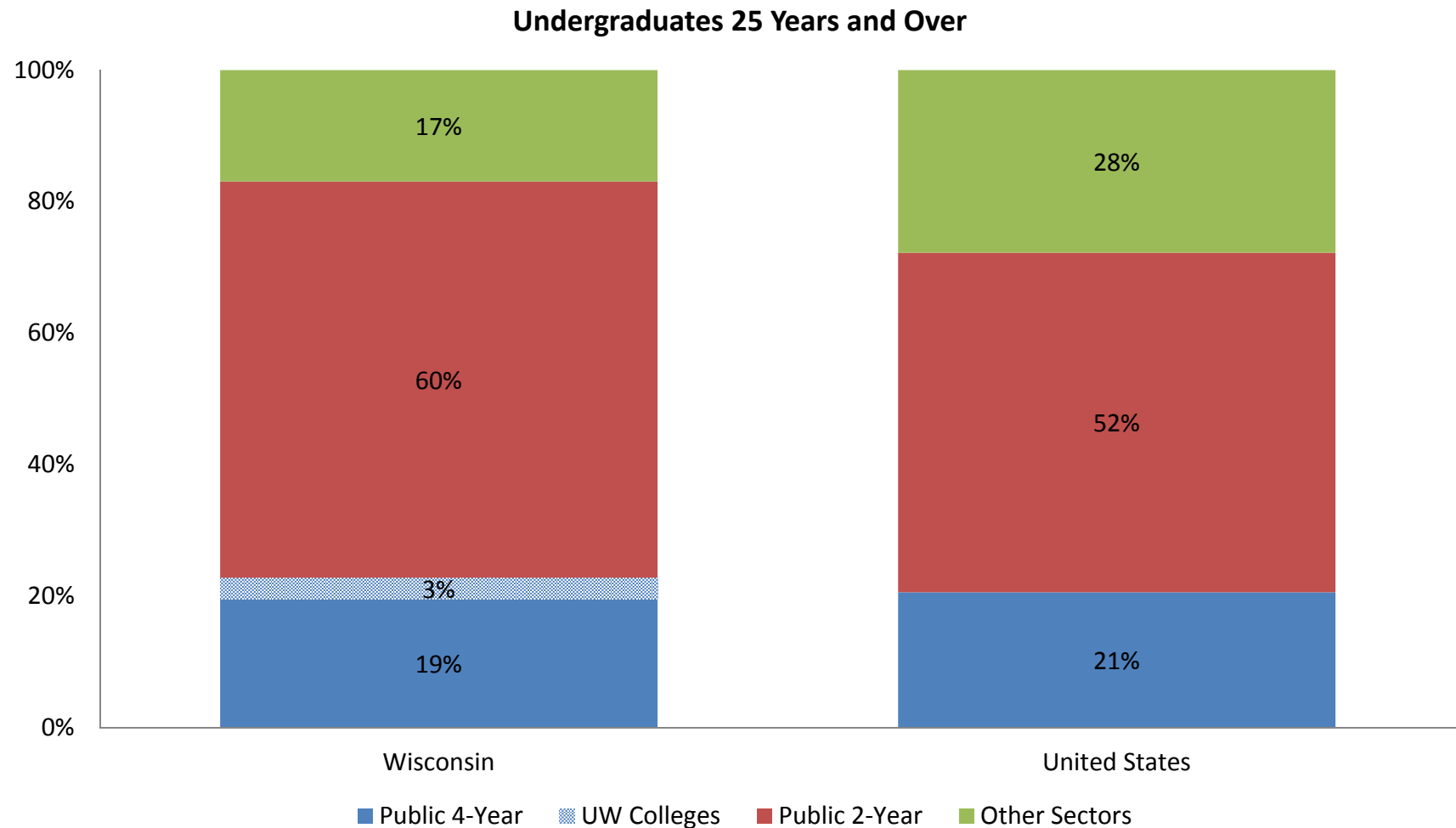
Who have lower participation rates currently

Who are from lower income families

And, are increasing in population

Serving Non-Traditional Aged Undergraduates

Wisconsin serves more adult students through its public two-year sector

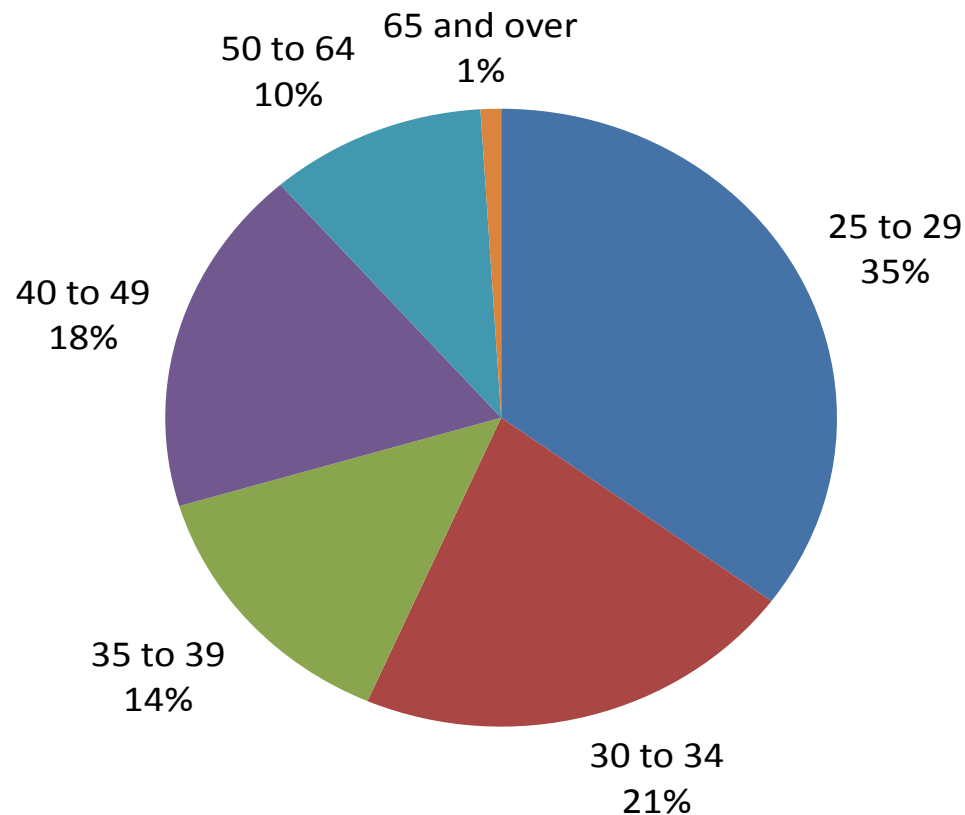


Nonprofit and proprietary 4-year institutions are an alternative for adult students considering the UW System

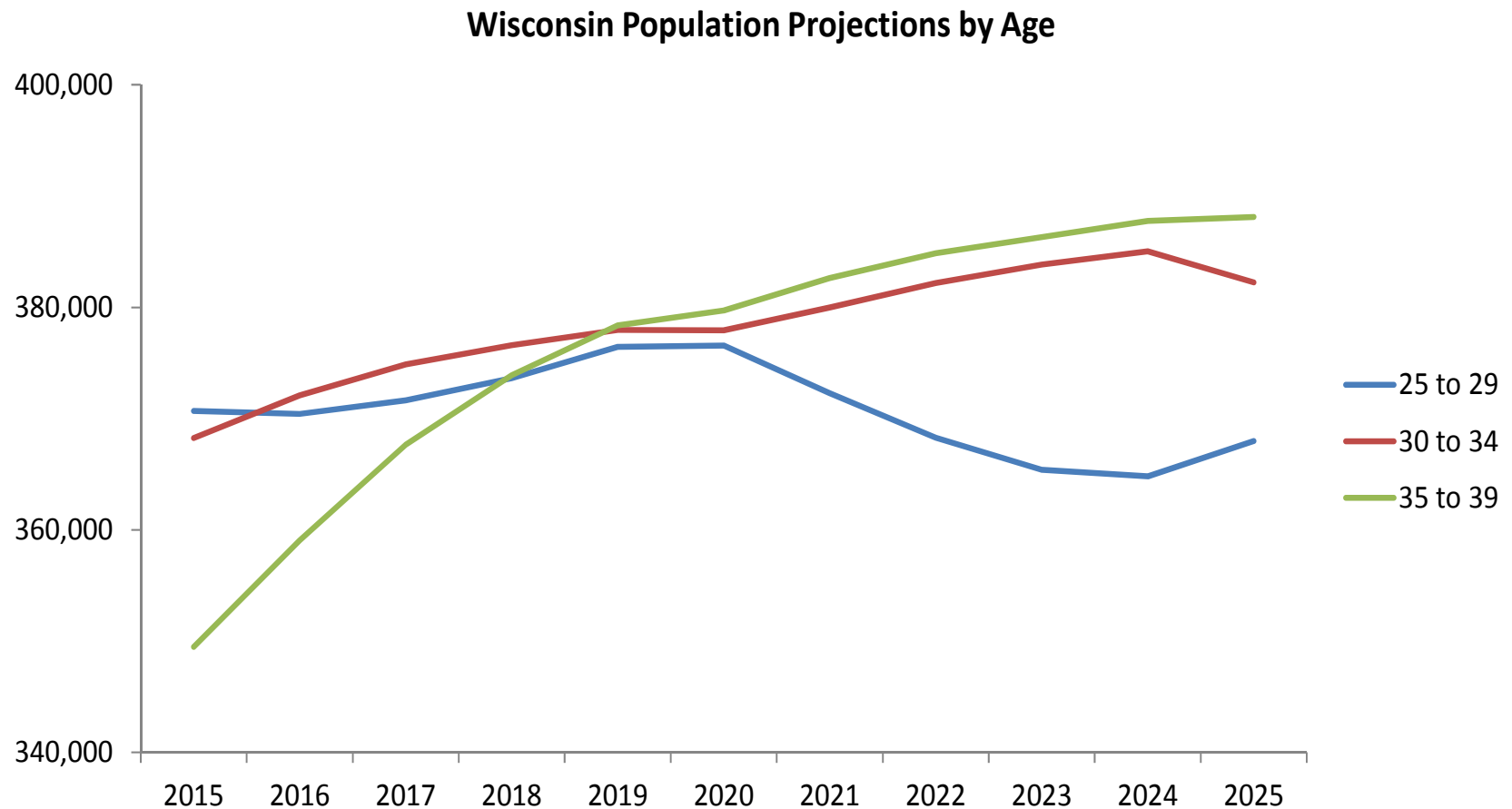
	Wisconsin	United States	Illinois	Indiana	Iowa	Michigan	Minnesota
Undergraduates 25 Years and Over	93,304	5,321,644	214,470	107,272	118,419	156,119	103,177
Public 4-Year	19%	21%	11%	27%	4%	22%	18%
UW Colleges	3%	--	--	--	--	--	--
Public 2-Year	60%	52%	66%	47%	20%	54%	51%
Nonprofit	11%	13%	11%	16%	8%	22%	7%
Proprietary	6%	15%	13%	10%	69%	2%	24%

Most Wisconsin adult students are at the younger end of the “25 and over” age range

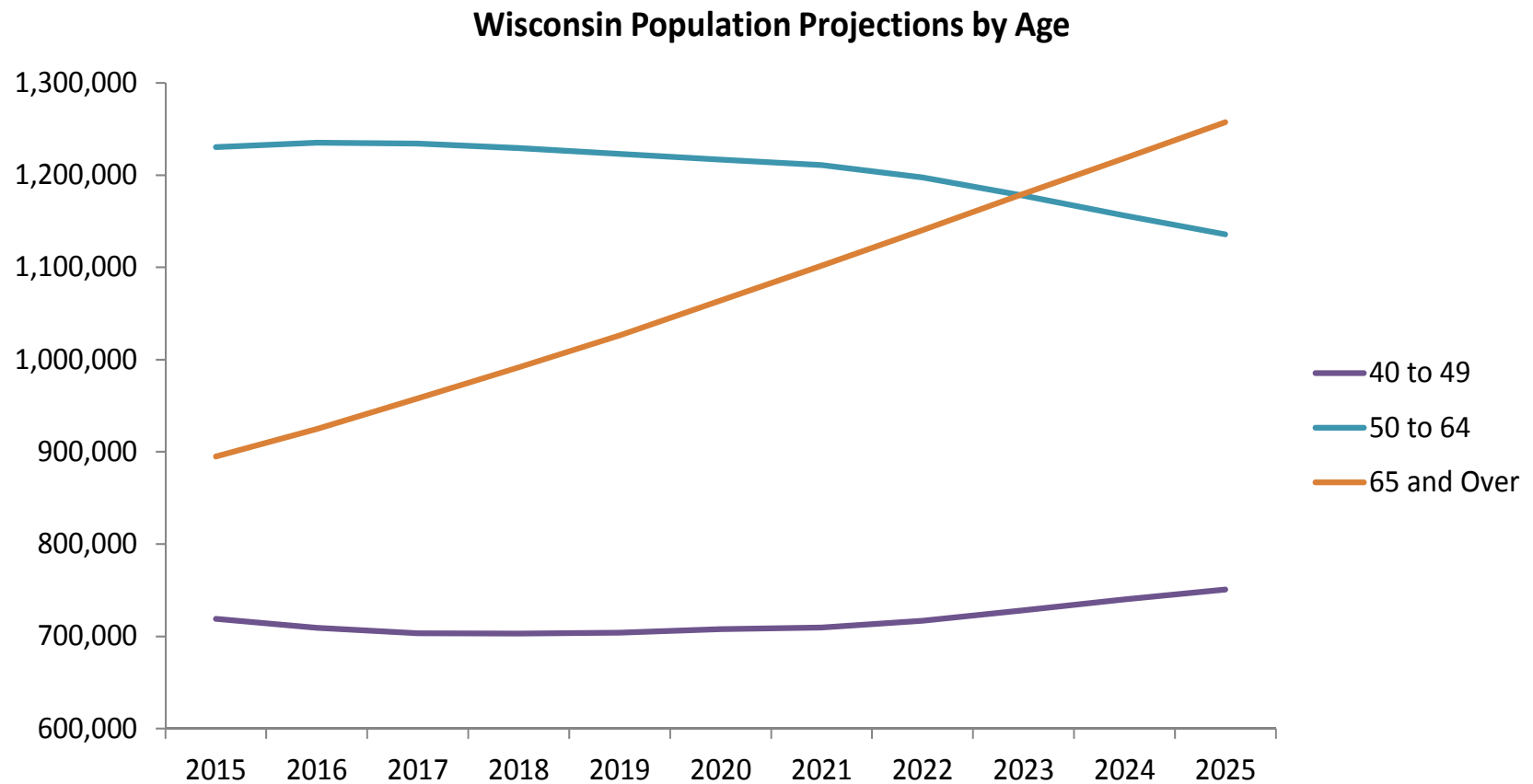
Wisconsin Undergraduates 25 Years and Over, by Age



Over the next 10 years, younger Wisconsin adults
will increase by about 50,000



Older Wisconsin adults will increase by about 300,000, mostly among those 65 years and over



UW Tuition Policy Impacts Non-traditional Aged Undergraduates

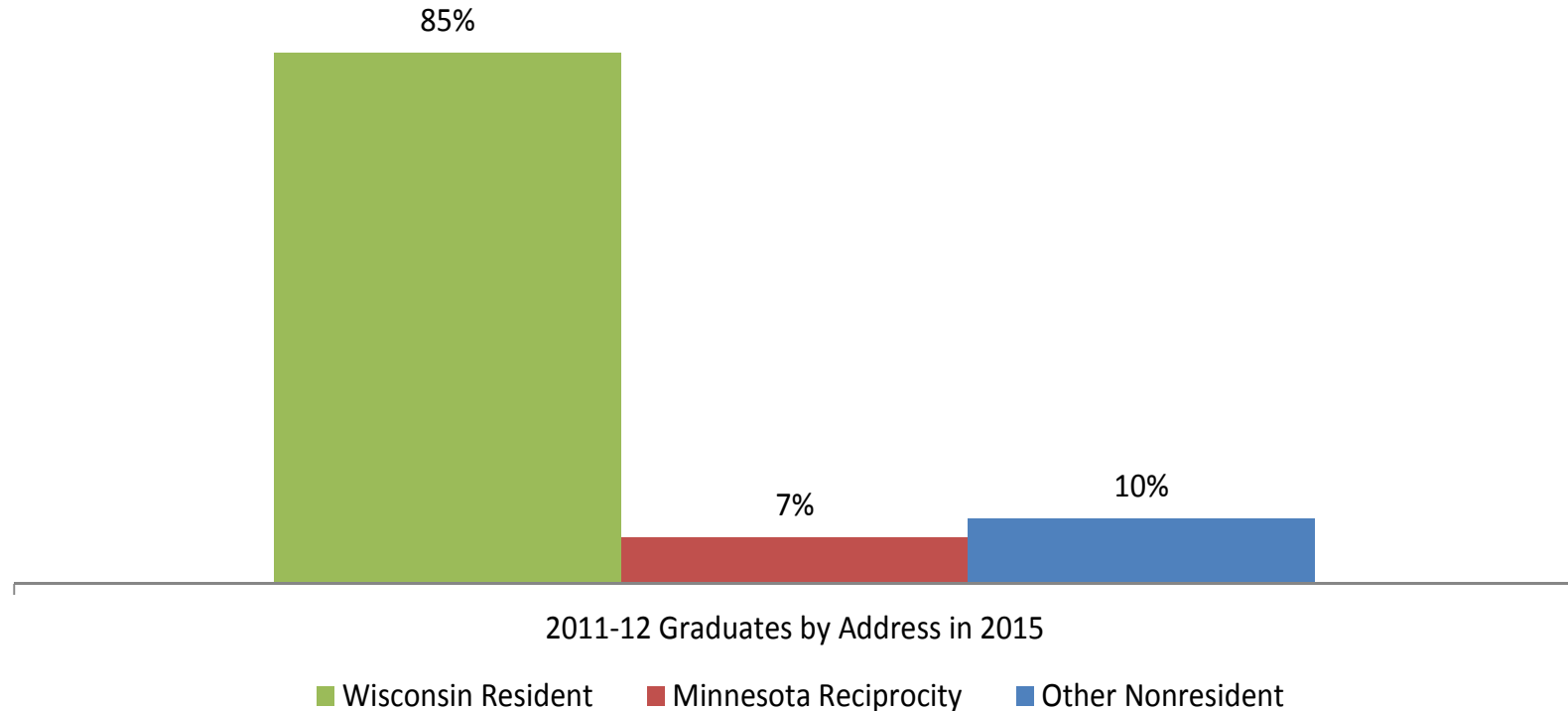
UW System may be competing mostly with four year non-profits and for-profits

Younger adults with some college no degree may be a good market

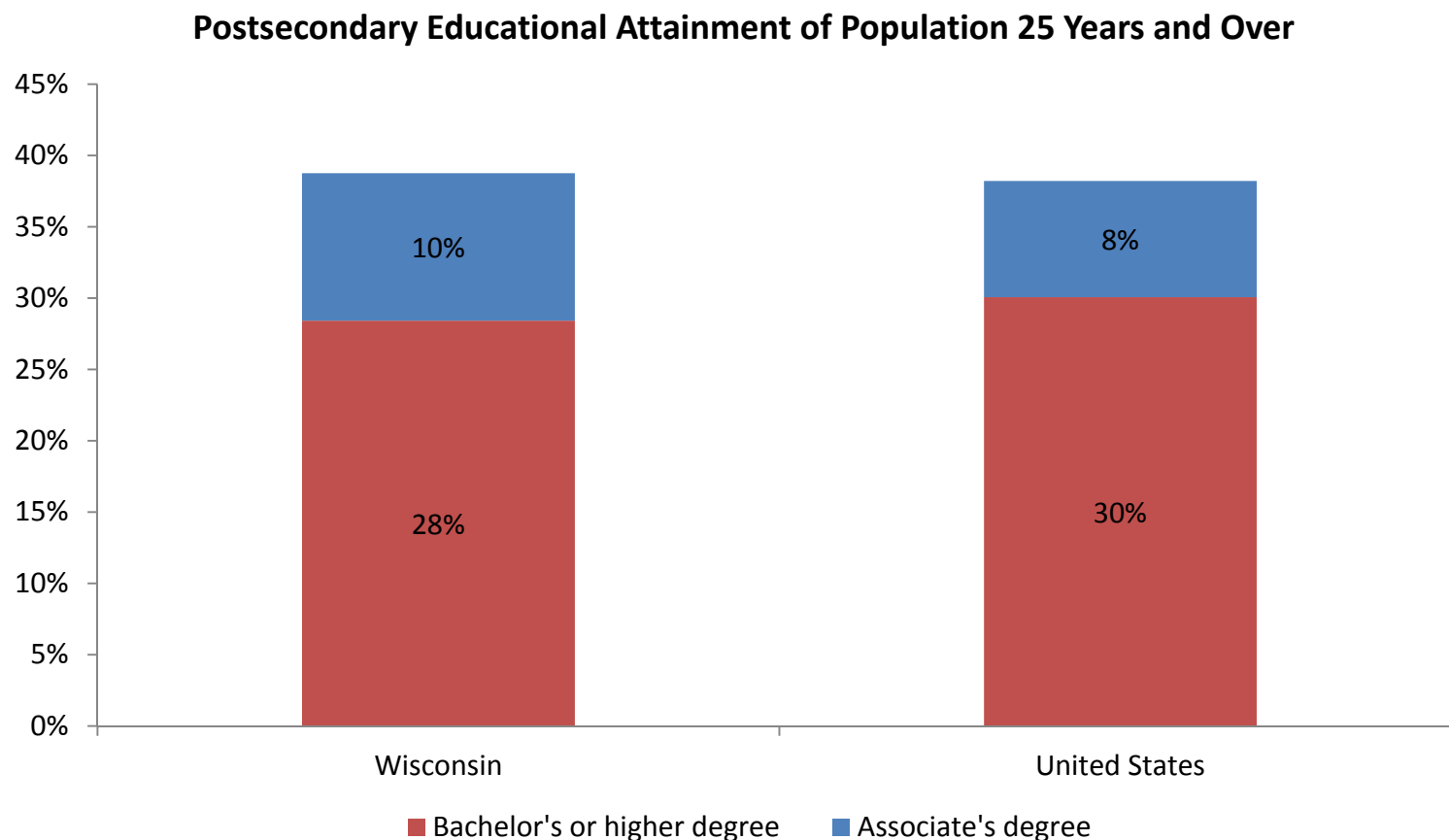
WI Educational Attainment

A high proportion of UW alumni remain in the state after graduation

UW Bachelor's Degree Recipients Living in Wisconsin 3 Years After Graduation



Wisconsin lags the national average in adults with a bachelor's or higher degree and matches the proportion with an associate's or higher degree



Illinois and Minnesota have a higher proportion of adults with a bachelor's or higher degree

	Wisconsin	United States	Illinois	Indiana	Iowa	Michigan	Minnesota
Population 25 years and over	3,898,162	213,725,624	8,639,076	4,342,916	2,062,734	6,680,525	3,672,583
Bachelor's or higher degree	<u>28%</u>	30%	<u>33%</u>	25%	28%	27%	<u>34%</u>
Associate's degree	10%	8%	8%	8%	11%	9%	11%
Some college, no degree	21%	21%	21%	21%	21%	24%	22%
High school degree or GED	32%	28%	27%	34%	32%	30%	26%
Less than high school degree	9%	13%	12%	12%	8%	10%	7%

Questions & Discussion

University of Wisconsin Tuition



Informational Paper 33

Wisconsin Legislative Fiscal Bureau
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University of Wisconsin Tuition

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University of Wisconsin Tuition

Introduction

Higher education benefits both the student and the state. The student benefits primarily through increased knowledge and future earnings while the state benefits through greater tax revenues, increased economic development, and decreased spending on health and social programs, among other less tangible benefits. The precise amount of these benefits that accrue to the state, as opposed to the student, cannot readily be determined. As a result, the amount of state support for higher education and subsequently the amount of tuition charged to students is a matter of public policy. Factors that may be considered in setting tuition include: whether or not students are paying their fair share; whether higher education is affordable for state residents; how tuition levels compare to those of similar institutions in other states; and whether the amount of the state subsidy is consistent with the perceived priority of public higher education in the larger context of the state's needs. This paper provides information related to current tuition rates, instructional costs, the relationship between tuition levels and the state budget, past tuition increases and the causes of those increases, segregated fees, and comparisons to tuition charged in other states.

Tuition Rates

The Board of Regents of the University of Wisconsin System is delegated the authority to set tuition under s. 36.27 of the statutes. The statutes permit the Regents to set separate rates for different classes of students, for residents and nonresidents, and for extension courses, summer sessions, and such other studies and courses of instruction as the Regents deem advisable. Tui-

tion rates are established annually at the same time as the University's annual operating budget is approved. Table 1 shows the amount of tuition and segregated fees charged by each UW institutions in 2014-15.

Differential Tuition

Beginning in 1997, the Regents have had the ability to charge differential tuition. Differential tuition is an amount charged on top of base tuition to support additional services and programming for students at a particular institution. Differential tuition can be charged to all students enrolled at a particular institution, to a particular category of students, such as all undergraduates, or only to students enrolled in certain programs. Program-specific differential tuitions are usually charged for programs that have high operating costs such as the health sciences and engineering.

A differential tuition may be set at a dollar amount or as a percentage of base tuition. Individual students may be charged multiple differential tuitions. For instance, a resident undergraduate engineering student at UW-Madison is charged both the undergraduate differential (\$1,000) and the School of Engineering differential (\$1,400). Additional revenues generated by a differential tuition are retained by the campus or program that generates them.

Differential tuitions that are charged to all undergraduate or all undergraduate and graduate students are reflected in Table 1. For example, resident undergraduate students at Eau Claire are charged base tuition of \$6,298 plus a differential tuition of \$1,063 for a total of \$7,361.

Table 2 shows differential tuitions charged in 2014-15 and the year in which each differential

Table 1: UW System Consolidated Schedule of Annual Tuition and Segregated Fees – 2014-15

	Tuition		Segregated Fees Paid by all Students	Total Tuition and Fees	
	Residents	Nonresidents		Residents	Nonresidents
DOCTORAL CLUSTER					
Undergraduate					
Madison	\$9,273	\$25,523	\$1,137	\$10,410	\$26,660
Milwaukee	8,091	17,820	1,300	9,391	19,120
Graduate					
Madison	\$10,728	\$24,054	\$1,137	\$11,865	\$25,191
Milwaukee	10,387	22,852	1,300	11,687	24,152
Madison -- Business	13,184	26,678	1,137	14,321	27,815
Milwaukee -- Business	11,781	24,316	1,300	13,081	25,616
Law	20,235	38,932	1,137	21,372	40,069
Medicine	23,807	33,704	1,137	24,944	34,841
Veterinary Medicine	17,925	24,769	1,137	19,062	25,906
COMPREHENSIVE CLUSTER					
Undergraduate					
Eau Claire	\$7,361	\$14,934	\$1,180*	\$8,541	\$16,114
Green Bay	6,298	13,871	1,460	7,758	15,331
La Crosse	7,585	15,158	1,036*	8,621	16,194
Oshkosh	6,422	13,995	1,015	7,437	15,010
Parkside	6,298	13,871	1,028	7,326	14,899
Platteville	6,418	13,991	908*	7,326	14,899
River Falls	6,428	14,001	1,176*	7,604	15,177
Stevens Point	6,298	13,871	1,189*	7,487	15,060
Stout**	234	492	34*	268	526
Superior	6,535	14,108	1,459	7,994	15,567
Whitewater	6,519	14,092	923*	7,442	15,015
Graduate					
Eau Claire	\$7,640	\$16,771	\$1,180	\$8,820	\$17,951
Green Bay	7,640	16,771	1,460	9,100	18,231
La Crosse	7,780	16,911	1,036	8,816	17,947
Oshkosh	7,640	16,771	1,015	8,655	17,786
Parkside	7,640	16,771	1,028	8,668	17,799
Platteville	7,640	16,771	908	8,548	17,679
River Falls	7,640	16,771	1,176	8,816	17,947
Stevens Point	7,640	16,771	1,189	8,829	17,960
Stout***	367	778	46	413	824
Superior	7,640	16,771	1,459	9,099	18,230
Whitewater	7,640	16,771	923	8,563	17,694
Business Masters					
Eau Claire	\$8,195	\$17,351	\$1,180	\$9,375	\$18,531
La Crosse	8,334	17,491	1036	9,370	18,527
Oshkosh	8,195	17,351	1015	9,210	18,366
Parkside	8,195	17,351	1028	9,223	18,379
Whitewater	8,195	17,351	923	9,118	18,274
COLLEGES					
Baraboo/Sauk	\$4,750	\$11,734	\$429	\$5,179	\$12,163
Barron	4,750	11,734	421	5,171	12,155
Fond du Lac	4,750	11,734	442	5,192	12,176
Fox Valley	4,750	11,734	269	5,019	12,003
Manitowoc	4,750	11,734	333*	5,083	12,067
Marathon	4,750	11,734	371	5,121	12,105
Marinette	4,750	11,734	350	5,100	12,084
Marshfield/Wood	4,750	11,734	359	5,109	12,093
Richland	4,750	11,734	493	5,243	12,227
Rock	4,750	11,734	368	5,118	12,102
Sheboygan	4,750	11,734	354	5,104	12,088
Washington	4,750	11,734	344	5,094	12,078
Waukesha	4,750	11,734	352	5,102	12,086

*There is an additional charge of \$148-\$240 for textbook rental on these campuses; on all other campuses, books are purchased by students.

** UW-Stout charges tuition and segregated fees on a per credit basis. In addition, UW-Stout charges all students a laptop fee of \$27 per credit. The fee is excluded from the amounts shown in the table.

Table 2: UW System Schedule of Differential Tuitions for the 2014-15 Academic Year

Institution	Program	Amount	Year Implemented
Madison	Doctor of Pharmacy	In 2014-15, residents pay \$4,429 above general resident graduate tuition, nonresidents pay \$3,560 above general nonresident graduate rate.	1997
Milwaukee	Communication Sciences and Disorders	Graduate tuition is set at 120% of the general graduate tuition rate.	1997
Milwaukee	Occupational Therapy	Graduate tuition is set at 120% of the general graduate tuition rate.	1997
Eau Claire	All Undergraduates	\$163 per year.	1997
La Crosse	Allied Health Programs	Graduate tuition in the occupational therapy, physician assistant, and physical therapy programs is set at 120% of the general graduate tuition rate.	1997
Stout	Customized instruction	Charges market rates for customized programs, certificates, and courses typically offered during the summer, evenings, or weekends.	1999
Stout	All Students	5% of resident undergraduate and graduate tuition, \$11.13 per credit for undergraduates and \$17.50 per credit for graduates in 2014-15.	1999
Whitewater	All Undergraduates	3.5% of resident undergraduate tuition, \$221 per year in 2014-15.	2002
La Crosse	All Students	\$140 per year in 2014-15, increases by 6% annually. Did not increase in 2013-14 and 2014-15 due to the tuition freeze.	2003
Superior	All Undergraduates	\$237 per year. Initially set at \$150 annually, but was increased to \$207 in 2008 and to the current amount in 2011.	2003
Oshkosh	All Undergraduates	\$124 per year in 2014-15, increases by 3% annually. Did not increase in 2013-14 and 2014-15 due to the tuition freeze.	2003
Milwaukee	Peck School of Arts	\$21.80 per credit for undergraduate courses other than those satisfying general education requirements.	2004
Milwaukee	College of Engineering and Applied Science	\$21.63 per credit for all undergraduate and graduate courses.	2004
Milwaukee	School of Business Administration	\$21.22 per credit for all 200 to 600 level courses.	2004
Milwaukee	College of Nursing	\$31.52 per credit for undergraduates enrolled in clinical major courses.	2004
Milwaukee	School of Architecture and Urban Planning	\$43 per credit for undergraduate and graduate 200 to 800 level courses, \$11.55 for 100 level courses.	2006
Madison	School of Business	\$1,000 per year for students enrolled in bachelor's degree program, \$300 per year for students enrolled in certificate program.	2007
River Falls	All Undergraduates	\$130 per year in 2014-15; would have increased to \$160 per year in 2013-14 had the Regents not been prohibited from increasing tuition.	2007
Madison	School of Engineering	\$1,400 per year for students enrolled in bachelor's degree programs.	2008
La Crosse	All Undergraduates	\$1,146 in 2014-15.	2008
Platteville	All Undergraduates	1.9% of resident undergraduate tuition, \$120 per year in 2014-15.	2008
Madison	All Undergraduates	\$1,000 for resident students and \$3,000 for nonresident students	2009
Eau Claire	All Undergraduates	\$900 in 2014-15; would have increased to \$1,200 beginning in 2013-14 if the Regents had not been prohibited from increasing tuition.	2010
Superior	Department of Natural Sciences	\$12 per credit.	2011

tuition was implemented. As shown by the table, the amount of a differential tuition can vary widely. For instance, all undergraduates at Oshkosh are charged a differential tuition of \$124 per year in 2014-15 compared to \$1,286 at La Crosse. Currently, 10 of the 13 four-year campuses (Eau Claire, La Crosse, Madison, Milwaukee, Oshkosh, Platteville, River Falls, Stout, Superior, and Whitewater) charge differential tuition.

Due to the tuition freeze imposed by the 2013-15 biennial budget and the 5.5% cap on tuition increases under the 2011-13 biennial budget, the Regents have not approved any new differential tuitions since February, 2011.

Tuition Rates for Special Programs

Students enrolled in certain courses or programs may be charged a tuition rate that is different than the general tuition rate charged by the institution shown in Table 1. Tuition for certain programs targeted to adult and graduate students may be set using "service-based pricing." These courses are priced to cover the direct cost of instruction such that students do not receive any institutional subsidy. Per-credit tuition charges for these programs are generally above the resident tuition rate. Because many service-based programs charge one rate to all students, tuition charged to nonresidents is often less than the general nonresident tuition rate.

Service-based pricing programs are currently offered by all UW institutions. In 2013-14, UW institutions served 18,032 adult students (undergraduates 25 years of age and older and graduate students 30 years of age and older) and 23,865 traditional aged students in courses and programs that covered at least the direct cost of instruction. These students accounted for approximately 253,400 credits generated across all UW institutions.

Students enrolled in online courses or pro-

grams may also be charged a higher tuition rate. At least six UW four-year institutions and the UW Colleges charge a per-credit online surcharge. These surcharges ranged from \$15 per credit to \$65 per credit in 2014-15.

Beginning in January, 2014, students have been able to enroll in self-paced, competency-based degree and certificate programs through the UW Flexible Option. UW Flexible Option programs do not use the traditional semester-based calendar and do not award credits. Instead, students enroll in three-month "subscription periods" and make progress towards a degree or certificate by demonstrating mastery of competencies.

Students enrolled in UW Flexible Option programs have two tuition options. The first, known as the "all-you-can-learn" option, allows students to complete as many competencies as they can during a three-month period for a flat rate of \$2,250. The second option allows students to complete a single competency set during a three-month period at a cost of \$900.

Reciprocity Tuition

Under the Minnesota-Wisconsin Higher Education Reciprocity Agreement, Minnesota residents can attend UW institutions without paying nonresident tuition. Instead, Minnesota students attending UW institutions are charged a "reciprocal fee" equal to the higher of the resident tuition charged at the institution in which the student is enrolled and the resident tuition at a comparable institution in the student's home state. Most Minnesota students are charged the Minnesota resident tuition rate which is generally higher than the resident tuition rate at a comparable UW institution. However, UW institutions only retain an amount of tuition equal to what a comparable resident student would have paid. Any tuition paid by Minnesota students in excess of the resident tuition rate is deposited in the state's general fund as GPR-earned. As a result, UW institutions

do not receive any more tuition revenue from a Minnesota resident student than from a Wisconsin resident student.

In fall, 2013, 14,694 Minnesota residents attended UW institutions under the reciprocity agreement. The agreement does not cover medical and veterinary students.

In addition to the Minnesota reciprocity program, which is statewide, UW-Marinette also has a reciprocity agreement with two community colleges in Michigan. This reciprocity agreement covers only students who are residents of specified Wisconsin and Michigan counties. In fall, 2013, 125 Michigan resident students attended UW-Marinette under this agreement.

Additional details on these agreements are contained in the Legislative Fiscal Bureau's informational paper entitled "Education and Income Tax Reciprocity Agreements."

Nonresident Tuition

Nonresident students not covered by a reciprocity agreement are charged higher tuition than resident students. In 2014-15, nonresident undergraduate students paid \$16,250 more than resident undergraduates at UW-Madison, \$9,729 more at UW-Milwaukee, \$7,573 more at the comprehensive institutions, and \$6,984 more at the UW Colleges. Tuition paid by these students exceeds the cost of educating them and can be used to subsidize resident students.

Nonresident tuition is not subject to any statutory limits and, in past budgets, has been used as a source of additional revenues. However, increases in nonresident tuition are limited by the amount nonresident students and their families are willing to pay. The UW System competes with other regional and, in some cases, national and international institutions for nonresident students. Setting nonresident tuition at a level that is not competitive with the rates charged by these

institutions may result in decreases in nonresident enrollment and related revenues.

With this in mind, the Board of Regents reduced nonresident tuition to below the peer midpoints in 2006-07 at Milwaukee, the comprehensive institutions, and the UW Colleges in an effort to attract more out-of-state students to those institutions. In 2014-15, nonresident undergraduate tuition at UW-Milwaukee is \$5,178 (21%) less than the peer midpoint while nonresident undergraduate tuition at the comprehensives is \$2,838 (16%) below the peer midpoint. In spite of these reductions, nonresident students continue to pay tuition in excess of instructional costs, thus subsidizing resident students.

Special Programs for Nonresidents

There are several special programs that allow non-Minnesota nonresidents to attend UW institutions without paying full nonresident tuition. Through these programs, nonresident students may receive a remission of nonresident tuition, may be exempted from paying nonresident tuition, or may be charged a differential tuition that is less than the full nonresident rate.

By statute, the Board of Regents can remit the nonresident portion of tuition to a limited number of nonresident undergraduate and graduate students who are either: (1) needy and worthy on the basis of merit; (2) deserving of relief due to extraordinary circumstances; or (3) needy and worthy foreign students and U.S. citizens not currently residing in the U.S. In addition, statutes permit the Regents to remit nonresident and resident tuition to athletes and to graduate students who are employed by the University as assistants or instructional academic staff with appointments of at least 33% or who are fellows. Additional information regarding tuition remissions is provided in the Legislative Fiscal Bureau's informational paper entitled "Student Financial Aid."

Statutes also permit the Board of Regents to

exempt up to 300 nonresident juniors and seniors enrolled at UW-Parkside and 225 nonresident students enrolled at UW-Superior from nonresident tuition through the Tuition Award Program (TAP). To be eligible for TAP, students must be enrolled in programs that have been identified as having surplus capacity. In 2013-14, 300 students enrolled at Parkside and 161 undergraduate and two graduate students enrolled at Superior through the TAP program.

In addition to these remissions and exemptions, there are three differential tuition programs that allow nonresident students to pay less than the full nonresident tuition rate. The Return to Wisconsin program, which began in fall, 2004, is a differential tuition pilot program for nonresident undergraduate students who are the children or grandchildren of a specific institution's qualifying alumni. Under the program, the nonresident student must be a legal resident of a state other than Wisconsin or Minnesota. The differential rate is equal to the nonresident tuition rate less 25%, but generally not less than the projected cost of a student's education. Participating institutions include Eau Claire, Green Bay, La Crosse, Oshkosh, Parkside, River Falls, Stevens Point, Stout, and Whitewater. In fall, 2013, 92 students attended UW institutions through the Return to Wisconsin program.

In 2005, Wisconsin joined the Midwest Student Exchange Program (MSEP). This program allows undergraduate and graduate students from participating states, including Illinois, Indiana, Kansas, Michigan, Missouri, Nebraska, and North Dakota, to attend colleges or universities in other participating states at a tuition rate of no more than 150% of resident tuition. All four-year UW institutions except Madison and Platteville currently participate in MSEP as do the UW Colleges Marinette and Rock County campuses. In fall, 2013, 2,025 undergraduate students and 62 graduate students attended UW institutions through MSEP.

Finally, in the fall of 2005, UW-Platteville implemented the Tri-State Initiative (TSI) which was designed to increase enrollment by 2,000 undergraduate students in 10 years. Through TSI, nonresident undergraduate students from Illinois and Iowa who have been admitted to certain programs of study are charged the resident tuition rate plus a premium of \$4,000 per year. In fall, 2013, 1,521 students enrolled in Platteville through the Tri-State Initiative.

Nonresident Enrollment

Table 3 shows the total number of nonresident students and the number of those students who were reciprocity students, received remissions, enrolled through a special program for nonresidents, or paid full nonresident tuition in fall, 2013. Of the 32,144 nonresident undergraduate students who were enrolled in the UW System in fall, 2013, 34% paid nonresident tuition. Of those nonresident undergraduate students who did not pay full nonresident tuition, 65.4% were Minnesota or Michigan residents enrolled under a reciprocity agreement, 19.3% enrolled through a special program for nonresident students, and 15.3% received a remission of nonresident tuition.

Enrollment of nonresident students not covered by reciprocity agreements has increased substantially in the last decade. This increase is likely due in part to the reduction in nonresident tuition and the implementation of the Return to Wisconsin, MSEP, and TSI programs. From 2004-05 to 2013-14, enrollment of nonresident, non-reciprocity undergraduate students at UW-Milwaukee, the comprehensive institutions, and the UW Colleges increased by 169%, from 3,662 to 9,852. Enrollment at UW-Madison, which does not participate in any special tuition programs for nonresidents increased by 36% over that time period.

Compared to nonresident undergraduate students enrolled at UW comprehensive institutions,

Table 3: Nonresident Students by Tuition Status (Fall 2013)

	Number of Nonresident Students	Nonresident Students			Paying Full Nonresident Tuition
		Reciprocity Students*	Receiving Remission	Enrolling Through Special Programs**	
Undergraduate					
Madison	11,606	3,209	704	0	7,693
Milwaukee	2,016	355	229	521	911
Comprehensives	17,913	10,172	2,279	3,553	1,909
UW Colleges	609	159	30	25	395
Subtotal	32,144	13,895	3,242	4,099	10,908
Graduate and Professional					
Madison	7,246	229	6,320	0	697
Milwaukee	1,556	76	1,057	0	423
Comprehensives	1,938	494	269	64	1,111
Subtotal	10,740	799	7,646	64	2,231
Total	42,884	14,694	10,888	4,163	13,139

*Includes Minnesota and Michigan reciprocity students. Michigan residents represent less than 1% of the reciprocity students.

** Includes the Midwest Student Exchange Program, the Return to Wisconsin program, the Tri-State Initiative, and the Tuition Award Program.

nonresident undergraduate students enrolled at Madison and Milwaukee are more likely to be charged full, nonresident tuition. This is because a smaller percentage of nonresident students enrolling at Madison and Milwaukee are Minnesota reciprocity students than at the comprehensive institutions (26% versus 57%). By contrast, a smaller fraction of nonresident graduate students at Madison and Milwaukee pay full, nonresident tuition than at the comprehensive institutions. This is due to the large proportion of Madison and Milwaukee graduate students who receive nonresident tuition remissions in exchange for work as teaching and research assistants.

Other Tuition Policies

With the exception of UW-Stout, UW System institutions charge students tuition using a "plateau system." Under this system, undergraduate students taking 12 to 18 credits are charged a flat, full-time rate and students taking less than 12 credits are charged a per credit fee equal to 1/12 of the full-time rate. Students taking more than 18 credits are charged per-credit for each additional credit.

Under the plateau system, part-time students generally pay more per credit than students enrolled full-time. For example, a full-time undergraduate student taking 15 credits will pay 20% less per credit than a part-time student enrolled in 12 credits or less.

The plateau system is also used for graduate students. In most cases, graduate students at Madison and Milwaukee pay the same price for eight or more credits while graduate students at the comprehensive institutions pay the same price for nine or more credits. The number of credits at which professional school students are charged full-time tuition varies.

Since 2002-03, UW-Stout has charged students on a per-credit basis. The Stout program was designed to be revenue neutral to the institution and most full-time students. Under the Stout program, part-time students do not pay more per credit than full-time students. Six additional institutions (Eau Claire, Green Bay, Oshkosh, Platteville, River Falls, and Superior) charge graduate students a per credit tuition rate during the summer session. The School of Pharmacy at

UW-Madison also charges a per credit tuition rate during summer session.

Since the fall of 2004, the Regents have charged Wisconsin resident undergraduates with excess cumulative credits a tuition surcharge. Students who have accumulated more than 165 credits are charged double the resident undergraduate per-credit rate for each additional credit. If the minimum credits required to complete an academic program exceeds 135, the tuition surcharge is not assessed until the cumulative credit total exceeds the minimum by more than 30 credits. This policy applies only to resident undergraduate students pursuing their first bachelors degree and only to credits earned at UW institutions or transferred from Wisconsin technical colleges.

Under state law, Wisconsin residents who are 60 years old or older may audit a course at no cost if there is space available in the course and the instructor approves. Students who audit a course attend course meetings but do not earn credit towards a degree.

Instructional Cost Per Student

Tuition typically supports only the "instructional" portion of the UW budget. Instructional costs include faculty salaries and fringe benefits, which comprise the largest portion of instructional costs, supplies and services, administration, libraries, student services, and support costs. Tuition combined with state general purpose revenue (GPR) make up the UW's instructional budget.

The UW System's basis for determining instructional costs is the "cost per student" calculation. The original methodology for determining the cost per student was developed before the merger of the UW System by the Coordinating

Committee on Higher Education (CCHE) as a method of comparing relative funding between the University of Wisconsin and the Wisconsin State Universities. These support levels were used by CCHE in making its recommendations for the biennial budget.

The cost per student calculation is based on standard accounting procedures that identify direct and indirect student-related costs funded by GPR and tuition. The calculation includes the direct costs of instruction, student services, and academic support. Other activity costs, such as physical plant, institutional support, and fringe benefits, are included in the cost per student calculation with costs allocated based on the teaching mission's share of those costs. In those instances where a faculty or staff member performs research as part of his or her educational responsibilities, only those costs directly related to instruction are included in the cost per student calculation.

Prior the 1980-81 academic year, the Board of Regents established tuition rates by applying a set percentage to the total cost per student. This percentage varied by student class (undergraduate or graduate), residency status, and, in some years, the type of institution. In general, resident undergraduate tuition was set at 25% of total cost per student and nonresident undergraduate tuition was set at 100% of cost. Resident graduate tuition rates ranged from 20% to 22% of cost while nonresident graduate tuition was set at 70% of cost. As these percentages were not statutorily fixed, there was some variance in the percentages used from year to year.

Beginning in 1980-81, the percentage of cost per student that is funded through tuition has increased incrementally. This has happened as the Board of Regents has increased tuition to offset GPR budget reductions, the Legislature has funded certain instructional items entirely through tuition revenues, and tuition revenues have increased as the result of higher enrollments

without subsequent increases in the amount of GPR funding.

Table 4 shows instructional cost per full-time student and tuition as a percentage of that cost by institution and student level for 2013-14. As shown in the table, the instructional cost per student varies considerably by both institution and student level. Systemwide, the average cost per undergraduate student was \$10,349 and ranged from \$7,691 at the UW Colleges to \$13,828 at Superior, a difference of 80%. Some of the possible reasons for variations in instructional costs amongst the institutions include economies of scale (the smaller comprehensive campuses are more expensive), array of course offerings, the use of academic staff as instructors, and the mix of students.

Because tuition is not set at a percentage of instructional costs, students at different institutions pay differing percentages of their instructional costs. Students at the institutions where instructional costs are the lowest, such as Oshkosh, Platteville, River Falls, Stevens Point, and Whitewater, pay a greater share of their educational costs than students at institutions with the highest instructional costs, including Madison, Parkside, and Superior. For example, while undergraduate students at Superior paid 47% of the cost of their education in 2013-14, students at Platteville paid 74%.

Despite paying a higher amount of tuition, undergraduate students at Madison pay a lower percentage of their instructional costs than the average for students at the comprehensive institutions due to the higher cost per student at that institution. By contrast, students at Milwaukee pay a greater share of their instructional costs than students at all other UW institutions. This is due in part to an increase in enrollment at that institution that was not paired with an increase in GPR funding.

Instructional costs also vary by student level.

On average, instructional costs for juniors and seniors are 47% higher than for freshmen and sophomores. As a result, freshman and sophomore students typically pay a higher portion of their instructional costs through tuition than upper-level students. Upper-level students, especially at the doctoral campuses, tend to have smaller classes and are more often taught by faculty rather than teaching assistants or academic staff, which results in higher instructional costs. In addition, instructional costs also vary by discipline. For example, costs per credit are higher for health sciences courses than for humanities and social sciences courses.

Nonresident students are charged tuition in excess of their instructional costs. In 2013-14, nonresident undergraduate students paid 186% of their instructional costs at UW-Madison, 182% of instructional costs at UW-Milwaukee, and between 102% and 162% of their instructional costs at the comprehensive institutions and the UW Colleges. These students provided a subsidy for resident undergraduate students who paid between 47% and 83% of their instructional costs.

Tuition and the State Biennial Budget

In both the 2011-13 and 2013-15 biennia, the biennial budget act limited the amount by which the Board of Regents may increase resident undergraduate tuition. During the 2011-13 biennium, tuition increases for resident undergraduates were capped at 5.5% annually, equal to the amount by which base resident undergraduate tuition for UW four-year institutions had been increased in the previous four years. During the 2013-15 biennium, tuition for resident undergraduate students was frozen at the 2012-13 level in response to concerns regarding the UW's program revenue balances. Consistent with past biennia, there were no statutory restrictions on the

Table 4: 2013-14 Instructional Cost Per Student and Percent of Cost Paid by Tuition

	Undergraduate							Graduate				
	Resident Tuition	Cost Per Student						Resident Tuition	Cost Per Student			
		Freshman/Sophomore		Junior/Senior		All Levels			Master's		Ph.D.	
Madison*	\$9,273	\$10,787	86.0%	\$15,598	59.4%	\$13,710	67.6%	\$10,728	\$23,559	45.5%	\$21,244	50.5%
Milwaukee	8,091	7,402	109.3	11,854	68.3	9,812	82.5	10,387	21,624	48.0	26,268	39.5
Doctoral Average	8,805	9,319	94.5	14,219	61.9	12,168	72.4	10,603	22,851	46.4	22,018	48.2
Eau Claire	7,361	8,960	82.2	11,359	64.8	10,219	72.0	7,640	16,362	46.7		
Green Bay	6,298	8,127	77.5	11,261	55.9	9,890	63.7	7,640	9,447	80.9		
La Crosse	7,585	8,178	92.7	11,537	65.7	9,848	77.0	7,780	15,096	51.5		
Oshkosh	6,422	6,952	92.4	10,970	58.5	9,063	70.9	7,640	13,540	56.4		
Parkside	6,298	10,304	61.1	13,351	47.2	11,814	53.3	7,640	11,578	66.0		
Platteville	6,418	7,534	85.2	9,945	64.5	8,660	74.1	7,640	11,884	64.3		
River Falls	6,428	8,040	80.0	10,055	63.9	9,094	70.7	7,640	13,106	58.3		
Stevens Point	6,298	7,514	83.8	9,681	65.1	8,663	72.7	7,640	15,158	50.4		
Stout	7,014	8,307	84.4	11,185	62.7	9,826	71.4	6,613	16,464	40.2		
Superior	6,535	11,675	56.0	15,317	42.7	13,828	47.3	7,640	17,311	44.1		
Whitewater	6,519	7,115	91.6	10,592	61.5	8,855	73.6	7,640	11,920	64.1		
Comprehensive Average	6,721	8,015	83.9	11,010	61.0	9,563	70.3	7,522	13,946	53.9		
Colleges Average	4,750	7,691	61.8			7,691	61.8					
System Average	7,317	8,357	87.6	12,307	59.5	10,349	70.7	9,422	19,438	48.5		

* Master's cost per student includes law students; doctoral cost per student excludes medical and veterinary students.

amount by which the Regents could increase tuition for graduate, nonresident, and other students; however, the Regents acted to freeze tuition rates for these students in both 2013-14 and 2014-15.

In addition to the most recent two biennia, the 1999-01, 2001-03, and 2003-05 biennial budget acts and the 2001-03 budget adjustment act also included provisions that directly affected tuition rates. In the 1999-01 biennial budget, the Legislature provided \$28 million GPR in 2000-01 to the University to fund a one-year freeze in resident undergraduate tuition. Conversely, the 2001-03 biennial budget required the Board of Regents to increase tuition for nonresident undergraduates by 5% annually. During the same biennium, tuition increases for resident undergraduates were limited to 8% in 2002-03 by the budget adjustment act. Under the 2003-05 biennial budget, the Regents were prohibited from increasing annual tuition by more than \$700 for resident undergraduates at UW-Madison and UW-Milwaukee or by more than \$500 for resident undergraduate students at all other UW institutions during the 2003-04 and 2004-05 academic years.

While several recent biennial budgets specifically limited resident undergraduate tuition increases, other state budget acts have also affected tuition rates in a less direct manner. The UW's instructional budget is funded primary through a combination of GPR funds and tuition revenues. Changes in the level of GPR support for the University, as well as changes in costs and other factors, can result in changes in tuition. The Legislature may influence tuition rates through the biennial budget process by determining the level of GPR support provided for the University and, in previous biennia, the University's tuition revenue authority.

The budget process begins with the UW System's biennial budget request which is approved by the Regents in August of even-numbered

years. Until the current biennium, most requests for instructional funding included in the UW System's budget request reflected a sharing of costs between tuition (academic student fees) and state GPR. Following the Regent tuition policy principles, which are shown in the appendix to this paper, the Regents generally request that 65% of instructional and related items be funded with state GPR and the remaining 35% be funded with tuition (academic student fees). This is known as the GPR/fees split. Because this cost-sharing is not statutory, the Regents are free to propose changes in the ratio of tuition to GPR and have done so in prior budgets. In the current biennium, the Regents did not request any increases in tuition revenue authority even though their request included certain instructional items.

Historically, the Regents have not included a proposed percentage increase in resident undergraduate tuition in their budget request. One reason for this is that compensation adjustments for UW employees are approved by the Joint Committee on Employment Relations (JCOER) through a process separate from the biennial budget process. Due to the manner in which UW employee salaries are funded, increases in UW employee compensation and fringe benefit costs typically contribute to tuition increases. Without knowing the amount by which salary and fringe benefit costs will increase, the Regents are not able to estimate the amount by which tuition would have to increase to fund those costs.

During the budget process, the Governor and Legislature may either approve the GPR/fee split requested by the Regents by providing the amount of GPR funding requested or alter the split by providing a different level of GPR support. Due to the relationship between tuition and GPR support, when the amount of GPR provided is less than requested, increases in tuition may be higher. Conversely, when the amount of GPR provided is greater than requested by the Regents, tuition increases can be smaller.

Prior to the 2011-13 biennium, the Legislature also influenced tuition increases by limiting the amount of tuition revenue the Board of Regents could spend or limiting the purposes for which tuition could be increased. Until 2011-12, tuition revenues were deposited in a separate program revenue appropriation titled "academic student fees." Through 1996, the appropriation for academic student fees was an annual appropriation. This limited the amount of tuition revenue the Board of Regents could spend to the amount shown in the appropriation schedule plus the tuition portion of the pay plan approved by the Joint Committee on Employment Relations (JCOER). Excess tuition revenue collected could only be expended with prior approval of the Secretary of the Department of Administration and the Joint Committee on Finance. Under this mechanism the Legislature was able to limit tuition increases by limiting the amount of tuition revenues that could be spent in any given year.

In 1997, the academic student fees appropriation was modified to permit the UW System to spend excess tuition revenues up to 4% of the amount shown in the schedule in 1997-98 and up to 7% in 1998-99. Under 1999 Act 9, the UW System's tuition appropriation was changed to an all monies received, continuing appropriation. This meant that the University could expend all monies received under the appropriation without limit and without the prior approval of the Legislature, the Joint Committee on Finance, or the Secretary of the Department of Administration.

This change also allowed the UW System to carryover unexpended tuition revenues from one year to the next creating a tuition revenue balance. Beginning in 2014, the Board of Regents have been required to report the tuition revenue balances held by each institution and those balances as a percentage of each institution's state GPR and tuition expenditures less GPR debt service. As of June 30, 2014, tuition revenue balances held by UW institutions totaled \$395.4 million. Table 5 shows tuition revenue balances

by institution and those balances as a percentage of each institution's GPR and tuition expenditures less GPR debt service.

Under 1999 Act 9, the Board of Regents was prohibited from increasing resident undergraduate tuition beyond an amount sufficient to fund certain items including the amount in the appropriation schedule for academic students fees and the tuition portion of the JCOER-approved pay plan. This allowed the Legislature to maintain some control over tuition increases through the budget process.

The academic student fees appropriation was deleted under 2011 Act 32. Beginning in 2011-12, tuition revenues have been deposited in a continuing, all monies received, program revenue appropriation for general program operations. Revenues from UW auxiliary enterprises, such as residence halls, parking, students unions, and athletics, UW-Extension programs, and other general operating receipts are also deposited in

Table 5: Tuition Revenue Balances by Institution as of June 30, 2014

	Tuition Revenue Balance	Balance as a % of GPR and Tuition Expenditures*
Eau Claire	\$18,189,387	15.2 %
Green Bay	9,131,468	16.2
La Crosse	23,305,221	20.9
Madison	84,561,883	8.1
Milwaukee	56,452,593	15.1
Oshkosh	15,777,042	15.3
Parkside	8,473,025	18.2
Platteville	12,600,373	15.5
River Falls	8,990,387	14.5
Stevens Point	18,571,383	19.4
Stout	1,991,358	2.1
Superior	2,153,055	5.8
Whitewater	30,922,636	26.6
UW Colleges	18,737,040	23.3
UW Extension	8,632,294	14.9
UW Systemwide	<u>76,909,127</u>	NA
UW System Total	\$395,398,272	15.8%

*Excludes GPR debt service.

that appropriation.

As noted above, resident undergraduate tuition was frozen by law at the 2012-13 level for the 2013-15 biennium. Unless modified by the Legislature during the 2015-17 session, there will be no limits on the Regents' authority to set resident undergraduate tuition beginning in the 2015-16 academic year under current law.

Tuition Setting Process

After instructional costs have been budgeted and the level of GPR support is known, a systemwide tuition revenue target is established. The University then determines the amount of tuition that will be charged to different classes of students, as defined by resident status and academic level, to generate that amount of tuition revenue. Tuition increases often vary from one class of students to another: for example, in 2012-13, the most recent year in which tuition was increased, resident undergraduate tuition increased by 5.5% (excluding increases in differential tuition charges) while tuition was frozen for nonresident graduate students.

In general, dollar increases in tuition for nonresident undergraduates and resident graduate students have been the same as for resident undergraduates, excluding certain differential tuition charges. Percentage increases for these students have been smaller than for resident undergraduates because these dollar increases are applied to the relatively higher tuition rates.

When collected, tuition revenues are pooled with state GPR funds and these pooled funds make up the University's base budget. Each institution has a GPR/fees budget, which is based on their prior year budgets, changes in the state budget, and other factors, and a tuition revenue target. If an institution does not meet its tuition revenue target, the institution is responsible for the shortfall.

Historic Tuition Rates and Tuition Increases

Table 6 shows annual tuition for full-time resident undergraduate students enrolled in UW institutions, annual tuition increases, and annual increases in the Consumer Price Index (CPI) from 1994-95 to 2014-15. Annualized increases in tuition and CPI are shown for the entire 20-year period as well as the periods from 1994-95 to 2004-05 and from 2004-05 to 2014-15 at the bottom of the table. Tuition rates shown in Table 6 include differential tuitions charged to all resident undergraduate students. Differential tuitions charged only to certain students are excluded.

As shown in the table, tuition increases for resident undergraduate students at UW-Madison, UW-Milwaukee, and the comprehensive institutions have exceeded increases in CPI in every year since 1994-95 except for 2000-01, 2013-14, and 2014-15 when the Legislature froze tuition. In addition, annualized tuition increases for all UW System institutions over the twenty-year period shown were more than twice the annualized increase in the CPI while annualized increases at UW-Madison were nearly three times the annualized increase in CPI. The table also shows that, in general, tuition increases have been smaller in the most recent 10 years than in the prior 10 years. This difference is largely the result of above average tuition increases during the 2003-05 biennium and the tuition freeze during the 2013-15 biennium.

Table 6 also shows resident undergraduate tuition as a percentage of the instructional cost per student. As shown in the table, tuition as a percent of instructional cost has risen from between 30% and 33% in 1994-95 to between 61% and 83% in 2013-14, the most recent year for which data is available.

Tables 7 and 8 show undergraduate and graduate student tuition for resident and nonresident

students, excluding tuition for the professional schools of law, medicine and veterinary medicine and for pharmacy and business master's students, from 2004-05 to 2014-15. As shown in Table 8, nonresident graduate tuition has been frozen at all institutions since 2008-09. Tuition for medical and veterinary students (not shown) has similarly been frozen since 2010-11. Meanwhile, tuition at the law school, the pharmacy school, and for UW-Madison School of Business masters programs has increased by greater amounts than resident undergraduate and graduate tuition to support certain initiatives.

Primary Causes of Tuition Increases

Table 9 shows tuition increases for resident undergraduates and the primary causes of these increases for the most recent 10 years. As shown in the table, the primary causes of tuition increases over the past decade have been as follows:

- **Salary increases and fringe benefit costs for faculty and academic staff.** The salaries of most UW employees whose duties are related to the University's instructional mission are funded through the GPR/fees pool. In general, when salary and fringe benefit increases are approved for these employees, GPR is provided to fund a portion of the cost of the increase. The remainder of the cost of the increase must be funded by additional tuition revenues resulting in tuition increases. Table 9 shows salary increases for faculty and academic staff provided as part of the state compensation plan. As shown in the table, the state compensation plan did not provide salary increases for faculty and academic staff in four of the most recent 10 years. However, tuition was increased in each of those years to fund increases in fringe benefit costs for faculty and academic staff.

In contrast, the implementation of furloughs during the 2009-11 biennium and increases in

employee contributions to health insurance and pension programs beginning in the 2011-13 biennium lowered the University's salary and fringe benefit costs resulting in tuition savings. These savings were used to offset reductions to the University's GPR base budget in both biennia.

For the 2015-16 year, it is estimated that a 1% increase in salary for GPR and GPR/fees positions would cost \$13.1 million. Using the traditional GPR/fees split, such an increase would be funded by an additional \$9.3 million GPR and \$3.8 million of additional tuition revenues. By comparison, increasing base tuition for state-supported resident undergraduate students by 1% and increasing tuition for other students by the same dollar amount would generate an additional \$7.5 million in tuition revenues.

Additional information on faculty and academic staff compensation is contained in the Legislative Fiscal Bureau informational paper entitled "University of Wisconsin System Overview."

- **Offset Reductions to the GPR base.** Four of the five most recent biennial budget acts made significant reductions to the UW System's GPR base budget. During the 2009-11 and 2011-13 biennia, the Board of Regents increased tuition to partially offset GPR base reductions. Under 2009 Act 28, the UW System's GPR base budget was reduced by approximately \$60 million annually. Tuition was increased to generate \$35 million in 2009-10 and an additional \$15.5 million in 2010-11 to partially offset this reduction. During the 2011-13 biennium, the Board of Regents was permitted to increase resident undergraduate tuition by 5.5% annually. These increases allowed the University to generate approximately \$37.5 million in 2011-12 and an additional \$34.5 million in 2012-13 in tuition revenues to partially offset GPR base budget reductions of \$125 million annually.

Table 6: Annual Tuition for Resident Undergraduate Students

Year	Madison		Milwaukee		Comprehensives		Colleges		% of Instructional Cost				Change in CPI-U 1994 thru 2014*
	Amount	% Increase	Amount	% Increase	Amount	% Increase	Amount	% Increase	Madison	Milwaukee	Comp.	Colleges	
1994-95	\$2,415	8.4%	\$2,359	6.9%	\$1,916	6.9%	\$1,568	6.9%	31.4	33.3	31.3	30.3	2.6%
1995-96	2,549	5.5	2,513	6.5	2,041	6.5	1,670	6.5	33.8	35.0	33.1	31.8	2.8
1996-97	2,651	4.0	2,639	5.0	2,143	5.0	1,779	6.5	33.8	36.2	34.5	34.0	3.0
1997-98	2,860	7.9	2,847	7.9	2,312	7.9	1,956	9.9	34.2	38.3	35.8	35.8	2.3
1998-99	3,001	4.9	2,987	4.9	2,440	5.5	2,097	7.2	35.0	38.1	36.2	37.8	1.6
1999-00	3,290	9.6	3,194	6.9	2,620	7.4	2,264	8.0	37.6	38.6	36.9	39.0	2.2
2000-01	3,290	0.0	3,194	0.0	2,620	0.0	2,264	0.0	38.3	37.0	35.1	34.4	3.4
2001-02	3,568	8.4	3,462	8.4	2,803	7.0	2,422	7.0	39.7	40.9	37.1	38.3	2.8
2002-03	3,854	8.0	3,738	8.0	3,041	8.5	2,700	11.5	44.9	40.7	38.1	40.4	1.6
2003-04	4,554	18.2	4,438	18.7	3,564	17.2	3,200	18.5	47.6	49.8	45.9	49.6	2.3
2004-05	5,254	15.4	5,138	15.8	4,077	14.4	3,700	15.6	52.3	58.5	49.5	57.3	2.7
2005-06	5,618	6.9	5,494	6.9	4,358	6.9	3,977	7.5	54.0	62.9	53.3	56.6	3.4
2006-07	6,000	6.8	5,868	6.8	4,652	6.7	4,268	7.3	53.9	65.6	54.3	57.2	3.2
2007-08	6,330	5.5	6,191	5.5	4,912	5.6	4,268	0.0	53.4	66.3	55.1	53.7	2.8
2008-09	6,678	5.5	6,531	5.5	5,248	6.8	4,268	0.0	52.4	65.3	58.1	55.1	3.8
2009-10	7,296**	9.3	6,890	5.5	5,589	6.5	4,268	0.0	53.7	66.2	62.5	57.2	-0.4
2010-11	7,933**	8.7	7,269	5.5	5,963	6.7	4,268	0.0	58.0	71.2	65.1	55.4	1.6
2011-12	8,592**	8.3	7,669	5.5	6,333	6.2	4,503	5.5	64.8	78.9	70.4	63.7	3.2
2012-13	9,273**	7.9	8,091	5.5	6,723	6.2	4,750	5.5	66.7	79.8	72.1	66.2	2.1
2013-14	9,273**	0.0	8,091	0.0	6,723	0.0	4,750	0.0	67.6	82.5	70.3	61.8	1.5
2014-15	9,273**	0.0	8,091	0.0	6,723	0.0	4,750	0.0	NA	NA	NA	NA	1.9

Annualized Rate of Change

Tuition					CPI-U
1994-95 thru 2014-15	7.0%	6.4%	6.5%	5.7%	2.4%
1994-95 thru 2004-05	8.1%	8.1%	7.8%	9.0%	2.5%
2004-05 thru 2014-15	5.8%	4.6%	5.1%	2.5%	2.3%

* Through October, 2014.

** Includes a differential tuition charged to all undergraduates.

Table 7: Tuition for Undergraduate Students

Year	Madison				Milwaukee				Comprehensives			
	<u>Resident</u>		<u>Nonresident</u>		<u>Resident</u>		<u>Nonresident</u>		<u>Resident</u>		<u>Nonresident*</u>	
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change
2004-05	\$5,254	15.4%	\$19,254	3.8%	\$5,138	15.8%	\$17,890	4.1%	\$4,077	14.4%	\$14,111	3.8%
2005-06	5,618	6.9	19,618	1.9	5,494	6.9	18,246	2.0	4,358	6.9	14,470	2.5
2006-07	6,000	6.8	20,000	1.9	5,868	6.8	15,470	-15.2	4,652	6.7	12,107	-16.3
2007-08	6,330	5.5	20,580	2.9	6,191	5.5	15,919	2.9	4,912	5.6	12,462	2.9
2008-09	6,678	5.5	20,928	1.7	6,531	5.5	16,259	2.1	5,248	6.8	12,811	2.8
2009-10	7,296	9.3	22,045	5.3	6,890	5.5	16,619	2.2	5,589	6.5	13,141	2.6
2010-11	7,933	8.7	23,183	5.2	7,269	5.5	16,998	2.3	5,963	6.7	13,466	2.5
2011-12	8,592	8.3	24,342	5.0	7,669	5.5	17,398	2.4	6,333	6.2	13,803	2.5
2012-13	9,273	7.9	25,523	4.9	8,091	5.5	17,820	2.4	6,723	6.2	14,163	2.6
2013-14	9,273	0.0	25,523	0.0	8,091	0.0	17,820	0.0	6,723	0.0	14,163	0.0
2014-15	9,273	0.0	25,523	0.0	8,091	0.0	17,820	0.0	6,723	0.0	14,163	0.0
Total % Increase		76.5%		32.6%		57.5%		-0.4%		64.9%		0.4%
Annualized Increase		5.8		2.9		4.6		0.0		5.1		0.0

*Average tuition calculated using nonresident undergraduate enrollment by institution. 2014-15 tuition estimated using 2013-14 nonresident undergraduate enrollment.

Table 8: Tuition for Graduate Students

Year	Madison				Milwaukee				Comprehensives*			
	<u>Resident</u>		<u>Nonresident</u>		<u>Resident</u>		<u>Nonresident</u>		<u>Resident</u>		<u>Nonresident</u>	
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change
2004-05	\$7,708	10.0%	\$22,978	3.1%	\$7,434	10.4%	\$21,800	3.3%	\$5,342	10.3%	\$15,952	3.2%
2005-06	8,072	4.7	23,342	1.6	7,790	4.8	22,156	1.6	5,619	5.2	16,229	1.7
2006-07	8,454	4.7	23,742	1.7	8,164	4.8	22,530	1.7	5,910	5.2	16,520	1.8
2007-08	8,784	3.9	24,054	1.3	8,486	3.9	22,852	1.4	6,161	4.2	16,771	1.5
2008-09	9,132	4.0	24,054	0.0	8,826	4.0	22,852	0.0	6,426	4.3	16,771	0.0
2009-10	9,500	4.0	24,054	0.0	9,186	4.1	22,852	0.0	6,706	4.4	16,771	0.0
2010-11	9,887	4.1	24,054	0.0	9,565	4.1	22,852	0.0	7,001	4.4	16,771	0.0
2011-12	10,296	4.1	24,054	0.0	9,965	4.2	22,852	0.0	7,312	4.4	16,771	0.0
2012-13	10,728	4.2	24,054	0.0	10,387	4.2	22,852	0.0	7,640	4.5	16,771	0.0
2013-14	10,728	0.0	24,054	0.0	10,387	0.0	22,852	0.0	7,640	0.0	16,771	0.0
2014-15	10,728	0.0	24,054	0.0	10,387	0.0	22,852	0.0	7,640	0.0	16,771	0.0
Total % Increase		39.2%		4.7%		39.7%		4.8%		43.0%		5.1%
Annualized Increase		3.4		0.5		3.4		0.5		3.6		0.5

*UW-La Crosse charges resident and nonresident graduate students an additional \$140.

Table 9: Tuition Increases and Related Items

	Tuition Increases for Resident Undergraduates*	Faculty and Academic Staff Pay Plan	Causes of Tuition Increases
2005-06	6.9% at all four years, 7.5% at UW Colleges	2.0%	1. Pay plan and fringe benefits (3.3%) 2. Fuel and utilities (3.1%) 3. Student technology fee (0.5%)
2006-07	6.8% at all four years, 7.3% at UW Colleges	4.3%	1. Fuel and utilities (4.1%) 2. Pay plan and fringe benefits (2.4%) 3. Student technology fee (0.3%)
2007-08	0% at UW Colleges, 5.5% at all other institutions	2.0%	1. Pay plan and fringe benefits (4.5%) 2. Fuel and utilities (0.8%) 3. High demand faculty (0.2%)
2008-09	0% at UW Colleges, 5.5% at all other institutions	1.0%	1. Veterans remissions (2.9%) 2. Growth agenda (1.3%) 3. Fuel & utilities (0.6%) 4. Pay plan and fringe benefits (0.3%) 5. High demand faculty (0.2%) 6. Other budget changes (0.2%)
2009-10	0% at UW Colleges, 5.5% at all other institutions	0.0%	1. Recession of the 2% salary increase and implementation of furlough (-4.8%) 2. Tuition offset to base reduction (5.7%) 3. Pay plan and fringe benefits (3.6%) 4. Veterans remissions (0.3%) 5. High demand faculty and staff (0.3%) 6. Other budget changes (fuel & utilities and student technology fee) (0.4%)
2010-11	0% at UW Colleges, 5.5% at all other institutions	0.0%	1. Fringe benefits (2.5%) 2. Tuition offset to base reduction (2.4%) 3. High demand faculty and staff (0.2%) 4. Other budget changes (fuel & utilities and student technology fee) (0.4%)
2011-12	5.5% at all institutions	0.0%	1. Increased employee contribution to health insurance and pension (-3.1%) 2. Offset GPR base reduction (7.8%) 3. Increase in health insurance costs (0.8%)
2012-13	5.5% at all institutions	0.0%	1. Offset GPR base reduction (4.8%) 2. Increases in health insurance costs (0.7%)
2013-14	0% at all institutions	1.0%	Resident undergraduate tuition was frozen by the Legislature.
2014-15	0% at all institutions	1.0%	Resident undergraduate tuition was frozen by the Legislature.

* Excludes differential tuitions.

- **Fuel and utilities costs.** The 2005-07 budget provided additional tuition revenue authority of \$16.7 million in 2005-06 and \$43.3 million in 2006-07 to fund fuel and utility expenses. Increases in fuel and utility costs also contributed to tuition increases during the 2007-09 and 2009-11 biennia.

- **Instructional and other initiatives.** The 2007-09 biennial budget provided \$7.9 million in additional tuition revenue expenditure authority to support the instructional initiatives related to the UW System's growth agenda. The 2007-09 and 2009-11 biennial budgets provided \$3.1 million and \$5.3 million, respectively, in additional tuition revenue expenditure authority to support competitive compensation for faculty and academic staff in high-demand academic disciplines.

- **Tuition remissions for veterans.** In 2008-09, tuition was increased to generate \$18 million in revenues to offset forgone revenue resulting from tuition and fees remissions provided to veterans. Tuition was increased by an additional \$2 million in 2009-10 to offset these remissions. Additional information on tuition remissions for veterans can be found in the Legislative Fiscal Bureau informational paper entitled "Student Financial Aid."

- **Student technology fee.** An instructional technology fee was implemented at UW-Madison in 1993-94 and at all other UW four-year institutions in 1995-96. This fee is set as a percentage of overall tuition (2.5% at Madison and 2.0% at all other institutions) such that the fee increases as tuition increases. Because of the way it is calculated, tuition increases attributable to the student technology fee are generally quite small.

Tuition Revenues

Table 10 shows 2013-14 estimated tuition revenues less remissions by student level and resident status. Tuition received from Minnesota reciprocity students is included in the "Residents" column. While non-Minnesota nonresident undergraduates made up only 11.6% of the undergraduate population systemwide based on fall, 2013, enrollment, it is estimated that these students generated 25.8% of undergraduate student tuition revenues. At Madison, these students represent approximately 26.8% of the undergraduate population but generated 50.6% of undergraduate tuition revenues. These figures demonstrate the relative importance of out-of-state students, particularly those at Madison, to the tuition revenue pool. Madison, with its relatively high nonresident enrollment, generates an estimated 36% of total systemwide tuition revenue despite enrolling only 24% of all students in the UW System.

Table 10: Estimated Tuition Revenues Less Remissions, 2013-14

	Tuition Revenue	% Paid by:	
		Residents**	Nonresidents
Madison			
Undergraduate	\$394,934,308	49.4%	50.6%
Graduate	106,201,355	48.9	51.1
Milwaukee			
Undergraduate	175,393,825	86.5	13.5
Graduate	36,948,493	63.2	36.8
Comprehensive Institutions			
Undergraduate	568,489,081	85.9	14.1
Graduate	39,999,668	63.8	36.2
Colleges			
Undergraduate	<u>52,207,798</u>	94.1	5.9
Total	\$1,374,174,528	71.7%	28.3%

*Excludes summer and other special sessions.

**Includes Minnesota reciprocity students.

Segregated Fees

In addition to tuition charges, all students are assessed segregated fees which are used to finance a wide variety of student activities and services including student unions and student centers, student health services, student activities and organizations, intercollegiate and recreational sports, parking and transportation services, and child care. The total segregated fee amount paid by the student consists of allocable fees and nonallocable fees. According to Board of Regents policy, allocable fees are those fees that constitute substantial support for student activities such as student organizations, concerts, lectures, and bus passes. Nonallocable fees are defined as fees that support fixed obligations and programs that require stable funding such as debt service, base operating funds for student unions, and minimum student health services.

Unlike tuition rates, segregated fees are determined on an institution-by-institution and campus-by-campus basis. Chancellors, in consultation with students at each institution, are responsible for defining the allocable and nonallocable portions of the segregated fee. By statute, students, in consultation with the chancellor, are responsible for determining the disposition of the allocable portion of the segregated fee.

In 2014-15, annual segregated fees at the four-year institutions range from \$908 at Platteville to \$1,460 at Green Bay and fees at the UW Colleges range from \$269 to \$493. Table 11 shows segregated fees charged at each of the four-year institutions from 2004-05 to 2014-15. The table also compares annualized increases in segregated fees charged to annualized tuition increases. At most institutions, segregated fees have increased at a faster rate than tuition.

In general, institutions with larger increases in segregated fees have had large, segregated fee

supported building or renovation projects within the last decade. Eau Claire, Stevens Point, and Superior all undertook student union building or renovation projects during the time period shown and consequently segregated fees at those institutions doubled. At Oshkosh, the fourth institution where segregated fees doubled over the time period shown, segregated fees were increased to support the construction of a new health and wellness center.

In addition to tuition and segregated fees, students who choose to live on campus must also pay room and board charges. Table 12 shows these charges by institution for 2004-05 to 2014-15.

Comparative Statistics

Peer comparisons are frequently used in evaluating tuition charged at UW System institutions. The public universities belonging to the Big Ten conference are generally cited when comparing tuition at UW-Madison to that of similar institutions while the peer group commonly used for UW-Milwaukee consists of other urban institutions across the nation. The peer group for the UW comprehensive institutions includes other public universities in the Midwest.

Historically, UW-Madison's resident undergraduate tuition and fees have been lower than resident tuition at all other public Big Ten universities except the University of Iowa. However, with the implementation of a \$1,000 differential tuition charged to all resident undergraduate students between 2009-10 to 2012-13 and the inclusion of Rutgers University and the Universities of Maryland and Nebraska in the Big Ten conference, UW-Madison resident undergraduate tuition and fees are now close to the midpoint of the peer group. Table 13 shows that in 2014-15, resident undergraduate tuition and fees at UW-

Table 11: Segregated Fees by Campus, 2004-05 to 2014-15

	Madison	Milwaukee	Eau Claire	Green Bay	La Crosse	Oshkosh	Parkside	Platteville	River Falls	Stevens Point	Stout	Superior	Whitewater
2004-05	\$608	\$693	\$576	\$1,154	\$706	\$502	\$648	\$672	\$630	\$569	\$528	\$652	\$556
2005-06	662	726	600	1,148	742	590	720	704	685	651	560	755	703
2006-07	726	758	620	1,148	775	682	816	742	755	756	585	854	712
2007-08	854	763	705	1,140	817	760	936	787	861	880	628	942	740
2008-09	886	774	785	1,224	848	843	984	823	921	981	654	1,068	766
2009-10	1,014	812	922	1,250	904	872	912	848	954	1,031	739	1,165	801
2010-11	1,050	832	1,053	1,314	918	905	960	864	1,020	1,050	782	1,300	831
2011-12	1,073	1,006	1,095	1,312	951	905	960	887	1,063	1,040	849	1,329	863
2012-13	1,105	1,090	1,128	1,350	987	929	989	897	1,129	1,071	877	1,363	859
2013-14	1,130	1,209	1,146	1,378	1,010	979	1,018	901	1,149	1,109	908	1,411	906
2014-15	1,137	1,300	1,180	1,460	1,036	1,015	1,028	908	1,176	1,189	953	1,459	923
Total % Increase	87.0%	87.6%	104.9%	26.5%	46.7%	102.2%	58.6%	35.1%	86.7%	109.0%	80.5%	123.8%	66.0%
Annualized Increase	6.5	6.5	7.4	2.4	3.9	7.3	4.7	3.1	6.4	7.6	6.1	8.4	5.2
Tuition													
Total % Increase	76.5	57.5	78.2	57.5	87.7	56.3	57.5	60.5	60.7	57.5	57.7	57.5	57.5
Annualized Increases	5.8	4.6	5.9	4.6	6.5	4.6	4.6	4.8	4.9	4.6	4.7	4.6	4.6

*UW-Stout charges tuition and segregated fees on a per credit basis. Segregated fees shown are for 28.3 credits.

*UW-Stout charges tuition and segregated fees on a per credit basis. Segregated fees shown are for 28.3 credits.

Table 12: Room and Board Fees by Campus, 2004-05 to 2014-15

	Madison	Milwaukee	Eau Claire	Green Bay	La Crosse	Oshkosh	Parkside	Platteville	River Falls	Stevens Point	Stout	Superior	Whitewater
2004-05	\$5,381	\$4,230	\$4,130	\$3,850	\$4,520	\$4,312	\$4,850	\$4,328	\$4,120	\$4,094	\$4,232	\$4,342	\$3,892
2005-06	5,730	4,596	4,266	3,990	4,770	4,634	4,950	4,112	4,340	4,322	4,660	4,422	4,120
2006-07	6,180	5,024	4,642	4,200	5,020	5,015	5,010	4,329	4,586	4,542	4,884	4,575	4,322
2007-08	6,650	5,442	4,828	4,350	5,130	5,242	5,390	4,602	4,924	4,832	4,994	4,721	4,574
2008-09	6,909	5,738	4,960	4,700	5,420	5,720	5,570	4,809	5,106	5,180	5,170	4,954	4,790
2009-10	7,157	6,838	5,630	5,000	5,630	5,864	5,750	5,002	5,330	5,612	5,336	5,085	5,028
2010-11	7,435	7,018	5,770	5,450	5,630	5,976	5,974	5,208	5,530	5,760	5,560	5,330	5,402
2011-12	7,724	8,182	5,947	5,700	5,930	6,128	6,192	6,042	5,715	6,002	5,844	5,420	5,554
2012-13	8,024	8,594	6,182	5,950	6,000	6,248	6,382	6,440	5,957	6,158	6,054	5,610	5,786
2013-14	8,287	8,836	6,465	6,200	5,950	6,460	6,572	6,770	6,198	6,238	6,234	5,780	5,900
2014-15	8,546	8,894	6,775	6,200	5,910	6,702	6,696	7,050	6,384	6,390	6,434	6,085	6,144
Total % Increase	58.8%	110.3%	64.0%	61.0%	30.8%	55.4%	38.1%	62.9%	55.0%	56.1%	52.0%	40.1%	57.9%
Annualized Increase	4.7	7.7	5.1	4.9	2.7	4.5	3.3	5.0	4.5	4.6	4.3	3.4	4.7

Table 13: Annual Tuition and Fees at Midwestern Public Big Ten Universities (Including Segregated Fees)*

	Undergraduate			Graduate		
	2013-14	2014-15	% Change	2013-14	2014-15	% Change
Resident Students						
Pennsylvania State	\$16,992	\$17,502	3.0%	19,172	19,746	3.0%
Illinois	15,258	15,602	2.3	15,198	15,560	2.4
Minnesota	13,555	13,560	0.0	16,416	16,853	2.7
Rutgers	13,499	13,813	2.3	17,515	17,922	2.3
Michigan	13,142	13,486	2.6	19,792	20,406	3.1
Michigan State	12,863	13,200	2.6	14,910	15,504	4.0
UW-Madison	10,403	10,410	0.1	11,858	11,865	0.1
Indiana	10,209	10,388	1.8	9,247	9,497	2.7
Ohio State	10,037	10,037	0.0	12,425	12,425	0.0
Purdue	9,992	10,002	0.1	9,992	10,002	0.1
Maryland	9,161	9,428	2.9	12,905	13,530	4.8
Iowa	8,061	8,079	0.2	9,523	9,507	-0.2
Nebraska	7,975	8,070	1.2	8,266	8,350	1.0
Average (excl. WI)	\$11,729	\$11,931	1.7	\$13,780	\$14,109	2.4
Mid-Point (excl. WI)	\$11,536	\$11,794		\$13,908	\$14,517	
UW Distance to Mid-Point	-\$1,133	-\$1,384		-\$2,050	-\$2,652	
Nonresident Students						
Michigan	\$40,392	\$41,906	3.7%	\$39,798	\$40,892	2.7%
Michigan State	33,750	34,965	3.6	29,286	30,456	4.0
Indiana	32,350	33,241	2.8	25,153	26,595	5.7
Illinois	29,640	30,228	2.0	28,690	29,282	2.1
Pennsylvania State	29,566	30,452	3.0	32,148	33,110	3.0
Purdue	28,794	28,804	0.0	28,794	28,804	0.0
Maryland	28,347	29,721	4.8	26,165	27,450	4.9
Rutgers	27,523	28,591	3.9	27,667	28,770	4.0
Iowa	26,931	27,409	1.8	26,107	26,389	1.1
UW-Madison	26,653	26,660	0.0	25,184	25,191	0.0
Ohio State	25,757	26,537	3.0	30,089	30,969	2.9
Nebraska	21,302	21,990	3.2	20,428	21,082	3.2
Minnesota	19,805	20,810	5.1	24,398	25,075	2.8
Average (excl. WI)	\$28,680	\$29,555	3.1	\$28,227	\$29,073	3.0
Mid-Point (excl. WI)	\$28,571	\$29,263		\$28,179	\$28,787	
UW Distance to Mid-Point	-\$1,918	-\$2,603		-\$2,995	-\$3,596	

* Tuition and Fees reflects tuition for new students, certain returning students may have lower tuition.

Madison ranked seventh out of the 13 public Big Ten institutions. Despite this, resident tuition and fees remained below the peer midpoint by \$1,384

Tuition and fees for nonresident undergraduate students and graduate students at UW-Madison all rank in the bottom half of the peer group in 2014-15. Nonresident undergraduate

tuition and fees ranked tenth out of the 13 peers, at \$2,603 below the midpoint. Resident graduate tuition and fees ranked ninth of 13 and were \$2,652 below the peer midpoint while nonresident graduate tuition and fees ranked eleventh, at \$3,596 below the midpoint.

Table 14 shows increases in tuition and fees in both percentage and dollar terms for resident

Table 14: Increase in Tuition and Fees for Resident Undergraduates at Public Big Ten Universities (2004-05 to 2014-15)*

	Ten-Year Increase	
	Percent	Amount
Illinois	96.4%	\$7,658
Michigan State	79.5	5,848
Minnesota	68.7	5,523
Michigan	54.6	4,764
Wisconsin	77.6	4,548
Purdue	64.2	3,910
Indiana	53.9	3,638
Iowa	49.7	2,683
Ohio State	33.1	2,495
Average (excl. WI)	62.5%	\$4,565
Midpoint (excl. WI)	59.4%	\$4,337

* Tuition and Fees reflects tuition for new students, certain returning students may have lower tuition.

Table 15: Undergraduate Tuition and Fees at UW-Milwaukee and Peers (2014-15)*

	Resident	Nonresident
Temple	\$14,696	\$24,722
U. of Illinois-Chicago	14,588	26,978
Rutgers-Newark	13,297	28,075
U. of Texas-Dallas	11,806	31,328
Wayne State	11,448	24,471
U. of Cincinnati	11,000	26,334
Georgia State	10,240	28,450
U. of Louisville	10,236	24,124
U. of Akron	9,920	18,452
Cleveland State	9,636	12,878
U. of Missouri-Kansas City	9,476	22,535
UW-Milwaukee	9,391	19,120
U. of Toledo	9,242	18,580
SUNY-Buffalo	8,871	22,291
U. of New Orleans	7,482	21,092
Average (Excl. WI)	\$10,853	\$23,594
Midpoint (Excl. WI)	\$10,238	\$24,298
WI distance to midpoint	-\$847	-\$5,178

* Tuition and Fees reflects tuition for new students, certain returning students may have lower tuition.

undergraduates at the public midwestern Big Ten universities for the period from 2004-05 to 2014-15. As shown in the table, tuition and fees at all of the institutions have increased by at least 33% over the most recent 10 years and by as much as 96%. The total tuition increase at UW-Madison was near the peer average in dollar terms but

above the peer average in percent terms. This is because tuition and fees charged by UW-Madison were relatively low at the beginning of the period. Tuition and fee increases have moderated in recent years; as shown in Table 13, resident undergraduate tuition and fees increased by an average of 1.7% in 2014-15 at UW-Madison's Big Ten peers.

Tables 15 and 16 compare undergraduate tuition and fees charged by UW-Milwaukee and the UW comprehensive institutions to tuition and fees at their respective peer institutions. As shown in Table 15, Milwaukee's resident and nonresident undergraduate tuition and fees rank twelfth of 15 peers. Table 16 indicates that the average tuition and fees charged to resident and nonresident undergraduates at comprehensive institutions is lower than all but seven of the 34 other institutions in the peer group.

The UW System does not maintain a list of peer institutions for the purpose of comparing tuition and fees at the 13 two-year UW Colleges campuses. However, tuition and fees at the UW Colleges could be compared to tuition charged by the Wisconsin technical colleges for collegiate transfer programs. In 2014-15, the UW Colleges charge \$198 per credit compared to \$170 per credit charged by the technical colleges for collegiate transfer credits. However, while the Wisconsin technical colleges charge all students on a per-credit basis, the UW Colleges charge students using the plateau system. As a result, a student taking 13 or less credits would pay less tuition at a technical college while a student taking 14 credits or more would pay less tuition at a UW Colleges campus.

Cross-state comparisons are often been used as benchmarks or justifications for establishing tuition levels. It could be argued, however, that resident tuition charged in other states is not relevant to the tuition setting process in this state. Students generally qualify for resident tuition in

Table 16: Undergraduate Tuition and Fees at UW Comprehensive Campuses and Peers (2014-15)*

	Resident	Nonresident
Illinois		
Univ. Illinois-Springfield	\$11,367	\$20,517
Western Illinois	11,283	15,599
Eastern Illinois	11,108	28,088
Northeastern Illinois	10,848	19,968
Chicago State	10,158	19,128
So. Illinois-Edwardsville	9,738	20,682
Governor's State	9,386	17,036
Indiana		
Indiana State	\$8,416	\$18,346
Purdue U.-Fort Wayne	7,949	19,092
Purdue-Calumet	7,241	16,356
Indiana Univ.-South Bend	6,905	18,081
Indiana Univ.-Northwest	6,853	18,081
Indiana Univ.-Southeast	6,827	18,081
Iowa		
U. of Northern Iowa	\$7,749	\$17,647
Michigan		
Michigan Tech.	\$14,040	\$29,520
Central Michigan	11,550	23,670
Ferris State	11,352	16,962
U. Michigan-Dearborn	11,200	23,400
Grand Valley State	10,752	15,408
Western Michigan	10,685	24,917
Oakland	10,613	23,873
U. Michigan-Flint	10,138	19,360
Eastern Michigan	9,663	25,705
Northern Michigan	9,324	14,556
Saginaw Valley State	8,691	20,409
Minnesota		
U. Minn.-Duluth	\$12,802	\$16,467
Winona State	8,752	14,253
Bemidji State	8,134	8,134
Minnesota State-Moorhead	7,829	14,727
Minnesota State-Mankato	7,574	15,052
St. Cloud State	7,542	15,184
Ohio		
U. Akron	\$9,920	\$18,452
Wright State	8,730	16,910
Youngstown St.	8,087	14,087
Wisconsin		
Comprehensive Average	\$7,807	\$15,243
Average (Excl. WI)	\$9,506	\$18,757
Mid-Point (Excl. WI)	\$9,525	\$18,081
WI distance from midpoint	-\$1,718	-\$2,838

* Tuition and Fees reflects tuition for new students, certain returning students may have lower tuition.

only one state and, consequently, resident tuition in other states should not affect the decisions of students in this state. In addition, different states may have different human capital needs, goals, and strategies. Tuition decisions made in other states may not be consistent with this state's budgetary priorities, educational and workforce needs, or broader education policies.

Another approach to evaluating tuition levels is to examine the relationship between tuition levels and state income measures, representing ability to pay. Table 17 compares resident undergraduate tuition and fees for public midwestern Big Ten institutions in 2013-14 and median household incomes in those states. As shown in the table, UW-Madison's tuition and fees were equal to 20.2% of the state's median household income in 2013. Taken as a measure of affordability, this made UW-Madison the second most affordable public Midwestern Big Ten university behind only Iowa. For comparison, Milwaukee's resident undergraduate tuition and fees were 18.2% of the state's median household income, the average for the comprehensives was 15.2%, and the UW Colleges ranged from 9.8% to 10.2%.

However, tuition and fees at these public in-

Table 17: Tuition and State Income Measures (2013-14)

Institution	Resident Undergraduate Tuition and Fees	Median Household Income*	Tuition as a % of Median Household Income
Michigan	\$13,142	\$48,273	27.2%
Illinois	15,258	56,210	27.1
Michigan State	12,863	48,273	26.6
Minnesota	13,555	60,702	22.3
Indiana	10,209	47,529	21.5
Purdue	9,992	47,529	21.0
Ohio State	10,037	48,081	20.9
Wisconsin	10,403	51,467	20.2
Iowa	8,061	52,229	15.4

*Data from the U.S. Census Bureau.

stitutions have been becoming less affordable over time as tuition and fees have increased at a faster rate than incomes. In 2003-04, tuition and fees at UW-Madison were equal to 11% of Wisconsin's median household income compared to 20.2% in 2013-14. To the extent that resident tuition is not affordable to all Wisconsin students, tuition rates impact access to higher edu-

cation and may increase the need for financial aid.

For more information on state-funded need-based financial aid and a comparison of the financial aid provided by this and other states, see the Legislative Fiscal Bureau informational paper entitled "Student Financial Aid."

APPENDIX

University of Wisconsin Board of Regents Tuition Policy

The current tuition policy, which was most recently revised by the Regents in 2004 with regard to competitive nonresident tuition rates, is as follows:

1. Tuition and financial aid in the UW System should balance educational quality, access, and ability to pay.

2. As a matter of fiscal and educational policy, the state should, at a minimum, strive to provide a GPR funding share of 65% of regular budget requests for cost-to-continue, compensation, and new initiatives, and fully fund tuition increases in state financial aid programs.

3. Nonresident students should pay a larger share of instructional costs than resident students should, and at least the full cost of instruction when the market allows. Nonresident rates should be competitive with those charged at peer institutions and sensitive to institutional nonresident enrollment changes and objectives.

4. Where general budget increases are not sufficient to maintain educational quality, supplemental tuition increases should assist in redressing the imbalance between needs and re-

sources.

5. Tuition increases should be moderate and predictable, subject to the need to maintain quality.

6. GPR financial aid and graduate assistant support should "increase at a rate no less than that of tuition" while staying "commensurate with the increased student budget needs of students attending the UW System." In addition, support should also reflect "increases in the number of aid eligible students."

7. General tuition revenue, to cover regular budget increases under a 65% GPR and 35% Fees split, should continue to be pooled systemwide. Special fees may be earmarked for particular institutions and/or programs increasing those fees.

8. When considering tuition increases beyond the regular budget, an evaluation of doctoral graduate tuition should consider impacts on multi-year grants and the need to self-fund waivers or remissions from base reallocation within departmental budgets.

Student Financial Aid



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Student Financial Aid

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Student Financial Aid

Introduction

Financial aid provided to students can be broken into two general categories: need-based aid, which is provided to students who are determined to be financially unable to afford the cost of attending a post-secondary institution; and non-need-based aid, which is provided either without regard to the student's financial need, such as in the case of certain federal loan programs, or on some other basis, such as academic merit. In 2012-13, the most recent year for which data is available, resident undergraduate students attending Wisconsin public and private, nonprofit post-secondary institutions at least half-time received financial aid awards totaling approximately \$1.78 billion. Of that amount, \$1,141.0 million, or 64.1%, was awarded through need-based aid programs. Nearly two-thirds of all resident undergraduates enrolled at least half-time in Wisconsin institutions received some form of need-based financial aid in that year.

There are four primary sources of student financial aid: (1) the federal government; (2) state programs; (3) higher education institutions; and (4) other private and community-based organizations. Of the need-based aid provided to resident undergraduate students in 2012-13, \$869.3 million was awarded through federal programs (75.7%); \$123.2 million was awarded through institutional programs (10.7%); \$119.7 million was awarded through state grant programs administered by the Higher Educational Aids Board programs (10.4%); \$18.4 million was awarded through other state programs (1.6%); and \$18.1 million was provided by private sources (1.6%).

The federal government determines the amount of need-based financial aid a student is eligible for and funds the largest grant, loan, and work-study programs that make up the financial aid "package" that a student receives. In determining a student's financial need, the resources of the student and his or her family are compared to the estimated cost of attending the chosen institution. The cost of attendance includes tuition and fees, room and board, transportation, books and supplies, and miscellaneous and personal expenses. The student's financial need is the cost of attendance that the current methodology assumes cannot be covered by student or family resources. "Unmet need" is the student's financial need less any financial aid provided. This "unmet need" can be met by additional parental contributions beyond what is assumed, student earnings apart from work-study aid, the assumption of additional non-need-based loans, or reductions in costs by the student.

Table 1 shows need-based financial aid for Wisconsin resident undergraduate students for the most recent five years for which data is available. Between 2008-09 and 2012-13, average

Table 1: Wisconsin Undergraduate Need-Based Financial Aid (\$ in Millions)

	2008-09	2009-10	2010-11	2011-12	2012-13
Students					
Receiving Aid	122,742	144,684	152,938	158,625	154,984
Cost of Attendance	\$2,095.9	\$2,513.8	\$2,737.8	\$2,923.5	\$2,996.2
Financial Need	\$1,474.2	\$1,848.3	\$2,052.9	\$2,182.4	\$2,236.2
Need-Based Aid	799.1	973.0	1,082.0	1,097.7	1,141.0
Unmet Need	\$675.1	\$875.3	\$970.8	\$1,084.7	\$1,095.3
Unmet % of Financial Need	45.8%	47.4%	47.3%	49.7%	49.0%
% Chg in Total Aid	7.1%	21.8%	11.2%	1.5%	3.9%

need-based aid per student increased by \$852; however, the average cost of attendance for students receiving aid increased by approximately \$2,257. Because increases in costs were greater than increases in aid, unmet student need increased. In addition, the average student and his or her family's ability to pay for his or her education decreased by \$161 over the time period shown. The increase in cost that was not covered by increases in aid combined with the decrease in the average student's ability to pay led to an increase in average unmet need of \$1,567, from \$5,500 in 2008-09 to \$7,067 in 2012-13. In that year, need-based aid met 51% of resident undergraduate students' financial need compared to 54.2% four years prior.

This paper presents an overview of state and federal financial aid programs. The first section discusses the methodology used to determine student financial need. The second section briefly describes the various sources of financial aid. The third section provides a more detailed description of each financial aid program including college savings programs and tax incentives. The fourth section discusses the process used to distribute financial aid. The final section provides interstate comparisons.

Needs Analysis

Financial aid is awarded based upon a systematic evaluation of a student's financial need, using the guiding principle that students and their families are primarily responsible for paying for postsecondary education. Congress has established a needs analysis system, referred to as the "federal methodology," which determines how much students and their families are expected to contribute towards the cost of their education. To be eligible for federal financial aid, students and their parents are required to fill out the **Free Application for Federal Student Aid (FAFSA)**.

The federal Department of Education determines the amount that the student and his or her parents are expected to contribute to the cost of the student's education, known as the **expected family contribution or EFC**, based on information provided on the FAFSA. In calculating the EFC, the Department of Education takes into account family income, assets, number of children and other dependents in the household, number of family members enrolled in higher education, liabilities, and unusual financial circumstances. Students' earnings and savings are also considered.

EFC is determined based on the amount of income and assets that are deemed "discretionary." In general, EFC increases with the family's discretionary income. Students with the greatest financial need generally have EFCs of \$0. Although costs vary from school to school, the amount one is expected to pay remains the same.

The student's **financial need** is the difference between the total cost of attending an institution and the amount the student and his or her family is expected to contribute, which is the EFC. The cost of postsecondary education varies greatly depending on individual student choices. First, costs will vary depending on the institution the student chooses to attend. In Wisconsin, the total cost of education, including tuition and fees, room and board, transportation, books and supplies, and miscellaneous and personal expenses, ranged from an average of \$11,839 at the tribal colleges to \$32,859 at the private, nonprofit colleges and universities in 2012-13. The Wisconsin Technical Colleges and the University of Wisconsin System institutions fell in between with average costs of \$13,816 and \$19,483, respectively. Additional choices made by the student, such as whether to live on campus or at home, will also affect the total cost of education.

Table 2 shows a sample student budget for a full-time resident undergraduate student as prepared by the financial aid office at UW-

Milwaukee. This sample budget shows tuition and fees relative to other student costs including room and board, transportation, and books and supplies.

Table 2: Dependent Student Base Budget Estimates-- 2014-15 Academic Year (9 Months)

	Living With Parent	Living Away From Home
Tuition and Fees	\$9,438	\$9,438
Books/Supplies	700	700
Room	0	6,126
Board	3,010	3,010
Transportation	1,306	1,306
Personal/Misc.	<u>2,000</u>	<u>2,000</u>
Total	\$16,454	\$22,580

Once a student's financial need is determined, the college where the student is enrolled or the college or colleges where the student has applied attempts to meet this need through an offer of a financial aid package. The financial aid package can be a combination of one or more types of assistance including grants, scholarships, loans, and employment, depending upon a student's financial need and eligibility for programs.

In most cases, to be eligible to receive aid from the general need-based programs discussed in this paper, a student must:

- Demonstrate financial need.
- Have a high school diploma, a general educational development (GED) certificate, or have completed a high school education in a home setting.
- Be enrolled in an eligible degree or certificate program.
- Be a U.S. citizen or an eligible noncitizen.
- Have a social security number.
- Make satisfactory academic progress in a degree or certificate-granting program, which is

usually defined by the school, but often viewed as maintaining a "C" average.

- Register with the Selective Service, if required.

Some of the programs described in this paper such as the federal Direct Loan and Direct PLUS Loan programs and the state-funded WHEG program also require the student to be enrolled at least half-time, which is usually defined as at least twelve credits per year. This is not a requirement to receive federal aid under the Pell Grant, Supplemental Educational Opportunity Grant, Work-Study, and Perkins Loan programs. For students attending less than full-time, the cost of education is proportionately reduced, which in turn decreases a student's financial need and the amount of financial aid for which the student is eligible.

Another determination made when a student applies for financial aid is the student's dependency status. **Dependency status** is based on whether the student is considered a dependent of his or her parents or is considered financially independent. If a student is a dependent, the student must report his or her parents' income and other financial information on the FAFSA in addition to the student's own. This determination is necessary because most student aid programs are based on the assumption that parents have the primary responsibility for paying for their children's education, whether they choose to or not. According to federal guidelines, students who have access to parental support should not receive financial aid at the expense of students who do not. A student is considered independent for financial aid purposes if he or she is one or more of the following:

- At least 23 or 24 years of age depending on the student's birthdate.
- Married.
- A graduate or professional student.
- Someone with a dependent other than a

spouse who receives more than half of his or her support from the student.

- A veteran.
- Serving on active duty in the U.S. Armed Forces.
- Both parents are deceased, has been in foster care, or has been a ward of the court at any time since the age of 13.
- An emancipated minor or in a legal guardianship.
- Has been determined to be homeless or self-supporting and at risk of homelessness at any time since July 1, 2013.

Sources of Financial Aid

Financial aid is provided by a number of sources:

Federal Government. In 2012-13, over three-quarters of the need-based financial aid to resident undergraduate students was provided by the federal government. This aid included \$372.6 million in grants, \$474.0 million in loans, and \$22.7 million in work study. Table 3 provides expenditure levels for need-based financial aid programs funded through the U.S. Department of Education. These include grants, such as the Pell and Supplemental Educational Opportunity Grant (SEOG); federal work study; and loans, such as Direct and Perkins loans. Table 3 also shows expenditures for the Bureau of Indian Affairs grant program which is administered by individual tribes. Since 2003-04, total need-based federal financial aid for Wisconsin undergraduate students has nearly doubled, increasing from \$438.0 million in that year to \$869.3 million in 2012-13.

In addition, the federal government provides non-need-based financial aid, primarily in the form of loans. In 2012-13, resident undergraduate students received a total of \$403.3 million in non-need-based federal financial aid. Of this amount, 83% was provided in the form of Direct

Table 3: Federal Need-Based Financial Aid Programs (\$ in Millions)

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Pell Grant	\$137.7	\$144.0	\$135.5	\$136.6	\$155.5	\$183.5	\$292.2	\$341.0	\$345.1	\$348.8
SEOG	15.7	15.1	14.3	14.7	13.9	14.1	14.4	13.4	13.1	14.2
Bureau of Indian Affairs	4.2	4.7	4.8	5.6	5.6	6.1	6.3	6.0	6.0	5.8
Academic Competitiveness Grant *	--	--	--	4.2	5.6	5.8	7.9	9.8	--	--
SMART Grant*	--	--	--	3.2	3.0	2.6	4.4	5.7	--	--
LEAP/SLEAP**	1.4	1.4	1.7	1.4	1.5	1.4	1.5	1.6	--	--
Other federal grants	--	--	--	--	0.4	1.1	2.8	3.1	3.1	3.8
Work Study	16.5	18.2	18.0	19.5	17.5	19.0	22.3	20.9	21.7	22.7
Direct/Stafford Loan***	227.8	255.4	262.2	277.1	325.8	344.7	395.8	428.9	449.0	446.0
Perkins Loan	34.7	37.1	34.7	34.9	29.6	17.5	15.4	19.5	20.5	26.9
Other federal loans	--	--	--	--	1.2	1.0	1.0	1.1	1.2	1.1
TOTAL	\$438.0	\$475.9	\$471.2	\$497.2	\$559.6	\$596.8	\$764.0	\$851.0	\$859.7	\$869.3
Percent Change	11.3%	8.7%	-1.0%	5.5%	12.6%	6.6%	28.0%	11.4%	1.0%	1.1%

* These programs provided grants to Pell grant recipients who met additional academic requirements. Both programs ended after the 2010-11 academic year.

**Leveraging Educational Assistance Partnership (LEAP) and Supplemental LEAP (SLEAP).

***Through 2009-10, most Stafford Loans were made through the Federal Family Education Loan program. Beginning in 2010-11, all Stafford loans are made through the Direct Loan Program.

Unsubsidized loans and 15% was provided in the form of Direct PLUS loans made to parents. Due to limits on the amount of loans a student can receive through the need-based Direct Subsidized loan program, students may receive loans through both that program and the non-need-based Direct Unsubsidized loan program.

Higher Educational Aids Board (HEAB).

The Higher Educational Aids Board is the primary state agency responsible for the management and oversight of the state's student financial aid system. As such, HEAB administers most state-funded student financial aid programs and the Minnesota-Wisconsin tuition reciprocity program. The Board is an independent policy making body composed of 11 members: the State Superintendent of Public Instruction; one member from each of the UW Board of Regents, the Wisconsin Technical College System (WTCS) Board, and a Board of Trustees of an independent college or university in this state; three financial aid administrators and three undergraduate students, including one each from an UW institution, Wisconsin technical college, and a private, nonprofit college or university in this state; and one member of the general public. Except for the

State Superintendent, all Board members are appointed by the Governor. Student members of HEAB serve two-year terms while nonstudent members serve staggered, three-year terms. HEAB has a staff of 11.0 full-time equivalent employees including an Executive Secretary who is appointed by the Governor.

HEAB awards most state-funded need-based grants based on a student's EFC as calculated by the federal Department of Education. Table 4 shows a history of funding for HEAB-administered need-based financial aid programs. Non-need-based grants awarded through the Wisconsin covenant scholars grant program are excluded from the amounts shown in the table.

In general, HEAB-administered aid programs are supported with state, general purpose revenue (GPR) dollars. Exceptions include the Indian student assistance grant program and the Wisconsin Grant for tribal college students, both of which are funded with tribal gaming revenues. In addition, the Wisconsin Grant for UW students was partially funding with program revenue (PR) transferred from the UW System's auxiliary enterprises appropriation in 2003-04, 2004-05, and

Table 4: HEAB Need-Based Programs

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Wisconsin Grant								
UW Students	\$43,315,581	\$49,830,841	\$54,986,218	\$54,977,370	\$59,579,159	\$58,322,447	\$58,296,335	\$58,332,253
Private Colleges and Universities	22,757,519	24,928,869	26,567,410	25,909,981	27,864,140	26,613,208	27,094,691	27,686,300
WTCS Students	16,684,004	16,905,950	18,022,956	16,686,129	20,301,301	18,325,306	19,221,127	20,156,173
Tribal College Students	408,991	408,558	407,649	416,675	468,918	441,963	465,952	445,653
Wisconsin Covenant*	N.A.	N.A.	N.A.	N.A.	N.A.	3,137,810	5,647,138	7,702,383
Talent Incentive Grant**	4,453,669	4,228,844	4,575,552	2,928,619	5,127,749	2,605,544	4,825,995	4,684,089
Indian Student Grant	802,254	764,150	766,691	763,324	650,555	642,530	721,021	684,762
Handicapped Student Grant	108,540	90,364	98,197	103,191	121,860	116,100	108,194	89,671
Minority Retention Grant	748,297	751,896	817,658	786,297	802,584	816,372	818,423	809,702
Nursing Student Loan Prog.	386,653	371,845	433,075	424,702	440,558	437,000	437,088	443,974
TOTAL	\$89,665,508	\$98,281,317	\$106,675,406	\$102,996,288	\$115,356,824	\$111,458,280	\$117,635,964	\$121,034,960
Expenditure Change	0.5%	9.6%	8.5%	-3.4%	12.0%	-3.4%	5.5%	2.9%

N.A. Not applicable

*Some Wisconsin Covenant grants are not awarded on the basis of need. The amounts shown on 2011-12, 2012-13, and 2013-14 exclude these non-need-based grants. Non-need-based grants totaled \$1,299,143 in 2013-14.

**Does not include federal Leveraging Educational Assistance Partnership (LEAP) Supplemental (SLEAP) monies.

2009-10 and fully funded with PR transferred from the UW systemwide tuition balance in 2013-14.

In addition to the need-based programs shown in Table 4, HEAB administers the academic excellence scholarship (AES) program and the technical excellence scholarship program, both of which provide merit-based scholarships, and three non-need-based loan programs. Table 5 shows 2013-14 program expenditures and the number of students receiving aid for all HEAB financial aid programs. The total expenditure amount shown in Table 5 differs from that shown in Table 4 for 2013-14 due to the inclusion of the non-need-based programs and non-need-based grants made through the Wisconsin covenant program.

University of Wisconsin System and Other State Agencies. The UW System currently administers seven state-funded financial aid programs and one state-funded loan repayment program. The three largest programs administered by the UW System are the Lawton minority undergraduate retention grant, the advanced oppor-

tunity program, and the tuition increase grant. In addition, the Department of Military Affairs, the Department of Public Instruction, the Department of Veterans Affairs, and the Division of Vocational Rehabilitation Services in the Department of Workforce Development each administer financial aid programs for select student groups.

Institutional Aid. Individual institutions provide need-based grants, scholarships, and need- and non-need-based loans and employment to enrolled students. Institutional financial aid programs are funded with moneys allocated by the institution and are separate from state and federal programs. In 2012-13, Wisconsin's independent colleges and universities provided \$208.0 million in institutional aid to their Wisconsin resident undergraduate students, including \$93.4 million in need-based grants, \$104.4 million in scholarships, \$1.4 million in need-based employment, \$2.7 million in non-need-based employment, and \$6.1 million in other forms of aid. Institutional aid is a particularly important source of financial aid for resident undergraduates attending private, nonprofit colleges and universities. At those institutions, institutional financial aid accounts for 40% of all financial aid for resident undergraduate students compared to 6% at UW institutions and less than 1% at the technical colleges. In addition, institutionally-funded need-based grants account for 64% of all need-based grants to resident undergraduate students at private, nonprofit colleges and universities.

UW institutions provided a total of \$45.9 million in institutional aid to resident undergraduate students in 2012-13. This amount included \$27.9 million in need-based grants, \$15.8 million in scholarships, \$1.2 million in matching AES moneys, and \$1.0 million in non-need-based loans. A signifi-

Table 5: HEAB -- 2013-14 Program Expenditures

	Number of Awards	Total Expended	Average Award
Wisconsin Grant			
UW Students	32,898	\$58,332,253	\$1,773
Private, Non-Profit College Students	10,884	27,686,300	2,544
WTCS Students	23,969	20,156,173	841
Tribal College Students	337	445,653	1,322
Wisconsin Covenant Scholars	12,569	9,001,526	716
Talent Incentive Grant	3,187	4,684,089	1,470
Academic Excellence Scholarship	2,931	2,984,774	1,018
Indian Student Grant	742	684,762	923
Minority Undergraduate Retention Grant			
WTCS Students	557	400,204	718
Independent and Tribal Colleges	320	409,498	1,280
Handicapped Student Grant	58	89,671	1,546
Minority Teacher Loan	68	159,100	2,340
Nursing Loan Program	202	443,974	2,198
Teacher of the Visually Impaired	10	82,000	8,200
Teacher Education Loan	82	244,750	2,985
TOTAL	88,814	\$125,804,727	\$1,416

cant portion of the institutional financial aid provided by UW institutions is funded with revenues generated by differential tuitions at UW-Madison and UW-Eau Claire. In 2013-14, UW-Madison provided \$18.6 million and UW-Eau Claire provided \$3.0 million in need-based grants to resident and nonresident students using differential tuition revenues.

The technical colleges provided \$2.1 million in institutional aid to their students in 2012-13 including \$1.4 million in scholarships, \$362,600 in need-based grants, and \$301,900 in non-need-based employment.

Private Sources. Students may receive financial aid through private sources such as community organizations, church groups, alumni associations, and private banks. Due to the manner in which many of these funds are distributed, it is difficult to estimate the total amount of privately-funded financial aid awards.

The privately-funded Fund for Wisconsin Scholars (FWS) provides need-based grants to students who have graduated from Wisconsin public high schools and are enrolled in UW institutions or Wisconsin technical colleges. Students enrolled at two-year institutions are eligible to receive annual grants of up to \$1,800 while students enrolled in four-year institutions may receive annual grants of up to \$3,500. According to HEAB, grants totaling \$7,230,300 were provided to 2,839 UW students and a total of \$705,300 was provided to 554 technical college students through this program in 2012-13. These grants are awarded through the financial aid office of the institution that the student attends. FWS is endowed by a \$175 million gift from John and Tashia Morgridge made in December, 2007.

Financial Aid Programs

Financial aid may be provided in a number of

forms:

Grants are direct forms of financial aid that are usually provided on the basis of financial need and do not have to be repaid. In 2012-13, state, federal, institutional, and private grant programs accounted for 56.6% of need-based financial assistance to resident undergraduates.

Loans are financial aid that, in most cases, must be repaid. Loans made through state and federal programs generally offer lower interest rates than are available on the private market. Some loans can have their principal forgiven or repaid if the recipient adheres to certain conditions, such as becoming a teacher in an inner city school or a physician in a medically underserved area. In 2012-13, student loan programs accounted for 41.3% of need-based and 72.3% of non-need-based financial assistance for resident undergraduates. Loans through federal programs accounted for 99.9% of all need-based loans and 85.7% of all non-need-based loans.

Scholarships are grants that are awarded on some basis other than need such as academic merit; athletic, musical, or other talents; certain achievements; or status as a member of a particular group such as being from a certain city, belonging to a certain ethnic group, or being the member of a certain religious affiliation.

Remissions are awarded to students under certain conditions. Students who receive a remission are not charged some portion of tuition and the institution granting the remission forgoes that revenue.

Reciprocity agreements enable a student from one state to attend a public institution in another state without having to pay nonresident tuition. A reciprocity agreement between Minnesota and Wisconsin covers all public institutions in both states. In addition, individual technical colleges have reciprocity agreements with institutions located in Michigan, Illinois, and Iowa, and UW-Marinette also has a reciprocity agreement

with two community colleges located in Michigan. Additional information on reciprocity programs is provided in the Legislative Fiscal Bureau's informational paper entitled "Education and Income Tax Reciprocity Agreements."

Different financial aid programs accommodate a range of different policy objectives. Need-based grant programs are generally used to increase access and to help equalize participation in higher education across income levels. Merit-based aid, such as the academic excellence scholarship program in Wisconsin, encourages better high school performance and talent retention. Loans, primarily offered by the federal government, help students and families bridge the financial gap between present and future earnings. Other programs, such as nursing and teacher loans, target specific professions or student populations for grants or loans.

The following section provides descriptions of financial aid programs available to Wisconsin students. Unless otherwise indicated, program data is for Wisconsin resident undergraduate students attending college in this state.

Grant Programs

1. Pell Grant (Federal). The Pell grant program is the largest source of need-based grant aid for resident undergraduate students. In 2012-13, 53.7% of all need-based grant aid reported by HEAB was provided through the Pell grant program. In that year, 102,840 Wisconsin students received Pell grants totaling \$348.8 million with an average award of \$3,392.

Students who receive Pell grants tend to be from the neediest households. In 2012-13, nearly three-quarters of all Pell grant recipients came from families with annual incomes of less than \$30,000; 97% came from families with incomes of less than \$60,000. The Pell grant is intended to be the base upon which the student's financial aid package is built because, in general, students

eligible for Pell grants are eligible for other forms of aid. In recent years, the Pell grant program has been administered like an entitlement program in that all eligible students have received the full amount of the grant as determined by their cost of attendance, expected family contribution (EFC), and enrollment status.

In 2014-15, undergraduate students enrolled full-time with EFCs of less than \$5,158 are eligible to receive grants ranging from \$587 to \$5,730 annually. For students enrolled less than full-time, grants are reduced proportionately. To maintain eligibility for Pell grants, students must demonstrate satisfactory academic progress as defined by the institution attended.

Table 6 shows the number of resident students who received Pell grants in each of the past ten years and the average amount of those awards. Over that period of time, the number of Pell grant recipients increased by 72% and the average grant increased by 47%. The number of students receiving grants and the average award both increased significantly in 2009-10 and 2010-11 as the result of changes made to program under the 2009 federal American Recovery and Reinvestment Act (ARRA).

Table 6: Pell Grants

	Number of Recipients	Total Grants	Average Award
2003-04	59,757	\$137,658,111	\$2,304
2004-05	60,740	143,994,359	2,371
2005-06	57,999	135,477,306	2,336
2006-07	58,957	136,557,843	2,316
2007-08	63,081	151,970,601	2,410
2008-09	65,577	183,487,340	2,798
2009-10	86,353	292,167,595	3,383
2010-11	98,998	341,047,217	3,445
2011-12	103,088	345,110,952	3,348
2012-13	102,840	348,818,047	3,392

2. Wisconsin Grant (HEAB). Formerly known as the Wisconsin Higher Education Grant (WHEG) and Tuition Grant (TG) programs, the Wisconsin Grant program provides need-based grants to resident undergraduate students enrolled

at least half-time at UW institutions, Wisconsin technical colleges, private, nonprofit colleges and universities, and tribal colleges located in this state. Students are eligible to receive grants for up to 10 semesters. In 2013-14, 68,088 students received Wisconsin Grants totaling \$106.6 million across all four sectors. Table 7 shows the number of students who received Wisconsin Grants, the total amount of those grants, and the average grant by sector for 2004-05 through 2013-14.

By law, the minimum Wisconsin Grant that can be awarded is \$250 while the maximum grant awarded to UW, technical college, and tribal college students may not exceed \$3,150. There is no statutory maximum for Wisconsin Grants awarded to private, nonprofit college and university students. Actual minimum and maximum grants vary by sector and are approved annually by the HEAB Board. Table 8 shows the minimum and maximum Wisconsin Grants by sector for 2014-15.

Individual Wisconsin Grant amounts are calculated using formulas which are approved annually by HEAB. Statutes require that these formulas account for expected parental and student contributions and are consistent with nationally

Table 8: Minimum and Maximum Wisconsin Grant Awards by Sector, 2014-15

	Minimum	Maximum
Private, Nonprofit Colleges	\$1,000	\$2,900
UW System	764	2,324
Technical Colleges	500	1,084
Tribal Colleges	250	1,800

approved needs analysis methodology. HEAB approves a total of five formulas, one each for UW students, technical college students, and tribal colleges students, and two for private, nonprofit college and university students. Statutes require HEAB to use different formulas for dependent and independent students attending private, nonprofit colleges and universities. Under these formulas, dependent students receive larger grants than independent students. The formulas for Wisconsin Grants for private, nonprofit college and university students also include a calculation of the amount by which the student's tuition exceeds UW-Madison tuition. Applicants who attend institutions that charge higher tuition are eligible for larger awards.

The Wisconsin Grant program is funded through four appropriations, one each for UW students; private, nonprofit college and universities students; technical college students; and trib-

Table 7: Wisconsin Grants*

	UW System			Wisconsin Technical Colleges			Private, Nonprofit Colleges			Total
	Number of Students	Expenditures	Average Award	Number of Students	Expenditures	Average Award	Number of Students	Expenditures	Average Award	
2004-05	26,108	\$33,713,710	\$1,291	23,497	\$14,628,703	\$623	10,880	\$22,483,699	\$2,067	\$70,826,112
2005-06	24,345	40,992,516	1,684	24,211	15,792,630	652	10,818	25,510,951	2,358	82,296,097
2006-07	24,685	43,315,582	1,755	23,945	16,684,004	697	9,146	22,757,518	2,488	82,757,104
2007-08	26,342	49,830,841	1,892	23,828	16,905,950	709	10,073	24,928,869	2,475	91,665,660
2008-09	27,162	54,986,218	2,024	22,041	18,022,956	818	10,613	26,567,410	2,503	99,576,584
2009-10	25,423	54,977,370	2,163	18,207	16,686,129	916	10,300	25,909,981	2,516	97,573,480
2010-11	30,364	59,579,159	1,962	21,257	20,301,301	955	11,020	27,864,140	2,529	107,744,600
2011-12	30,692	58,322,447	1,900	19,472	18,325,306	941	10,510	26,613,208	2,532	103,260,961
2012-13	31,769	58,296,335	1,835	22,470	19,221,127	855	10,778	27,094,691	2,514	104,612,153
2013-14	32,898	58,332,253	1,773	23,969	20,156,173	841	10,884	27,686,300	2,544	106,174,726

* Excludes WHEG-tribal, which awarded \$445,653 to 337 students in 2013-14.

** Wisconsin Grants were known as Wisconsin Higher Education Grants and Wisconsin Tuition Grants prior to the 2013-14 fiscal year.

al college students. Wisconsin Grants to technical college students and private, nonprofit college and university students are funded with state general purpose revenue (GPR) through sum certain appropriations. Wisconsin Grants to tribal college students, which totaled \$445,700 in 2013-14, are funded with tribal gaming revenues. Wisconsin Grants for UW System students are funded through a GPR sum sufficient appropriation linked to the average percentage increase in resident undergraduate tuition in the UW System. This link, which was established by 2001 Act 109 and modified by 2005 Act 25, has been suspended in each biennium since it was established. During the 2013-15 biennium, the link was suspended to allow the program to be funded with monies transferred from the UW's systemwide tuition revenue balance in 2013-14, and then level funded with GPR in 2014-15. In 2003-04, 2004-05, and 2009-10, the Wisconsin Grant program for UW System students (then known as the WHEG program) was partially funded with program revenue (PR) transferred from the UW System's auxiliary enterprises appropriation.

In administering the program, HEAB commits funds to more students than it can provide grants to with the amount of funding appropriated. The amount by which HEAB overawards Wisconsin Grant funding is based on the percentage of students expected to decline the grant. Initial awards to private, nonprofit college and university students are limited by statute to 122% of the amount appropriated.

Waitlists: In recent years, the number of students who have been eligible for Wisconsin Grants based on their financial need and the approved formulas has exceeded the number of grants that could be awarded using the funding provided. Students who are eligible for Wisconsin Grants but cannot be given a grant due to lack of funds are placed on a waitlist. In 2013-14, 3,581 UW students, 37,844 technical college students, 1,136 private, nonprofit college and university students, and 572 tribal college students

were eligible for Wisconsin Grants based on their EFCs but did not receive grants due to insufficient funds. The waitlists for the Wisconsin Grants programs for technical college, private, nonprofit college and university, and tribal college students include financial aid applicants who are eligible for a Wisconsin Grant based on their EFC and listed either a technical college, private, nonprofit college or university, or tribal college first on their FAFSA. The waitlist for the Wisconsin Grant program for UW students includes students who are eligible for a grant based on their EFC and who are enrolled in a UW institution.

3. Supplemental Educational Opportunity Grant (Federal). The Supplemental Educational Opportunity Grant (SEOG) program provides need-based grants of up to \$4,000 per year, or up to \$4,400 if the student is participating in an approved study abroad program, to undergraduate students with the lowest EFCs, with priority given to Pell Grant recipients. SEOG is a campus-based program and funds are allocated to participating institutions based on the amount received by the institution in 1999. Additional funds, when available, are allocated based on the need of the students enrolled in the institution. The SEOG program is administered by financial aid officers at each institution and awards are based on student financial need and the availability of funds. In 2012-13, SEOG awards of \$14.2 million were provided to 24,355 Wisconsin students, for an average of \$581 per grant.

4. Ben R. Lawton Minority Undergraduate Grant (UW System). Under this program, awards are made to resident minority undergraduates, excluding freshmen, enrolled full-time at UW institutions. (Minnesota reciprocity students were also eligible for Lawton grants through the 2012-13 academic year. Minnesota students who previously received Lawton grants are eligible to receive grants through 2015-16.) Since freshmen are not eligible for Lawton grants, this is a retention, rather than a recruitment, program. By stat-

ute, a minority student is defined as a student who is African American, Native American, Hispanic, or from Cambodia, Laos, or Vietnam and admitted to the U.S. after December 31, 1975. Awards are based on financial need with a maximum grant of \$4,000 a year for up to eight semesters. Lawton grants are provided as "last dollar" grants, which means that they are awarded after all other grant aid for which the student is eligible has been determined.

In 2013-14, 3,347 students received a total of \$6.8 million through the Lawton program averaging \$2,031 per grant. Funding for the Lawton program is allocated annually by the Board of Regents from the UW System's GPR block grant. Prior to 2011-12, the Lawton program was funded through a separate appropriation under the UW System.

5. Tuition Increase Grants (UW System).

Created under 2009 Act 28, the tuition increase grant program provides need-based grants to students whose family income is less than \$60,000 and who do not receive WHEG grants. To be eligible for a grant, students must have attended UW System institutions in 2010-11 and maintained continuous enrollment. Grant amounts are determined by the Board of Regents and must correspond to increases in resident undergraduate tuition. Individual grants may not exceed the amount of unmet need. In 2013-14, 10,742 students received grants totaling \$6.3 million with an average grant of \$588. Funding for this program is allocated annually by the Board of Regents from the UW System's GPR block grant.

6. Division of Vocational Rehabilitation Training Grants (Department of Workforce Development). Individuals that have a physical or mental impairment that results in a substantial impediment to employment may be eligible for training grants awarded through the Division of Vocational Rehabilitation (DVR) in the Department of Workforce Development. Students are eligible for grants of up to \$5,000 for full-time

study or \$160 per credit for part-time study. The actual amount of training grant depends on the student's unmet need after other sources of financial aid have been applied. DVR training grants are funded with a combination of federal funds provided through the vocational rehabilitation grant and state matching funds. In 2012-13, DVR awarded training grants totaling \$6.2 million to 765 UW students, 1,372 technical college students, and 527 students enrolled in other colleges. More information regarding eligibility for the DVR training grant program and other services offered by DVR can be found in the Legislative Fiscal Bureau's informational paper entitled, "Vocational Rehabilitation."

7. Bureau of Indian Affairs (BIA) Grant (Federal). Need-based grants are available to students who are members of a federally recognized tribe and who meet eligibility criteria established by the tribal affiliates. The appropriate tribal office selects eligible students and determines the amount of each award. Students are eligible for BIA grant for up to five years. In 2012-13, 1,229 students received BIA grants totaling \$5.8 million with an average award of \$4,720. Of these grant recipients, 414 were enrolled in Wisconsin technical colleges, 379 were enrolled in tribal colleges, 343 were enrolled in UW institutions, and 93 were enrolled in private colleges.

8. National Guard Tuition Grants (Military Affairs). Wisconsin National Guard members are eligible to receive reimbursement grants equal to 100% of the actual tuition charged or 100% of the maximum resident undergraduate tuition rates charged by UW-Madison for a comparable number of credits, whichever amount is less. The grants may be received for up to eight semesters of full-time study, 120 credits of part-time study, or the equivalent thereof.

Eligibility for tuition grants is limited to Wisconsin National Guard members who: (a) are enlisted members or warrant officers; (b) do not

hold a bachelor's degree or its equivalent; (c) meet eligibility criteria established by the Department of Military Affairs; and (d) are not absent without leave from more than nine monthly training sessions. Additionally, in order to receive a reimbursement grant for tuition, an eligible guard member must: (a) achieve a minimum grade point average of 2.0 for the semester for which the tuition grant is applied; and (b) be an actively drilling guard member in good standing with the National Guard.

Reimbursement of tuition may be obtained by National Guard members who were enrolled at any accredited institution of higher education in Wisconsin or an out-of-state institution that has a reciprocity agreement with this state. Guard members seeking reimbursement must apply for the grant within 90 days after the completion date of the course. No National Guard member may receive a reimbursement grant under this program in any semester in which the person also receives a grant under the veterans tuition and fee reimbursement grant program.

In 2013-14, grants totaling \$5.6 million GPR were awarded to 2,178 National Guard members. The average grant awarded in that year was \$2,581.

9. Talent Incentive Grant Program (HEAB). This program (known as "TIP") is intended to enhance educational opportunities and encourage attendance in postsecondary educational institutions. These grants are restricted to the most needy and educationally disadvantaged students selected by the staff of the Wisconsin Educational Opportunity Program (WEOP) in the Department of Public Instruction and institutional financial aid officers. Through the 2010-11 year, TIP was supported by state general fund monies and federal funds through the Leveraging Educational Assistance Partnership (LEAP) Program and the Special Leveraging Educational Assistance Partnership (SLEAP) Program. The LEAP and SLEAP programs were eliminated beginning in the 2011-12 year which reduced total funding for the TIP program by approximately \$1.5 million. (Federal funding for the program varied from year to year.) Total TIP expenditures in 2013-14 were \$4.8 million GPR.

Only students receiving TIP awards as freshmen are eligible to receive awards as upperclassmen. Students may receive TIP awards for up to 10 semesters within the first six years after the initial grant was awarded. Freshmen TIP awards are made by financial aid officers and WEOP counselors; HEAB determines the awards for those who continue to enroll as upperclass-

Table 9: Talent Incentive Grant Program*

	UW System			Wisconsin Tech. Colleges			Private Colleges		
	Number of Students	Expenditures	Average Award	Number of Students	Expenditures	Average Award	Number of Students	Expenditures	Average Award
2004-05	2,293	\$2,979,541	\$1,299	1,435	\$1,707,479	\$1,190	1,030	\$1,404,122	\$1,363
2005-06	2,244	2,896,636	1,291	1,492	1,723,192	1,155	993	1,342,824	1,352
2006-07	2,245	2,867,590	1,277	1,327	1,580,302	1,191	948	1,255,985	1,325
2007-08	2,290	2,908,293	1,270	1,221	1,417,426	1,161	954	1,251,200	1,312
2008-09	2,418	3,077,153	1,273	1,339	1,498,029	1,119	985	1,355,744	1,376
2009-10	2,308	2,404,817	1,042	1,019	995,865	977	927	962,472	1,038
2010-11	2,476	3,737,306	1,509	1,034	1,405,184	1,359	954	1,479,522	1,551
2011-12	1,963	1,510,203	769	673	496,704	738	732	568,430	777
2012-13	1,833	2,772,061	1,512	715	931,462	1,303	692	1,070,272	1,547
2013-14	1,699	2,553,664	1,503	761	995,254	1,308	691	1,083,071	1,567

*Includes both state funds and federal state student incentive grant monies. Excludes grants to students enrolled in tribal colleges.

men. Unlike other financial aid programs, TIP funding is guaranteed for continuing upperclassmen, thus obligating HEAB to four years of support once an initial award is made.

Students may be awarded both a maximum TIP award as well as a maximum Wisconsin Grant award. Freshmen may receive TIP awards of \$600 to \$1,800 while the maximum award for upperclassmen varies from year to year depending on the number of eligible students and, in previous years, the amount of federal funds received. In 2014-15, the maximum award was \$1,150. Table 9 shows TIP expenditure levels for the UW System, WTCS, and private college sectors from 2004-05 through 2013-14. As shown in the table, the number of students receiving TIP awards decreased after the federal funding was eliminated in 2011-12.

10. Study Abroad Grants (UW System). In 2013-14, grants totaling \$960,900 were provided to 762 students through this GPR-funded program. Although statutes do not specify how grants shall be awarded, the UW System administers this program as a need-based grant program with eligibility limited to Wisconsin resident undergraduates. Funding for these grants is allocated annually by the Board of Regents from the UW System's GPR block grant. Prior to 2011-12, these grants were funded through a separate appropriation under the UW System.

11. Minority Undergraduate Retention Grant (MURG) (HEAB). Similar to the Lawton program, the MURG program provides need-based grants to minority resident undergraduate students enrolled at least half-time in Wisconsin technical colleges, tribal colleges, or private, nonprofit postsecondary institutions in the state. Like the Lawton program, this is a retention, rather than a recruitment, program and the same definition of "minority" is used for both programs. Sophomores, juniors, and seniors are eligible for grants of up to \$2,500 a year for up to eight semesters. HEAB allocates half of all funds

to the technical colleges and half to private institutions and tribal colleges.

In 2013-14, \$400,200 was awarded to 557 technical college students with an average award of \$718. A total of 320 students attending private colleges or tribal colleges received \$409,500 with an average award of \$1,280.

12. Indian Student Assistance Grant (HEAB). These funds are awarded to residents who are at least one-quarter Native American or are recognized as a member of a tribe by the appropriate tribal government. Full- and part-time undergraduate and graduate students who attend accredited institutions of higher education in this state are eligible for financial assistance. Grants are based on financial need and may be received for a total of five years. The program is funded by tribal gaming revenues. In 2013-14, 742 students received grants totaling \$684,800. Of these students, 230 enrolled at Wisconsin tribal colleges, 230 enrolled at UW institutions, 202 enrolled at Wisconsin technical colleges, 78 enrolled in private, non-profit institutions, and two enrolled in a private, for-profit institution. The average grant was \$923 in that year.

13. Veterans Tuition and Fee Reimbursement Grants (Veterans Affairs). This program provides reimbursement of up to 100% of the cost of an eligible veteran's undergraduate tuition and fees or high school tuition or program costs, less any other grants, scholarships, or remissions received, up to the amount of resident undergraduate tuition at UW-Madison. A separate program, described later in this paper, provides tuition remissions to eligible veterans attending UW System and Wisconsin Technical College System institutions. The veterans tuition and fee reimbursement grants apply only to the unremitted portion of tuition and fees at those institutions. The veteran may enroll on a full-time or part-time basis at any UW institution, Wisconsin technical college, approved private postsecondary institution, public or private high

school, or similar institution that has a reciprocity agreement with Wisconsin. Part-time students may also be reimbursed for courses taken at out-of-state institutions if the course is not offered within 50 miles of the veteran's residence and the institution is within 50 miles of the state boundary or if a correspondence course is not offered in this state.

Veterans are eligible for reimbursement based on their length of service. Veterans that were on active duty for at least 90 days may be reimbursed for up to 30 credits or two semesters; veterans with at least 181 days of active duty service are eligible for up to 60 credits or four semesters; and veterans with at least 731 days of active duty service are eligible for up to 120 credits or eight semesters.

Veterans are eligible for full tuition and fee reimbursement for full-time study only for credits begun prior to their 10-year anniversary of their separation from active duty. After the 10-year delimiting date, full-time students may be reimbursed for no more than 11 credits per semester and 60 credits total. Up to 60 credits of part-time study may be reimbursed with no time limits.

Eligibility is restricted to veterans with incomes of \$50,000 or less (plus \$1,000 for each dependent in excess of two). Veterans are not eligible for reimbursement if they are eligible for tuition assistance from the U.S. Department of Defense, are eligible for National Guard tuition reimbursement, or have an undergraduate degree. Reimbursement is provided upon successful completion of a semester. Veterans may not receive reimbursement for semesters in which the veterans failed to achieve at least a 2.0 grade point average. Applications for reimbursement must be received by DVA within 60 days following the end of the semester for which reimbursement is sought.

In 2013-14, 114 tuition and fee reimbursement grants were awarded, totaling \$456,000 and

averaging \$4,000. Veterans tuition and fee reimbursement grants are funded with moneys from the veterans trust fund.

14. Teacher Education Assistance for College and Higher Education (TEACH) Grant (Federal). Beginning in 2008-09, the TEACH grant program provides grants of up to \$4,000 per year to students who intend to teach in a high-needs field in a public or private elementary or secondary school that serves low-income students. If grant recipients do not fulfill the obligations of the program, the total amount of TEACH grants received is converted into Direct Unsubsidized Loans. In 2013-14, 57 resident and nonresident UW students received TEACH grants totaling \$180,300 and 94 resident and nonresident students enrolled in private, non-profit colleges and universities located in this state received TEACH grants totaling \$252,200.

15. Nelson Institute for Environmental Studies (UW System). Created under 2009 Act 28, this program provides need-based grants to students who are members of underrepresented groups and who are enrolled in a program leading to a certificate or a baccalaureate degree from the Nelson Institution for Environmental Studies at UW-Madison. In 2013-14, 40 students received grants totaling \$199,500. The program is funded with \$100,000 of income and interest transferred from the normal school fund, which is a segregated fund, and institutional funds.

16. Handicapped Student Grant (HEAB). Under this program, Wisconsin residents who have a severe or profound hearing or visual impairment and are enrolled as undergraduates at an in-state or eligible out-of-state public or private, nonprofit postsecondary institution are eligible for financial assistance. Eligible out-of-state institutions include Rochester Institute of Technology (NY), Gallaudet College (DC), St. Paul Technical and Vocational Institute (MN), St. Mary's Junior College (MN), California State University-Northridge National Center on Deaf-

ness, and Northern Illinois University. All awards are based on financial need. Students are eligible for a maximum grant of \$1,800 a year for up to 10 semesters in addition to any grants received under the Wisconsin Grant program. Additional costs such as special equipment and materials are included along with expenses covered in the standard student budget.

In 2013-14, 58 hearing or visually impaired students received a total of \$89,700 under this program with awards averaging \$1,546. Most award recipients attended a UW System institution (31) or a Wisconsin technical college (16). Nine students enrolled in private, non-profit institutions located in Wisconsin and two students enrolled in out-of-state institutions.

17. Advanced Opportunity Program (UW System). The AOP program provides grants to minority and economically disadvantaged graduate students enrolled at UW institutions. In 2013-14, 63% of the grants were provided to students belonging to underrepresented minority groups. Eligibility requirements vary by campus but are primarily based on financial need and academic performance. This is the only state-funded financial aid program that provides funds to nonresident students who are not covered by the Minnesota-Wisconsin Higher Education Reciprocity Agreement. There are no statutory limits on the grant amount or number of eligible semesters.

In 2013-14, 707 students received AOP awards totaling \$6,625,900. Of this amount, \$5,685,200 was awarded in the form of grants; 455 residents received grants averaging \$5,963 and 252 nonresidents received grants averaging \$11,794. The UW treats AOP as a fellowship, rather than a grant program, thus making AOP recipients eligible for fringe benefits, such as health insurance. A total of \$940,700 of AOP funding was used to fund fringe benefit costs associated with AOP recipients. Because nonresident AOP recipients also receive tuition remis-

sions, the value of these AOP awards to nonresidents is considerably higher than the amount of the grant and fringe benefits. Funding for AOP is allocated annually by the Board of Regents from the UW System's GPR block grant. Prior to 2011-12, AOP was funded through a separate appropriation under the UW System.

Federal Loan Programs

1. Direct Subsidized Loans (Federal). The Direct Subsidized Loan program is a federal loan program that provides low-interest loans to undergraduate students who are enrolled at least half-time and who have demonstrated financial need. Students may borrow up to \$3,500 in the first year, \$4,500 in the second year, and \$5,500 in subsequent years up to a maximum of \$23,000. Beginning on July 1, 2013, new borrowers are only eligible for Direct Subsidized Loans for a period of time equal to 150% of the length of the borrower's program. Under this new rule, students pursuing four-year bachelor's degrees would be eligible for Direct Subsidized Loans for a period of up to six years while students pursuing a two-year associate's degree would be eligible for these loans for a period of up to three years.

Direct Subsidized loans are subject to a fixed interest rate, which is set at 4.66% for loans disbursed from July 1, 2014, to June 30, 2015. In addition to these interest rates, borrowers are charged a loan fee equal to 1.07% of the amount of the loan. This fee is deducted from each disbursement. Borrowers begin repayment six months after leaving school or dropping below half-time. Under the subsidized loan program, the government pays the interest on the loan while the student is enrolled at least half-time, during the six months before repayment begins, and during deferment except that borrowers are responsible for interest accrued during the six months before repayment begins for loans disbursed between July 1, 2012, and July 1, 2014. In 2012-13, 124,378 students received direct subsidized loans

averaging \$3,586, for a total value of \$446.0 million.

Direct Subsidized Loan Program borrowers may choose to repay their loans through one of several repayment plans, including: (1) the standard plan, which offers fixed payments over up to ten years; (2) the graduated plan, which offers increasing payments over 10 years; (3) the extended plan, which offers fixed or graduated payments over up to 25 years; (4) the income-based plan, which allows the borrower to pay 15% of discretionary income for up to 25 years; (5) the pay as you earn plan, which allows the borrower to pay 10% of discretionary income for up to 20 years; and (6) the income-contingent plan, which offers payments based on income, family size, and loan amount for up to 25 years. Borrowers must show partial financial hardship to be eligible for the income-based and pay as you earn plans. Under the income-based, pay as you earn, and income-contingent plans, the balance of the loan is forgiven at the end of the repayment period.

Loan repayments may be deferred up to three years in the event of economic hardship or if the borrower is unable to find full-time employment. In addition, loan repayments may be deferred for active military personnel during a war, military operation, or national emergency and for up to 13 months following qualifying active military service for National Guard members and other reservists who were activated while enrolled or within six months of being enrolled at least half-time. Loans payments may also be deferred while a student participates in an approved graduate fellowship program or rehabilitation training program in the case of disability.

Loans may be discharged if the school in which the student enrolls closes before the student completes his or her program or in the event of the death or total and permanent disability of the borrower. Loan forgiveness is offered to certain teachers and public service employees.

Teachers who have worked for five consecutive years in a low-income school may have up to \$5,000 of their loans forgiven or \$17,500 if the teacher is a secondary mathematics, secondary science, or special education teacher. In addition, public service employees may have the balance of their loans forgiven after 120 on-time monthly payments.

Prior to the 2010-11 academic year, most federal student loans, including subsidized loans, unsubsidized loans, and PLUS loans were made through the Federal Family Education Loan (FFEL) program. Loans made through the FFEL program were made by a private lender, insured by a guarantee agency, such as the Great Lakes Higher Education Corporation (GLHEC) in Wisconsin, and reinsured by the federal government. Beginning in the 2010-11 academic year, all subsidized, unsubsidized, and PLUS loans are made through the Direct Loan program. Direct loans are made by the U.S. Department of Education and delivered through the school.

2. Direct Unsubsidized Loans (Federal).

The Direct Unsubsidized Loan program provides low-interest loans to undergraduate and graduate students who are enrolled at least half-time in a degree or certificate program. Unlike the Direct Subsidized Loan program, students do not need to demonstrate financial need to be eligible for Direct Unsubsidized Loans. The amount a student may borrow is determined by the institution he or she attends but may not exceed maximum loan amounts established by federal law. For dependent undergraduate students, these maximums are \$5,500 in the first year, \$6,500 in the second year, and \$7,500 in subsequent years, up to a cumulative maximum of \$31,000. Independent undergraduate students may borrow up to \$9,500 in the first year, \$10,500 in the second year, and \$12,500 in subsequent years, up to a cumulative maximum of \$57,500. Amounts borrowed through the Direct Subsidized Loan program are counted against these limits. Graduate and professional students may borrow up to \$20,500 per

year. In total, graduate and professional students, other than those in certain health profession programs, may borrow up to a maximum of \$138,500. Any amount borrowed by a graduate or professional student while an undergraduate is counted against these limits. In 2012-13, 98,820 undergraduate students received Direct Unsubsidized Loans averaging \$3,392, for a total value of \$335.2 million.

Like Direct Subsidized Loans, Direct Unsubsidized Stafford loans are subject to a fixed interest rate, which is set at 4.66% for undergraduate students and 6.21% for graduate and professional students for loans disbursed from July 1, 2014, to June 30, 2015. Borrowers are also charged a loan fee equal to 1.07% of the loan. Borrowers begin repayment six months after leaving school or dropping below half-time. Unlike Direct Subsidized loans, the borrower is responsible for any interest that accrues while the student is enrolled, before repayment begins, and while the loan is in deferment.

Direct Unsubsidized Loan borrowers may select from the same six repayment plans available to borrowers under the Direct Subsidized Loan program. In addition, Direct Unsubsidized loans may be deferred, discharged, or forgiven under the same conditions as Direct Subsidized student loans.

3. Perkins Loan (Federal). This is a campus-based program that provides loans at 5% interest to undergraduate and graduate students with exceptional financial need to help pay for educational costs. Each participating educational institution is required to match federal funds with an amount equal to one-third of the federal contribution. Repaid loans become part of a revolving account from which new loans are made. With the exception of students enrolled in programs leading to a professional credential as a teacher, students do not have to be enrolled at least half-time to be eligible for Perkins loans. Awards are based on financial need, the availa-

bility of funds, and the amount of other aid a student receives. In 2012-13, a total of \$26.9 million was provided to 14,032 students, with loans averaging \$1,917.

The maximum amount that may be borrowed under the Perkins Loan program is \$5,500 annually for undergraduates, with a maximum total of \$27,500 for undergraduate study, and \$8,000 per year for graduate students, with a maximum total of \$60,000 including any amounts borrowed as an undergraduate. Students participating in study abroad programs whose costs exceed the institution's normal cost of attendance may be eligible for larger loan amounts. Interest does not accrue while the student is enrolled at least half-time or in deferment. Repayment begins nine months after the student has completed his or her studies or after the student has been enrolled less than half-time. Students have up to 10 years to repay Perkins loans.

Federal law provides that individuals whose employment meets certain requirements may have up to 100% of their Perkins loans forgiven. These individuals include: (a) certain special education teachers, teachers of math, science, foreign languages, bilingual education, and other fields designated as shortage areas, and teachers working for educational service agencies serving children with disabilities or low-income families; (b) librarians with master's degrees working in high-poverty schools or public libraries located in high-poverty areas; (c) staff members in the education component of a Head Start program; (d) staff members of state-licensed pre-kindergarten or child care programs; (e) providers of early intervention services for the disabled; (f) employees of public or nonprofit child or family services agencies providing services to high-risk children and their families in low-income areas; (g) speech pathologists with master's degrees employed at high-poverty schools; (h) attorneys employed by federal public or community defender organizations; (i) faculty members of tribal colleges and universities; (j) nurses and medical

technicians; (k) law enforcement and corrections officers and firefighters; and (L) members of the armed forces who served in a hostile fire or imminent danger pay area. In most cases, the borrower must be employed full-time in a qualifying occupation to be eligible for Perkins loan forgiveness. In some cases, only employment or service after August 13, 2008, can be credited towards loan forgiveness. In general, loans are forgiven at a rate of 15% for each of the first two years, 20% for each of the third and fourth years, and 30% in the fifth year. For Head Start, prekindergarten, and child care staff members, loans are forgiven at a rate of 15% a year for the first six years and 10% in the seventh year. In addition, Peace Corps and VISTA volunteers may have up to 70% of their loans forgiven at a rate of 15% for each of the first two years and 20% for each of the third and fourth years.

Perkins loans may be deferred or canceled under the same conditions as Direct Subsidized and Unsubsidized loans. In addition, Perkins loans may also be deferred during a period of service qualifying for loan forgiveness (described above).

4. Direct PLUS Loans for Parents (Federal). Through this non-need-based loan program, the U.S. Department of Education makes loans to the parents of dependent undergraduate students who are enrolled at least half-time. PLUS loans can only help finance educational costs and the amount of the loan cannot exceed the difference between the student expense budget and all other financial aid.

PLUS loans are subject to a fixed rate which is set at 7.21% for loans disbursed from July 1, 2014, to June 30, 2015. The loans also carry a 4.29% fee which is deducted from each disbursement. Parents may defer payments while the student is enrolled at least half-time and for up to six months after the student ceases to be enrolled at least half-time; however, interest accrues during these periods and is added to the principal of

the loan.

Parents may choose to repay PLUS loans through one of three repayment plans: (1) the standard plan, which offers fixed payments over up to ten years; (2) the extended plan, which offers fixed payments over up to 25 years; and (3) the graduated plan, which offers increasing payments over ten years. Loan repayments may be deferred under the same conditions as Direct Subsidized and Direct Unsubsidized Loans. The loan may be cancelled if the school in which the student enrolls closes before the student completes his or her program, the borrower dies or becomes totally and permanently disabled, or the student for whom the parent borrowed dies.

5. Direct PLUS Loans for Graduate and Professional Degree Students (Federal). This program provides loans to graduate and professional degree students who are enrolled at least half time. The terms and conditions of this program are the same as for the Direct PLUS loans for parents program except that: (1) loan repayments are automatically deferred while the student is enrolled at least half-time and six months after the student ceases to be enrolled full-time; (2) borrowers may opt to repay their loan under the income-based, the pay as you earn, and the income-contingent repayment plans; and (3) public service employees may have the balance of their Direct PLUS loans forgiven after 120 on-time monthly payments.

6. Consolidation Loan (Federal). This program allows the borrower to replace Direct, FFEL, Perkins, PLUS loans made to students, and certain other federal loans with one loan having a lower monthly payment than the total monthly payments on the original loans. Parents may also be able to consolidate PLUS loans. Consolidation loans give the borrower up to 30 years to repay loans which may reduce monthly payments but increase total costs. Interest rates on consolidation loans are fixed and equal to the weighted average of the interest rates on the orig-

inal loans, rounded up to the nearest 1/8%. Several different repayments plans are available to borrowers with consolidated loans. Borrowers who choose to consolidate their loans may not be eligible for interest rate discounts, principal rebates, and forgiveness programs offered by the programs through which the original loans were made.

State Loan Programs

1. Nursing Student Loan (HEAB). Created under 2001 Act 16, the nursing loan program provides need-based loans to Wisconsin residents who are enrolled at least half-time at an eligible in-state institution that prepares them to be licensed as registered (RN) or licensed practitioner (LPN) nurses. The maximum award per year is \$3,000 with an overall maximum of \$15,000. To be eligible for the program, students must agree to be employed as a licensed nurse in this state. Loans are forgiven at a rate of 25% for each of the first two years that the recipient is employed full-time as a nurse or nurse educator in Wisconsin. Forgiveness may be prorated for individuals working less than full-time. The balance remaining after forgiveness must be repaid at an interest rate not to exceed 5% annually. If the student does not practice nursing in Wisconsin or otherwise meet the eligibility criteria, the loan must be repaid at an interest rate not to exceed 5%. In 2013-14, 202 students received loans totaling \$444,000. Most recipients attended either a private, non-profit college or university (95) or a technical college (79). An additional 23 recipients attended UW institutions and five recipients attended tribal colleges. In 2014-15, \$445,500 GPR is budgeted for the nursing student loan program.

2. Teacher Education Loan Program (HEAB). This program provides loans to Wisconsin residents enrolled in the teacher education programs at the Milwaukee Teacher Education Center (MTEC). Loan recipients must agree to teach in a first-class city school system under

Chapter 119 of the statutes (Milwaukee Public Schools). For each year the borrower teaches in the eligible school district, 50% of the loan is forgiven. If the student does not teach in the eligible district, the loan must be repaid at an interest rate of 5%. For 2013-14, loans totaling \$244,800 were made to 82 students with an average loan of \$2,985. For 2014-15, \$272,200 GPR is appropriated for this program.

3. Minority Teacher Loan (HEAB). This program provides loans of up to \$2,500 per year with a maximum of \$5,000 to resident minority undergraduate students who: (1) are enrolled at least half-time at a UW institution or private, nonprofit postsecondary institution in Wisconsin; (2) are registered as juniors or seniors, or hold a bachelor's degree and are registered as special students; (3) are enrolled in programs leading to teacher licensure and are not currently licensed; (4) meet academic criteria specified by HEAB; and (5) agree to teach in a school district located in the state in which minority students constitute at least 29% of total enrollment or in a school district participating in the interdistrict pupil transfer (Chapter 220) program. The loan principal and interest is forgiven at a rate of 25% for each year the recipient teaches in an eligible school district. If the student does not teach in an eligible district, the loan, which bears a 5% interest rate, must be repaid with the funds deposited in the general fund.

For 2013-14, a total of \$159,100 was expended for 68 students, averaging \$2,340 per student. Of these students, 48 were enrolled at UW institutions and 20 were enrolled at private colleges. UW-Milwaukee, with 21 students, had the most participants. In 2014-15, \$259,500 GPR is appropriated for the program.

4. Loans for Teachers and Mobility Instructors of Visually Impaired Pupils (HEAB). This program provides loans of up to \$10,000 per year to defray the cost of tuition, fees, and expenses for students enrolled in a degree-granting

program that prepares them to be licensed as teachers of visually impaired pupils or as orientation and mobility instructors. A student may receive a maximum of \$40,000 in loans under the program. Loan recipients must be Wisconsin residents who are enrolled at least half-time at an accredited institution of higher education in Wisconsin, Minnesota, Iowa, Illinois, or Michigan. HEAB is required, to the extent possible, to give preference to persons who are likely to return to Wisconsin to work with visually impaired persons.

Once a borrower completes the degree program, the loans are forgiven if the borrower is licensed and employed as a teacher of visually impaired pupils or as an orientation and mobility instructor by a Wisconsin school district, the Wisconsin Center for the Blind and Visually Impaired, or a cooperative educational service agency. For loan recipients who are employed full-time, HEAB is required to forgive 25% of the principal and interest on the loan for each of the first and second years of employment and 50% of the principal and interest amount for the third year. For persons who are employed less than full-time, HEAB may forgive loans on a prorated basis.

For 2013-14, a total of \$82,000 was expended for 10 students, averaging \$8,200 per student. Of these students, nine were enrolled at Silver Lake College in Wisconsin and one was enrolled at Western Michigan University. For 2014-15, \$99,000 GPR is appropriated for the program.

6. Personal Loan Program (Veterans Affairs). Under the personal loan program, eligible veterans may receive a low-interest loan of up to \$25,000 for up to 10 years for a variety of purposes, including the education of a veteran, spouse, or child. The Department placed an indefinite moratorium on the personal loan program on December 1, 2011. The Department cited its inability to compete with low commercial interest rates and decreased demand as the reason

for the moratorium. No new personal loans were approved in the 2011-13 and 2013-15 biennia.

Scholarship Programs

Generally, scholarships are financial aid funds that are awarded on a basis other than need. Scholarship money may come from a variety of governmental, institutional, and private sources.

1. Wisconsin Covenant (HEAB): The Wisconsin covenant program provides grants to students who have been designated as Wisconsin covenant scholars and who are enrolled in UW institutions, technical colleges, private, nonprofit colleges and universities, and tribal colleges located in this state. To be designated as a Wisconsin covenant scholar, a student must have signed the Wisconsin covenant pledge as an eighth grader and fulfilled the pledge by his or her senior year of high school. Students were first able to sign the Wisconsin covenant pledge in spring, 2007, and the first covenant scholars enrolled in higher education in 2011-12. In 2013-14, 12,569 students received Wisconsin covenant grants totaling \$9.0 million.

Under 2011 Act 32, no student may sign the pledge after September 30, 2011. Students who signed the pledge in 2011 will be eligible for Wisconsin covenant grants beginning in 2015-16. The grant program is scheduled to end in 2020-21 when no students will be eligible for grants through the program.

To be designated a Wisconsin covenant scholar, a student must: (1) have enrolled in the program by September 30th of the student's freshman year in high school; (2) receive a diploma from a Wisconsin high school; (3) maintain a B average while in high school; (4) complete a course of study that prepared the student for enrollment in a college or university and apply and do all that is necessary to gain admission to an eligible institution; (4) demonstrate good

citizenship; (5) submit a FAFSA by April 1 of the student's senior year; and (6) complete the Wisconsin covenant scholar verification form by April 1 of the student's senior year of high school.

Students may receive grants for up to eight semesters during the first five years after high school graduation. To maintain eligibility, students must: (1) enroll in at least six credits at an eligible institution; (2) maintain acceptable academic standards as determined by the institution attended; (3) file the FAFSA annually; and (4) not be convicted of a felony or a misdemeanor involving bodily harm or a dangerous weapon.

Unlike other state-funded financial aid programs, Wisconsin covenant grants are awarded based on a combination of merit and financial need. To receive a Wisconsin covenant scholars grant, a student must be designated as a Wisconsin covenant scholar which is based primarily on his or her academic performance; however, Wisconsin covenant scholars grants are awarded to designated Wisconsin covenant scholars based on each student's need as measured by his or her EFC. Table 10 shows grant amounts provided to Wisconsin covenant scholars by EFC as established by statute and administrative rule. Of the 12,569 students who received Wisconsin covenant scholars grants in 2013-14, 57% received need-based grants ranging from \$500 to \$1,500.

Those grants totaled \$7.7 million. All other recipients received non-need-based grants of \$125 or \$250 depending on whether the student was enrolled on a full-time or part-time basis. Grants to students with EFCs greater than \$12,000 are considered to be non-need-based. Grants to these students totaled \$1.3 million in 2013-14.

Table 10 also shows the amount of grants provided by the Wisconsin Covenant Foundation. The Wisconsin Covenant Foundation is a non-profit corporation that was initially established to raise funds to provide financial aid to low-income students who fulfill the Wisconsin covenant pledge. In November, 2007, the Great Lakes Higher Education Corporation and Affiliates, which guarantees and services loans made to students enrolled in Wisconsin postsecondary institutions, pledged \$40 million to endow the Wisconsin Covenant Foundation. In 2013-14, 3,288 Wisconsin covenant scholars received additional need-based grants totaling \$3.7 million through the Wisconsin Covenant Foundation.

2. Academic Excellence Higher Education Scholarships (HEAB). This program provides scholarships to selected 12th grade students who have the highest grade point averages (GPA) in each public, private, and tribal high school in the state. The number of scholarships for which each high school is eligible is based on total student enrollment. One scholarship is awarded to

Table 10: 2014-15 Wisconsin Covenant Grant Amounts

Student EFC	Wisconsin Covenant Scholars Grant	Wisconsin Covenant Foundation Grant	Total
Enrolled Full-Time			
Equal to \$0	\$1,000	\$1,500	\$2,500
Greater than \$0, not more than \$3,499	1,500	1,000	2,500
Greater than \$3,499, not more than \$11,999	1,000	0	1,000
Greater than \$12,000	250	0	250
Enrolled Part-Time			
Equal to \$0	\$750	\$1,500	\$2,250
Greater than \$0, not more than \$3,499	750	1,500	2,250
Greater than \$3,499, not more than \$11,999	500	0	500
Greater than \$12,000	125	0	125

each high school with an enrollment of between 80 and 499 students. If a high school has an enrollment of 500 students or more, scholarships are awarded as follows: 500-999 students, two scholarships; 1,000-1,499, three scholarships; 1,500-1,999, four scholarships; 2,000-2,499, five scholarships; and over 2,500, six scholarships.

The HEAB Secretary may award up to 10 scholarships to students who attend high schools with total enrollments of less than 80 students. The faculty of each of these high schools is required to name the 12th grade student or students with the highest GPAs, as normally calculated by that high school, as eligible to receive a scholarship. Under HEAB administrative rule, the 10 students with the highest GPAs are awarded scholarships. The HEAB Secretary also designates one senior attending the Wisconsin Center for the Blind and Visually Impaired and one senior attending the Wisconsin Educational Services for the Deaf and Hard of Hearing as scholars.

Scholars receive a maximum of \$2,250 per year of which half is funded by the state through a GPR sum sufficient appropriation and half is funded by the institution. Tuition and fees in excess of \$2,250 are the responsibility of the student.

In order to receive a scholarship, a student must be enrolled full-time at a participating UW institution, Wisconsin technical college, or private, nonprofit postsecondary institution in the state by September 30 of the academic year following the year in which the student graduated from high school. If the student who is initially selected does not use the scholarship by September 30 following high school graduation, the scholarship may be awarded to an alternate. Students with the same GPA as the originally designated scholar or, if there are no remaining seniors with the same GPA, students with the next highest GPAs of 3.8 or greater, may be named as alternates. In 2013-14, 230 alternates received scholarships.

For each year the student is enrolled full-time, he or she must maintain a cumulative GPA of at least 3.0 and make satisfactory progress toward a vocational diploma or an associate or bachelor degree. A student may lose and then regain program eligibility as his or her cumulative GPA fluctuates. No student is eligible for a scholarship for more than four years at a UW or private, nonprofit postsecondary institution or for more than three years at a Wisconsin technical college.

In 2013-14, a total of 2,931 academic excellence scholars were enrolled in Wisconsin postsecondary institutions: 769 freshmen, 716 sophomores, 748 juniors, and 698 seniors. The enrolled students represent approximately 88% of the 3,482 available scholarships with the remaining 12%, or 551 scholarships, going unused. The total value of the scholarships provided was \$6.0 million of which \$3.0 million was funded through HEAB. Table 11 shows the number of Academic Excellence Scholarship recipients by institution for the past four years.

3. Technical Education Scholarship (HEAB): 2013 Act 60 created a technical excellence higher education scholarship program to provide scholarships to high school seniors with the highest levels of proficiency in technical education subjects beginning in the 2015-16 academic year. Similar to the academic excellence scholarship (AES) program, the technical excellence scholarship (TES) program would provide scholarships of up to \$2,250 per year, half of which will be funded through a state GPR sum sufficient appropriation and half of which will be funded by the technical college in which the student enrolls.

School boards and private and tribal high school governing boards are required to designate scholars by February 25 of each year. School boards and public and tribal high school governing boards are required to develop criteria for determining the level of proficiency in technical education subjects of seniors enrolled in their

Table 11: Enrollment Data for Academic Scholars Attending Wisconsin Postsecondary Institutions

	2010-11	2011-12	2012-13	2013-14
UW System				
Madison	1,516	1,457	1,466	1,445
Milwaukee	66	80	98	95
Eau Claire	165	154	172	153
Green Bay	44	45	46	46
La Crosse	175	178	175	192
Oshkosh	57	65	66	72
Parkside	9	11	20	16
Platteville	57	66	82	80
River Falls	30	36	38	41
Stevens Point	100	105	97	77
Stout	28	34	35	36
Superior	18	15	15	17
Whitewater	68	66	58	53
Colleges	<u>35</u>	<u>32</u>	<u>34</u>	<u>25</u>
Subtotal	2,368	2,344	2,402	2,348
WI Technical				
Milwaukee Area	7	11	16	17
Madison Area	6	6	9	6
All Others	<u>12</u>	<u>12</u>	<u>13</u>	<u>22</u>
Subtotal	25	29	38	45
Independent Colleges				
Alverno	8	9	6	5
Bellin	5	3	4	2
Beloit	11	11	8	8
Cardinal Stritch	6	4	4	8
Carroll	27	39	41	45
Carthage	21	20	19	17
Columbia Nursing	0	1	1	0
Concordia	21	22	31	33
Edgewood	8	9	13	14
Lakeland	1	3	4	3
Lawrence	32	32	34	35
Maranatha	11	9	5	4
Marian	5	9	9	12
Marquette	162	154	157	138
Milw. Art & Design	2	3	4	6
Milw. Sch. of Engin.	43	40	51	46
Mount Mary	6	6	8	11
Northland College	8	6	13	10
Northland International	2	2	0	1
Ripon	35	34	34	27
St. Norbert	51	50	57	63
Silver Lake	1	2	1	2
Viterbo	29	34	32	31
Wisc. Lutheran	<u>22</u>	<u>20</u>	<u>20</u>	<u>17</u>
Subtotal	517	522	556	538
TOTAL	2,910	2,895	2,996	2,931

high schools. Following approval by the HEAB Board, these criteria can be used to designate seniors as scholars or scholarship alternates. The HEAB Secretary is required to develop criteria for determining the level of proficiency in technical education subjects of seniors enrolled in schools with enrollments of fewer than 80 students and of seniors enrolled in the schools for the Deaf and Hard of Hearing and for the Blind and Visually Impaired.

The number of seniors designated as scholars at an individual high school is based on the enrollment of the school using the same scheme used for the AES program. Similarly, the HEAB Secretary may designate up to 10 scholars from seniors nominated by schools with enrollments of less than 80 and one scholar each from the schools for the Deaf and Hard of Hearing and for the Blind and Visually Impaired.

To receive a scholarship, a student who has been designated as a scholar must enroll on a full-time basis in a participating Wisconsin technical college by September 30 of the academic year immediately following the student's senior year of high school. Scholars are eligible to receive the scholarship for up to 3 years. To remain eligible for the scholarship, a scholar must be enrolled full-time, maintain a grade point average of at least 3.0, and make satisfactory progress towards an associate's or bachelor's degree or a vocational diploma. Scholars do not need to maintain continuous enrollment to remain eligible for the scholarship. The first technical excellence scholarships will be awarded to high school seniors graduating in spring, 2015.

4. License Plate Scholarships (Department of Transportation and UW System). This program is funded with revenues generated by a \$20 annual fee charged to drivers who have a University of Wisconsin specialty license plate. Specialty plates are available for

each of the 13 four-year institutions and the revenues generated by each institution's plates are used to fund scholarships awarded by the chancellor. In 2013-14, 102 scholarships totaling \$178,300 were awarded through this program.

5. Sustainable Management Scholarship (UW-Extension). Created by 2009 Act 28, this program provides scholarships to students enrolled in the sustainable management degree program through UW-Extension. In 2013-14, scholarships totaling \$90,800 were provided to 34 students. This program is funded with income and interest transferred from the normal school fund, which is a segregated fund.

Remissions

Remissions are awarded to students under certain conditions. Students who receive a remission are not charged some portion of tuition and the institution granting the remission forgoes that revenue.

1. Tuition Remissions for Graduate Assistants, Fellows, and Instructional Academic Staff (UW System). Statutes permit the Board of Regents to grant tuition remissions to graduate students who are employed by the University as assistants or instructional academic staff with appointments of at least 33% and to graduate students who are fellows. In 2013-14, a total of 9,607 graduate assistants, instructional academic staff, and fellows received approximately \$109.1 million in remissions. Of these, 2,279 students were residents who received remissions totaling \$13.1 million. Of graduate students who received remissions under this provision, 80% were enrolled at UW-Madison and 14% attended UW-Milwaukee.

2. UW System Nonresident Tuition Remissions. Current law permits the Board of Regents to remit the nonresident portion of tuition for a number of students including: (1) needy and worthy students on the basis of merit; (2) stu-

dents who are deserving of relief due to extraordinary circumstances; and (3) needy and worthy foreign students and U.S. citizens not currently residing in the U.S. The value of these remissions is limited to the value of such remissions in 1970-71 adjusted for tuition increases since 1976-77. In 2013-14, 2,919 nonresident undergraduate students received remissions totaling \$14.0 million and 309 nonresident graduate students received remissions totaling \$2.6 million under these provisions.

3. Athletic Scholarships (UW System). The Regents may remit both resident and nonresident tuition as athletic scholarships. Currently, four UW institutions (Madison, Milwaukee, Green Bay, and Parkside) are in NCAA divisions that allow the granting of athletic scholarships. For 2013-14, these institutions granted remissions totaling \$10.4 million to 1,068 student athletes. The NCAA allows institutions to divide a scholarship among several athletes for all sports except football, men's and women's basketball, women's gymnastics, women's volleyball, and women's tennis.

4. Tuition Remissions for Veterans (UW System and WTCS). The UW System Board of Regents and technical college district boards must remit 100% of tuition and fees, less any amount paid under the federal Post-9/11 G.I. Bill, for up to 128 credits or eight semesters, whichever is longer, to eligible veterans. To qualify as a veteran eligible for this remission, a student must be verified by the Department of Veterans Affairs as: (a) being a resident of this state for the purpose of receiving benefits; (b) having been a resident of this state at the time of entry into the armed services or having resided in this state for at least five consecutive years immediately preceding the semester in which the student enrolls; and (c) having qualifying military service. Beginning on January 1, 2014, veterans have been required to maintain a cumulative grade point average of at least 2.0 to remain eligible for remissions. In 2013-14, the UW System provided

tuition and fee remissions totaling \$9.2 million to 2,079 veterans. Of this amount, \$2.5 million was remitted to veterans enrolled as graduate and professional students. The Wisconsin technical colleges provided remissions totaling \$3.5 million to 1,968 veterans in that year.

Beginning in the spring, 2010, semester, veterans who are eligible for benefits under the federal Post-9/11 G.I. Bill have been required to use those benefits before accessing state tuition and fee remissions. The federal Post-9/11 G.I. Bill provides education benefits, including the direct payment of tuition and fees, a monthly housing allowance, and an annual books and supplies stipend, to veterans who served at least 90 days of active duty (or 30 days in the case of a service-related disability) after September 10, 2001. Students are required to use Post-9/11 G.I. Bill benefits before receiving state tuition and fee remissions even if they are eligible for benefits under the Montgomery G.I. Bill or certain other federal education programs for veterans unless the student is eligible for 12 months or less of benefits under those programs. Under 2011 Act 32, credits that are wholly paid for with Post-9/11 G.I. Bill benefits do not count against the 128 credit limit on state remissions. In cases where Post-9/11 G.I. Bill benefits pay for a fraction of a credit and the remainder is remitted under state law, only the portion of the credit that is remitted is counted against the 128 credit limit.

Of the 2,079 UW students and 1,968 technical college students who received tuition remissions under state statute, Post-9/11 G.I. Bill education benefits paid a portion of tuition and fees for 635 UW students and 514 technical college students. An additional 1,908 UW students and 1,648 technical college students were eligible for remissions under state statute but had their tuition and fees wholly paid with Post-9/11 G.I. Bill benefits. Although these students did not receive remissions through the state program, they were eligible to receive reimbursement/supplemental payments (described below) from the institution

attended. In 2013-14, Post-9/11 G.I. Bill tuition and fee payments for veterans to UW institutions totaled \$14.8 million. The technical colleges received \$5.0 million in tuition and fee payments for veterans through the Post-9/11 G.I. Bill in that year. Payments from the Post-9/11 G.I. Bill program have reduced the amount of state tuition remissions to veterans which peaked in 2008-09. After declining during the 2009-11 biennium, state tuition remissions have increased in each of the most recent two years.

The Montgomery G.I. Bill provides a monthly stipend to veterans who are enrolled as students which can be used for tuition, books and supplies, and living expenses. Veterans whose stipend under the Montgomery G.I. Bill or certain other federal education programs would have exceeded the amount of the monthly housing allowance provided under the Post-9/11 G.I. Bill (adjusted to reflect the annual books and supplies stipend) are reimbursed by the institution attended for the difference in those benefits. In 2013-14, the UW System provided reimbursement/supplemental payments totaling \$1.9 million to 884 veterans and the Wisconsin technical colleges provided \$1.0 million to 462 veterans.

A GPR appropriation under the Higher Educational Aids Board (HEAB) has been provided to reimburse, in whole or in part, the UW Board of Regents and the Wisconsin technical college district boards for remissions provided to veterans, for remissions provided to the children and spouses of certain veterans (described in the following section), and for reimbursement/ supplemental payments made to veterans, children, and spouses. In 2013-14, the appropriation was set at \$6,496,700 and the UW Board of Regents received a reimbursement payment of \$4.7 million while the Wisconsin technical college district boards received reimbursements totaling \$1.7 million. This amount fully funded all reimbursement/supplemental payments made directly to veterans and reimbursed the institutions for 15.3% of tuition and fee remissions provided to

veterans, children, and spouses. Remissions costs beyond the amount reimbursed through the HEAB appropriation must be absorbed within the UW System's and the Wisconsin technical college district boards' budgets or funded through other revenues such as tuition charged to other students.

5. Tuition Remissions for Children and Spouses of Eligible Veterans (UW System and WTCS). The UW System Board of Regents and each technical college district board must remit 100% of tuition and fees, less any amount paid under the federal Post-9/11 G.I. Bill, to the spouse, unremarried surviving spouse, and children of eligible veterans. An eligible veteran is one who: (1) was a resident at the time of entry into the armed services; (2) served under honorable conditions; (3) either died on active duty, died on inactive duty for training purposes, died as the result of a service-related disability, or has been awarded at least a 30% service-related disability rating; and (4) was a resident of this state at the time of death or service-related disability.

Children and spouses may receive remissions for up to 128 credits or eight semesters, whichever is longer. The spouse, in the case of disability, or the unremarried surviving spouse, in the case of death, of an eligible veteran is eligible for this remission during the first 10 years after the receipt of the disability rating or the death of the eligible veteran or until 10 years after the youngest child the spouse had with the veteran reaches or would have reached 18 years of age. Children of eligible veterans may receive this remission as long as they are at least 17 years of age and not yet 26 years of age, regardless of when the eligible veteran died or received his or her disability rating. Beginning on January 1, 2014, students have been required to maintain a cumulative grade point average of at least 2.0 to remain eligible for remissions.

As with veterans, children and spouses who are eligible for benefits under the federal Post-

9/11 G.I. Bill have been required to use those benefits before accessing state tuition and fee remissions since the spring, 2010, semester. Children and spouses are also eligible for the reimbursement/supplemental payments described in the previous section.

In 2013-14, the UW System provided tuition and fees remissions totaling \$9.4 million to 1,396 students under this provision. In addition, the technical colleges remitted \$1.8 million in tuition and fees to 850 students. While tuition remissions for veterans peaked in 2008-09, remissions to the children and spouses of disabled and deceased veterans have increased in every year since 2005-06 when the UW System and the technical colleges were first required to grant them.

Of the 1,396 UW students and 850 technical college students who received tuition remissions under state statute, 23 UW students and four technical college students also received education benefits under the Post-9/11 G.I. Bill. An additional 208 UW students and 101 technical college students were eligible for remissions under state statute but had their tuition and fees wholly paid with Post-9/11 G.I. Bill benefits. In 2013-14, Post-9/11 G.I. Bill tuition and fee payments to UW institutions for children and spouses totaled \$1.3 million. The technical colleges received \$265,000 in tuition and fee payments for children and spouses through the Post-9/11 G.I. Bill in that year.

Table 12 shows the total amount of tuition and fee remissions to veterans, children, and spouses, the amount of reimbursement/supplemental payments made to veterans, children, and spouses, HEAB reimbursement payments to institutions, and the net cost of remissions to the UW institutions and Wisconsin technical colleges from 2005-06 to 2013-14. (The net cost of remissions to the institutions is the sum of the remissions and the reimbursement/supplemental payments less the HEAB reimbursement.) As shown in the table, total remissions to veterans, children,

Table 12: Tuition and Fee Remissions to Veterans, Children, and Spouses, Supplemental Payments, HEAB Reimbursements, and the Net Cost of Remissions to the Institutions, 2005-06 to 2013-14

	UW Institutions				Wisconsin Technical Colleges			
	Reimbursements/ Supplemental Remissions	Payments	HEAB Reimbursements	Net Cost to the Institutions	Reimbursements/ Supplemental Remissions	Payments	HEAB Reimbursements	Net Cost to the Institutions
2005-06	\$4,315,667	N.A.	N.A.	\$4,315,667	\$392,050	N.A.	N.A.	\$392,050
2006-07	7,462,606	N.A.	N.A.	7,462,606	875,000	N.A.	N.A.	875,000
2007-08	17,489,161	N.A.	3,905,400	13,583,761	5,006,343	N.A.	1,108,300	3,898,043
2008-09	21,572,833	N.A.	5,117,700	16,455,133	6,088,941	N.A.	1,444,600	4,644,341
2009-10	19,042,148	576,885	4,764,642	14,854,391	5,658,973	487,428	1,732,058	4,414,343
2010-11	16,231,342	1,920,347	4,662,443	13,489,246	4,309,030	1,106,388	1,834,257	3,581,161
2011-12	16,210,517	1,780,871	4,610,387	13,381,001	4,303,632	1,134,701	1,886,313	3,552,020
2012-13	17,419,741	1,829,550	4,608,037	14,641,254	4,939,497	1,100,802	1,888,663	4,151,636
2013-14	18,436,709	1,884,706	4,707,307	15,614,108	5,263,409	983,582	1,789,393	4,457,598

and spouses peaked in 2008-09, the year before students were required to access their federal Post-9/11 G.I. Bill benefits before receiving remissions under state statute. Total remissions declined during the 2009-11 biennium, but have increased in the 2012-13 and 2013-14 academic years. In 2013-14, remissions to veterans, children, and spouses cost UW institutions \$15.6 million in forgone tuition revenue and technical colleges \$4.5 million. Remissions costs beyond the amount reimbursed through the HEAB appropriation must be absorbed within the UW System's and the Wisconsin Technical College district boards' budgets or funded through other revenues such as increases in tuition charged to other students.

6. Tuition Remissions for Children and Spouses of Certain Protective Services Officers (UW System and WTCS). Current law requires UW and WTCS institutions to grant full remission of fees, including tuition and student segregated fees, to any resident student who is enrolled in a college parallel program or a program leading to a bachelor's degree, associate degree, or vocational diploma and who is the child or surviving spouse of a correctional officer, fire fighter, law enforcement officer, ambulance driver, or emergency medical services technician who was killed in the line of duty in

this state or died as the result of a qualifying disability. In order to be eligible to receive the remission, a child must have been under the age of 21 or not yet born when his or her parent was killed. In 2013-14, the UW System remitted \$61,400 to nine students under this provision; the technical colleges remitted \$1,500 to one student. In each year of the 2013-15 biennium, \$14,200 GPR is provided to the WTCS Board to cover the cost of these remissions. Funding for these remissions was rolled into the UW System's GPR general program operations appropriation under 2011 Act 32.

7. Tuition Remissions for Funeral Assistants (UW System and WTCS). Under 2005 Act 22, a funeral director may issue a tuition voucher in the amount of \$25 to a student who sounds "Taps" during a funeral for which military honors are held. To be eligible for this voucher, the student must be enrolled in grades 6 through 12 or at a post-secondary institution. These tuition vouchers may be used for the payment of tuition at any UW institution or Wisconsin technical college. In 2013-14, 10 UW students used vouchers totaling \$2,000.

Other Programs

1. College Work-Study (Federal). This is

a campus-based program that provides part-time jobs for undergraduate and graduate students. Students may be employed by the institution or public or private employers and must be paid at least the federal minimum wage. In most cases, institutional, public, and private, nonprofit employers must provide at least 25% of the student's salary and private, for-profit employers must provide at least 50% of the student's salary. The remainder of the student's salary is paid by the federal work-study program. Individual institutions may require that employers pay a greater share of the student's salary; by reducing the percentage of the salary paid by the federal work-study program, the institution is able to increase its number of work-study participants. The award amount is based on financial need, availability of funds, and the amount of aid the student receives from other programs. Earnings from work-study jobs are not included in the student's income when reapplying for financial aid in subsequent years. In 2012-13, a total of \$22.7 million was provided to 13,578 students, averaging \$1,673.

2. Wisconsin Educational Opportunity Programs (Public Instruction). The Department of Public Instruction administers one state-funded and one federally-funded financial aid program through the Wisconsin Educational Opportunity Program (WEOP). A third financial aid program, the talent incentive program, is administered jointly by HEAB and WEOP and described earlier in this paper. The two programs administered solely by WEOP are:

Precollege Scholarship Program. This program provides grants to economically disadvantaged middle school and high school students to cover full student costs of precollege programs, including courses, books, supplies, and room and board, if necessary. Precollege programs which emphasize academic skills development, career guidance, curriculum enrichment, and financial aid information are offered to eligible students through UW campuses, technical colleges, and

private colleges. The student must first be admitted to a precollege program to qualify for a scholarship. In 2013-14, 3,227 middle and high school students received a total of \$1,931,500 to fund their participation in precollege programs statewide.

Gear Up Program. Since 1995-96, WEOP has administered this federal program. In 2013-14, 797 low-income students received college scholarships totaling \$1,663,500 through the program.

3. Tuition Assistance for Medical and Dental Students (Medical College of Wisconsin, Marquette Dental School, HEAB). The state provides funding to the Medical College of Wisconsin and the Marquette Dental School to reduce the amount of tuition charged to Wisconsin resident students enrolled at those institutions. Funding for the Medical College of Wisconsin program is provided through an appropriation for the Medical College; funding for the Marquette Dental School program is provided through an appropriation under HEAB. In 2013-14, 322 Wisconsin resident students enrolled in the Medical College of Wisconsin received \$5,983 in tuition assistance for a total of \$1,926,600. In that same year, 171 Wisconsin resident students enrolled in Marquette Dental School received tuition assistance of \$8,640 for a total of \$1,477,400. Statutes specify a maximum number of dental students who may receive tuition assistance through this program. Under 2013 Act 20, the number of dental students who may receive tuition assistance was increased from 160 to 200 beginning in 2013-14. There is no statutory limit on the number of Medical College of Wisconsin students who may receive tuition assistance.

4. Physician and Dentist and Health Care Provider Loan Assistance Programs (UW System). This program is different from the state-funded loan programs described previously in that the state does not make loans to students through this program. Rather, the state agrees to

repay a portion of the participant's existing student loans.

Under the physician and dentist loan assistance program, the UW Board of Regents may repay up to \$50,000 in education loans on behalf of a physician or dentist who agrees to practice in one or more eligible practice areas or dental health shortage areas in this state. For physicians who additionally agree to practice in a rural area, the UW Board of Regents may make loan repayments of up to \$100,000. Under the health care provider loan assistance program, the Board may repay up to \$25,000 in education loans on behalf of a health care provider, defined as a dental hygienist, physician assistant, nurse midwife, or nurse-practitioner, who agrees to practice in one or more eligible practice areas in this state.

To be eligible for loan repayment, the physician, dentist, or health care provider must enter into a written agreement with the Board in which he or she agrees to practice at least 32 clinic hours per week, 45 weeks per year, for three years in an eligible practice area. Physicians and dentists must also agree to treat patients who are insured by or for whom health benefits are payable under Medicare, medical assistance (MA), or other government programs. Program participants who meet additional requirements may also be eligible for federally-funded loan repayments through the expanded loan assistance program.

Loans to physicians and dentists are repaid as follows: (1) 40% of the principal up to \$20,000 in each of the first and second years; and (2) 20% of the principal up to \$10,000 in the third year. For physicians practicing in rural areas, maximum annual repayments are set at \$40,000 for each of the first and second years and \$20,000 for the third year. Loans to health care providers are similarly repaid as follows: (1) 40% of the principal up to \$10,000 in the each of the first and second years; and (2) 20% of the principal up to \$5,000 in the third year.

Total state funding for the physician and dentist and health care provider loan assistance programs is \$738,700 in 2014-15. Of this amount, \$488,700 is from tribal gaming revenues and \$250,000 is from the critical access hospital assessment fund. The critical access hospital assessment funds may only be used to make repayments on behalf of physicians, dentists, and health care providers practicing in rural areas. In addition, \$300,000 in annual federal funding is provided for the expanded loan assistance program. In 2013-14, loan assistance was provided to a total of 56 physicians, dentists, and health care providers. This number includes 20 new awards made to two dental hygienists, two physician assistants, four dentists, five physicians, and seven nurse practitioners.

College Savings Programs

The Department of Administration, through its State Capital Finance Office, manages two Section 529 college savings plans: Edvest and Tomorrow's Scholar. These programs were initially established by 1999 Act 44 and subsequently modified by 2001 Act 7, 2001 Act 38, 2005 Act 478, 2011 Act 32, and 2013 Act 227. Both Edvest and Tomorrow's Scholar are available nationwide. These plans represent two of the 86 qualified state tuition plans under section 529 of the U.S. Internal Revenue Code (IRC 529), designed as a savings vehicle for higher education expenses with certain tax advantages. They are administered by the Department of Administration under advisement by the College Savings Program Board.

The College Savings Program Board is composed of 11 members: the Secretary of Administration, the President of the University of Wisconsin Board of Regents, the President of the Wisconsin Association of Independent Colleges and Universities, the President of the Wisconsin Technical College System, the Chair of the State Investment Board (or their designees); and six public members appointed by the Governor to four-year terms. From 2005 to October 2012, day-

to-day management of the program was contracted to Wells Fargo Funds Management, LLC, which was responsible for the program's investment management, marketing activities, account administration, and record-keeping. Starting October 29, 2012, the Edvest and Tomorrow's Scholar programs are managed by Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF) Tuition Financing, Inc. (TFI). Direct-sold Edvest plans are solely managed by TFI, while operation of the advisor-sold Tomorrow's Scholar plan has been subcontracted through TFI to Voya Investment Management (formerly named ING U.S. Investment Management).

Under both of the savings plans, any person aged 18 or over may open an account and the beneficiary may be any person including the account owner. Within each owner-beneficiary relationship, multiple investment portfolios are permitted to allow for investment diversification.

There is no state residency requirement or income limitation. Under TFI management, Edvest accounts require a minimum initial investment of \$25 per investment portfolio. Under Voya Investment Management, Tomorrow's Scholar accounts require a minimum initial investment of \$250 per investment portfolio. The maximum amount that may be contributed to a single beneficiary in aggregate from all sources and plans (including Edvest, Tomorrow's Scholar, and Tuition Units) is currently \$330,000. Subject to this aggregate maximum contribution limit, there are no limits on annual contributions to accounts. The beneficiary may use the proceeds of the account at any eligible post-secondary school in this country or elsewhere. The money may be used for a wide range of educational expenses such as tuition and other fees, room and board, and educational supplies.

Both plans offer a range of investment choices. There are currently 20 different static portfolio choices under the Edvest college savings plan, and two age-based choices where the contributions in

the account are periodically shifted, in nine steps, from more aggressive to more conservative fund portfolios based on the beneficiary's stated age. Investors may choose between aggressive or moderate growth tracks. These age-based portfolios are a blend of multiple underlying funds, primarily passive index funds.

The Tomorrow's Scholar college savings plan offers 39 fund portfolio choices and is only available through a financial advisor or fee-only planner. There is one age-based track, using nine different risk-based multiple fund portfolios. Investors may select from the nine portfolios as well as additional single fund static options. Underlying fund managers include Baillie Gifford, BlackRock, Clarion, Columbia, Delaware, JP Morgan, Lazard, LSV, Northern Trust, PIMCO, TIAA-CREF, T. Rowe Price, Templeton, Voya, and Wellington.

Currently, IRC 529 regulations allow investment reallocation or changes only once during any 12-month period. A twice-per-year exception was allowed under federal law only for tax years 2009 and 2010.

Prior to 2013 Act 227, for state tax purposes Wisconsin residents could deduct up to \$3,000 annually per beneficiary (as a single or joint tax filer, or \$1,500 if a divorced parent or married and filing separately), for contributions to any account where the beneficiary was the claimant's child, grandchild, great-grandchild, niece, nephew, or self. Any person, residing in any state, could (and still may) open and contribute to an Edvest or Tomorrow's Scholar account. However, an account owner could only authorize the above family members to make contributions to the account. Further, tax deductions for contributions were limited to contributions made by these in-state family members as well as contributions made by the beneficiary.

Under Act 227, college savings account owners were permitted to authorize contributions by

any individual to an account. In addition, the tax deduction was extended to contributions made by any resident of Wisconsin, regardless of the claimant's relationship to the beneficiary. Act 227 also provided for inflation-based adjustments to the amounts that may be deducted. For taxable years beginning after December 31, 2013, the base amounts that may be deducted (\$3,000 or \$1,500) will increase on an annual basis by a percentage equal to the percentage change in the U.S. city average consumer price index for all urban consumers. For tax year 2014, deductions may be made up to \$3,050 (filing single or joint) or \$1,520 (for a divorced parent or if married and filing separately) per beneficiary. Finally, Act 227 extended the deadline to make contributions for a particular tax year from December 31 to April 15 of the following year, and allowed any contributions in excess of the maximum deduction to be carried forward to the next taxable year.

Investment earnings and distributions from an account established through a section 529 qualified program, including Wisconsin's Edvest and Tomorrow's Scholar, programs of other states, and by private institutions, are exempt from both federal and Wisconsin income taxes if the withdrawals are used for qualified higher education expenses.

Investment earnings on the contributions may be withdrawn for non-higher education expenses, but would be subject to state and federal taxes and may be subject to an additional 10% federal tax on the earnings. The 10% federal tax addition does not apply in the following cases: (a) withdrawals used for a qualified educational expense; (b) withdrawals due to death or disability of the intended beneficiary; (c) distributions made on account of a scholarship, allowance, or payment attributable to the beneficiary's enrollment at an eligible educational institution; (d) transfers to another qualified 529 account; or (e) qualified higher education expenses of the beneficiary in qualifying for an American Opportunity Credit or Lifetime Learning Credit. Section 529 also allows

for the change of beneficiaries to another family member of the previous beneficiary without tax penalty.

The Edvest plan does not charge an annual account fee. Under the Tomorrow's Scholar college savings plan, there is a \$25 per year account maintenance fee, which is waived for Wisconsin residents. It is also waived if an automatic deduction plan has been elected, or if the account balance is above \$25,000. In addition, there are annual asset-based fees, based on percentage amounts that vary based on the fund or funds selected and levied against the total assets in the account invested in the respective investment option. Tables 13 and 14 show the applicable fees under TFI and Voya management for each investment option as of September, 2014. Four additional share classes exist, which are not shown in Table 14. All five share classes may be sold by financial advisors or fee-only planners, and have differing asset-based fees and caps on deferred sales charges.

As of June 30, 2014, Edvest had a total of 133,249 direct-sold open accounts with assets of \$2,107,692,806, and Tomorrow's Scholar had 126,676 advisor-sold open accounts with assets of \$1,602,429,418. As of October 29, 2012, advisor-sold Edvest accounts no longer exist. Edvest accounts previously sold through financial advisors were transferred on that date to the Tomorrow's Scholar program.

College Tuition and Expenses Program. From July, 1997, to December, 2002, investors could participate in the college tuition and expenses program, also known as the tuition unit purchase program. The State Treasurer discontinued this program in December, 2002, barring any future enrollments or the sale of any new tuition units to current accountholders. Current tuition unit account holders may continue to hold their tuition unit investments until maturity or may convert their account to any of the investment choices now offered under the state's college savings program. As of June 30, 2014, there were 636

Table 13: College Savings Program Summary of Edvest Portfolio Expenses Assessed as % of Account Assets

	State*	<u>Administrative Fee</u> Program Manager	Underlying Fund Expense	Portfolio Expense Total
Age-Based Portfolios (9) Option	0.00	0.08	0.13-0.25	0.21-0.33
Aggressive Age-Based Portfolios (9) Option	0.00	0.08	0.12-0.23	0.20-0.31
Index-Based Aggressive Portfolio	0.00	0.08	0.12	0.02
Index-Based Growth Portfolio	0.00	0.08	0.14	0.22
Index-Based Moderate Growth Portfolio	0.00	0.08	0.15	0.23
Index-Based Conservative Growth Portfolio	0.00	0.08	0.19	0.27
Index-Based Income Portfolio	0.00	0.08	0.23	0.31
Active-Based Aggressive Portfolio	0.00	0.08	0.28	0.36
Active-Based Growth Portfolio	0.00	0.08	0.31	0.39
Active-Based Moderate Growth Portfolio	0.00	0.08	0.34	0.42
Active-Based Conservative Growth Portfolio	0.00	0.08	0.37	0.45
Active-Based Income Portfolio	0.00	0.08	0.35	0.43
International Equity Portfolio	0.00	0.08	0.11	0.19
Small-Cap Index Portfolio	0.00	0.08	0.16	0.24
U.S. Equity Active Portfolio	0.00	0.08	0.19	0.27
U.S. Equity Index Portfolio	0.00	0.08	0.07	0.15
Social Choice Portfolio	0.00	0.08	0.06	0.14
Bond Index Portfolio	0.00	0.08	0.18	0.26
Balanced Portfolio	0.00	0.08	0.09	0.17
Bank CD Portfolio	0.00	0.08	none	0.08
Principal Plus Interest Portfolio	0.00	0.00	none	none

*The College Savings Program Board has voluntarily waived the entire Board fee of 0.10% until October 29, 2017. The State Administrative Fees shown include this waiver. Voluntary waivers may be modified or terminated at any time.

accounts under this program with total assets of \$5,321,026. The assets of these remaining accounts are invested by the State of Wisconsin Investment Board, and were not affected by the October, 2012, transition.

Tax Incentives

1. Higher Education Tax Deduction (State). Since tax year 1998, state law has allowed a deduction from income for tuition expenses. The deduction applies to tuition, including mandatory student fees, paid on behalf of the taxpayer or the taxpayer's dependent child. Allowable tuition expenses include tuition paid to attend any university, college, technical college, or school approved by the Education Approval

Board that is located in Wisconsin, or to attend an institution under the Minnesota-Wisconsin tuition reciprocity agreement. A student cannot claim a tuition deduction for tuition and fees amounts paid using a distribution from a Wisconsin 529 account.

The maximum tuition deduction equals twice the average amount of resident undergraduate tuition charged by UW System four-year institutions for the most recent fall semester. For tax year 2014, the maximum deduction was \$6,940.

The deduction is phased out based on filing status and federal adjusted gross income (AGI), indexed for inflation. For 2014, the phase-out ranges are as follows: (a) \$51,620 to \$61,940 for

Table 14: College Savings Program Summary of Tomorrow's Scholar Portfolio Expenses (Share Class A) -- Assessed as % of Account Assets

Fixed Portfolio	State	Administrative Fee		Distribution and Service Fee	Portfolio Expense Total
		Program Manager	Underlying Fund Expense		
Age-Based Portfolios (9) Option	0.10%	0.08%	0.44-0.75%	0.25%	0.91-1.18%
Voya Aggressive Growth Portfolio	0.10	0.08	0.75	0.25	1.18
Voya Growth Plus Portfolio	0.10	0.08	0.75	0.25	1.18
Voya Growth Portfolio	0.10	0.08	0.71	0.25	1.14
Voya Moderate Growth Portfolio	0.10	0.08	0.70	0.25	1.13
Voya Moderate Portfolio	0.10	0.08	0.67	0.25	1.10
Voya Moderate Conservative Portfolio	0.10	0.08	0.65	0.25	1.08
Voya Conservative Plus Portfolio	0.10	0.08	0.58	0.25	1.01
Voya Conservative Portfolio	0.10	0.08	0.48	0.25	0.91
Voya Ultra Conservative Portfolio	0.10	0.08	0.44	0.25	0.87
BlackRock Global Allocation Portfolio	0.10	0.08	0.88	0.25	1.31
Columbia Dividend Opportunity Portfolio	0.10	0.08	0.80	0.25	1.23
Columbia Limited Duration Portfolio	0.10	0.08	0.58	0.25	1.01
Northern Small Cap Value Portfolio *	0.10	0.08	1.01	0.25	1.44
TIAA-CREF Balanced Portfolio	0.10	0.08	0.10	0.25	0.53
TIAA-CREF Bond Index Portfolio	0.10	0.08	0.13	0.25	0.56
TIAA-CREF Equity Index Portfolio	0.10	0.08	0.07	0.25	0.50
TIAA-CREF International Equity Index Portfolio	0.10	0.08	0.07	0.25	0.50
TIAA-CREF Principal Protection Portfolio	0.10	0.08	0.00	0.05	0.23
TIAA-CREF Small Cap Blend Portfolio	0.10	0.08	0.16	0.25	0.59
Voya Corporate Leaders 100 Portfolio	0.10	0.08	0.61	0.25	1.04
Voya GNMA Income Portfolio	0.10	0.08	0.63	0.25	1.06
Voya High Yield Bond Portfolio	0.10	0.08	0.76	0.25	1.19
Voya Large Cap Growth Portfolio	0.10	0.08	0.60	0.25	1.03
Voya Large Cap Value Portfolio	0.10	0.08	0.81	0.25	1.24
Voya Mid Cap Opportunities	0.10	0.08	0.97	0.25	1.40
Voya Multi-Manager International Equity Portfolio	0.10	0.08	0.98	0.25	1.41
Voya Small Cap Opportunities Portfolio	0.10	0.08	1.11	0.25	1.54
VY Clarion Global Real Estate Portfolio	0.10	0.08	0.97	0.25	1.40
VY PIMCO Bond Portfolio	0.10	0.08	0.58	0.25	1.01
VY Templeton Foreign Equity Portfolio	0.10	0.08	0.92	0.25	1.35

*Portfolios new to plan

single and head-of-household filers; (b) \$82,590 to \$103,240 for married couples filing joint returns; and (c) \$41,300 to \$51,620 for married couples filing separate returns.

A federal deduction is permitted for qualified higher education expenses. The maximum federal

deduction is set at \$4,000, but is limited based on the taxpayer's AGI (\$65,000, if single, and \$130,000 if joint). The deduction is reduced to \$2,000 for taxpayers with a higher AGI (up to \$80,000, if single, and \$160,000, if joint). This deduction is scheduled to expire after tax year 2014. Wisconsin has not adopted the federal de-

duction for state purposes, but has its own deduction as noted above.

2. American Opportunity Tax Credit/Hope Scholarship Credit (Federal). Since tax year 2009, the American Opportunity tax credit has replaced the Hope Scholarship tax credit on a temporary basis. The American Opportunity tax credit is available to individuals who pay qualified tuition and related expenses of higher education for either themselves, their spouse, or a dependent and is available for up to four years. Degree-seeking students who are enrolled at least half-time are eligible for a tax credit of up to 100% of the first \$2,000 and 25% of the second \$2,000 in tuition expenses. Eligible expenses include tuition, required fees, and course materials less any grants, scholarships, or other tax-free financial assistance. For tax year 2014, the credit is gradually phased out for taxpayers with taxable incomes between \$80,000 and \$90,000 for single filers and between \$160,000 and \$180,000 for joint filers. Up to 40% of the credit is refundable.

Under the American Taxpayer Relief Act of 2012, the American Opportunity tax credit will be available through tax year 2017. Thereafter, taxpayers may claim the Hope Scholarship tax credit, which preceded the American Opportunity tax credit in tax years 2000 through 2008. Unlike the American Opportunity tax credit, the Hope Scholarship tax credit is limited to expenses incurred in the first two years of post-secondary education and does not include textbooks and other course materials as qualified expenses. Initially, this credit was calculated as 100% of the first \$1,000 of qualified expenses and 50% of the second \$1,000 of qualified expenses. In addition, phase-out income ranges were set at \$40,000 to \$50,000 for single taxpayers and \$80,000 to \$100,000 for joint filers, lower than the phase-out ranges for the American Opportunity tax credit. The expense threshold and income phase-out ranges were indexed for inflation. In tax year 2009, when the credit was temporarily replaced, the expense threshold had risen to \$1,200 and the

income phase-out ranges had increased to \$50,000 to \$60,000 for single filers and \$100,000 to \$120,000 for joint filers.

3. Lifetime Learning Tax Credit (Federal). Tax filers may claim a lifetime learning tax credit if they pay qualified tuition and related expenses of higher education for an eligible student, either themselves, a spouse, or a dependent, that is claimed as an exemption. Students beyond the first two years of college or those enrolled less than half-time are eligible for a 20% tax credit on the first \$10,000 in expenses. Eligible expenses include tuition and required fees less any grants, scholarships, or other tax-free financial assistance. In 2014, the credit phased out for taxpayers with taxable incomes between \$54,000 and \$64,000 for single filers, and between \$108,000 and \$128,000 for joint filers.

4. Coverdell Education Savings Accounts (State and Federal). Married taxpayers filing joint tax returns and individual filers (including the beneficiary) may contribute up to \$2,000 per designated beneficiary per year to a Coverdell Education Savings Account (CESA, formerly called an Education IRA). There are no relationship requirements between the contributor and the beneficiary. While contributions are not deductible from income, interest earnings are tax exempt and withdrawals are excluded from the beneficiary's income if used for eligible education expenses. Under coordination rules with other tax deductions and credits for education, qualified expenses for purposes of a CESA are reduced to reflect other education tax benefits taken.

The ability of an individual to make a contribution to a CESA is gradually phased out for contributors with income between \$95,000 and \$110,000 (between \$190,000 and \$220,000 for joint filers). Funds from a CESA may be used to pay for qualified elementary and secondary education expenses in addition to qualified higher education expenses.

5. IRA Withdrawals (Federal). Early (before age 59½) withdrawals from a traditional IRA are not subject to the 10% tax penalty provided the distributions are used for postsecondary education expenses of the taxpayer, or the taxpayer's spouse, child, or grandchild.

6. Student Loan Interest Deduction (State and Federal). An individual may deduct up to \$2,500 annually for interest paid on student loans during the life of the loan. For tax year 2014, the deduction is phased out for single filers with taxable income between \$65,000 and \$80,000 and for joint filers with taxable income between \$130,000 and \$160,000.

7. Employer-Provided Education Benefits (State and Federal). Taxpayers may exclude from their taxable income up to \$5,250 in educational assistance benefits received from their employer. Eligible benefits include payments for tuition, fees, books, supplies, and equipment. Courses do not have to be related to the business of the employer.

Opportunity Grant, college work-study, and Perkins Loan programs, and institutional aid are controlled and distributed by an institution's financial aid office.

The package is developed in a hierarchy. Generally, students are awarded all available grants before any loans, which are less desirable, are added to the package. In 2012-13, loans accounted for 53% of all financial aid received, grants accounted for 45%, and work-study for 2%. This ratio varies by the type of institution attended: grants account for 52% of the aid at independent colleges, 43% at technical colleges, and 40% at UW institutions.

Once the financial aid office has compiled the student's financial aid package, the student must accept or decline the aid provided through each program. A student is not obligated to accept the entire package. For example, a student could accept the grant and work-study aid but refuse the loans. Students must be registered for classes before aid can be issued to them at the beginning of a semester. They are also required to pay their tuition and fees with the proceeds of the aid before the remaining aid can be distributed to them.

Financial Aid Package

After a student applies for financial aid, the college attempts to meet as much of a student's need as possible with a financial aid package. Institutional financial aid officers are responsible for packaging a student's financial aid based on the needs analysis. Packaging is the selection of various types and amounts of aid which enable a student to pay for educational costs. Some elements of a financial aid package are automatically included such as Pell Grants, which are determined when EFC is determined by the federal processor, and WHEG and tuition grants, which are calculated by HEAB. Funding from other programs such as the Supplemental Educational

Table 15 compares the average student cost, need, and need-based aid awarded per student by type of institution over the most recent five-year period for which information is available. As shown in the table, the average amount of need-based aid received by students enrolled in UW institutions, Wisconsin technical colleges, and private colleges and universities located in this state has increased over the most recent five years. However, these increases in aid were more than offset by increases in costs and, in the case of technical and private college students, decreases in students' and their families' ability to pay. As a result, unmet need increased for students in all three sectors.

Table 15: Financial Aid Data by Institution Type: Resident Undergraduates

	No. of Recipients	Avg. Cost	Avg. Contribution	Avg. Need	Avg. Aid	Unmet Need
UW System						
2008-09	57,465	\$15,806	\$5,016	\$10,790	\$6,628	\$4,162
2009-10	64,453	16,554	4,849	11,705	7,041	4,664
2010-11	71,710	17,225	4,686	12,539	7,303	5,236
2011-12	74,195	18,125	5,338	12,787	7,126	5,661
2012-13	72,352	19,483	5,887	13,596	7,773	5,823
Technical Colleges						
2008-09	42,186	12,665	3,335	9,329	4,512	4,817
2009-10	55,845	13,216	2,850	10,366	4,876	5,490
2010-11	55,527	13,128	2,762	10,366	5,267	5,099
2011-12	59,150	13,406	2,562	10,845	5,189	5,656
2012-13	58,226	13,816	2,461	11,355	5,233	6,122
Private Colleges						
2008-09	22,382	28,802	8,581	20,221	9,943	10,278
2009-10	23,238	29,896	8,310	21,586	10,362	11,224
2010-11	24,741	30,847	7,873	22,974	10,513	12,461
2011-12	24,289	31,903	7,948	23,955	10,549	13,405
2012-13	23,462	32,858	8,106	24,752	11,466	13,287

Interstate Comparisons

Over the past decade, the amount of need-based aid provided by states has increased nationwide. From 2002-03 to 2012-13, the total amount of state-funded, need-based grant aid increased by 78%, from \$4.0 billion to \$7.1 billion. Similarly, expenditures for state-funded, HEAB-administered need-based grant programs increased by 75% over that time period from \$66.1 million in 2002-03 to \$115.9 million in 2012-13. However, enrollments and tuition charges also increased significantly over that time offsetting, at least in part, increases in state-funded need-based aid.

Compared to other states, Wisconsin spends a relatively small amount on non-need-based aid. In 2012-13, non-need-based grant programs accounted for 25% of all state-funded grant aid nationwide. In Wisconsin, non-need-based grant aid accounted for 3.3% of state-funded grant aid

programs administered by HEAB and the UW System for resident undergraduates attending Wisconsin institutions in 2013-14. This reflects a greater emphasis on need-based, as opposed to merit-based, financial aid in this state.

The appendix to this paper compares the primary need-based grant programs in each of the 50 states and the District of Columbia. The table highlights the different approaches used by various states in distributing need-based aid. Some states, such as Mississippi and Idaho, provide relatively generous grants to a small number of students. Others, such as Maine and Rhode Island, provide smaller grants to a larger number of students. Four states, including Georgia, New Hampshire, South Dakota, and Wyoming, have no need-based grant program. In comparison to other states, Wisconsin provides slightly smaller grants to a somewhat larger proportion of students.

When comparing funding for student financial

aid across the states, it is important to do so in the context of the tuition policy decisions made by those states. Some states, such as Idaho, Mississippi, Utah, and Wyoming, provide low amounts of need-based financial aid but also charge relatively low tuition. These states provide a large higher education subsidy to all students by requiring them to pay a smaller amount of their educational costs through tuition. Other states, such as New Jersey, Illinois, and Pennsylvania, charge high tuition and provide high amounts of need-based financial aid. These states target higher education subsidies to those students who have the greatest financial need. A third group of states, including New York, Washington, and North Carolina, offer both low tuition and high amounts of need-based financial aid. When compared to other states, Wisconsin charges moderate amount of tuition and provides a moderate amount of financial aid.

Table 16 compares tuition and fees charged by public flagship universities in Midwestern states and the estimated state-funded need-based

Table 16: Peer Tuition and Fees at Flagship Campuses and Estimated State-Funded Need-Based Undergraduate Aid (2012-13)

	Resident Undergraduate Tuition-Fees	Estimated Grant Dollars per FTE*	Grants as % of Tuition
Indiana	\$10,033	\$835	8.3%
Minnesota	13,016	686	5.3
Illinois	14,960	697	4.7
Wisconsin	10,379	463	4.5
Iowa	8,057	242	3.0
Ohio	10,037	247	2.5
Michigan	13,234	213	1.6

* Grant dollars per FTE data from National Association of State Student Grant and Aid Programs.

grant aid per undergraduate full-time equivalent (FTE) student in 2012-13. The data shown in Table 16 is different from that shown in the appendix in that it includes all need-based grant aid, as opposed to only the primary need-based grant program. The appendix also shows the average grant amount instead of aid per FTE undergraduate student.

APPENDIX

Summary of the Primary Need-based Grant Program in Each State and the District of Columbia, 2012-13

	Average Grant Amount	Average Grant as % of Average Tuition and Fees at Public, Four- Year Institutions	Number of Recipients as a % of State Full-Time Equivalent Undergraduate Students
Mississippi	\$5,286	99.7%	0.7%
California	5,826	79.2	15.7
Washington	4,098	61.4	28.3
Texas	3,786	56.2	7.9
New York	3,049	52.9	34.0
Idaho	2,762	51.9	0.4
West Virginia	2,137	43.2	19.6
New Jersey	4,706	42.0	33.7
Nevada	1,602	40.0	31.6
District of Columbia	2,775	39.6	1.0
North Carolina	2,076	39.4	29.0
Iowa	2,698	37.7	6.8
Indiana	2,609	34.3	22.2
Florida	1,116	30.0	15.8
Maryland	2,084	27.5	11.9
Kansas	1,634	25.3	6.8
Illinois	2,630	24.9	26.4
Tennessee	1,527	23.8	13.1
Hawaii	1,567	23.6	0.3
Wisconsin	1,608	21.8	24.4
North Dakota	1,314	21.3	20.1
Oregon	1,568	21.2	19.3
Pennsylvania	2,309	20.8	35.2
Kentucky	1,572	20.8	18.9
Alaska	1,090	19.5	18.1
South Carolina	1,907	18.8	16.5
Virginia	1,541	17.8	14.3
Minnesota	1,623	17.5	40.3
Utah	837	17.5	2.2
Oklahoma	860	16.4	13.5
Colorado	1,085	16.3	27.7
Missouri	1,128	15.8	19.7
Louisiana	725	15.4	19.5
Connecticut	1,327	15.0	2.8
Montana	847	14.7	6.2
Nebraska	964	14.6	17.4
Vermont	1,715	13.8	28.8
Delaware	1,320	13.7	2.4
New Mexico	685	13.6	16.3
Ohio	911	10.7	19.2
Arkansas	601	9.8	7.9
Alabama	654	9.6	2.1
Arizona	736	9.6	0.7
Maine	748	8.4	44.5
Massachusetts	665	7.0	16.6
Rhode Island	650	7.0	30.3
Michigan	676	6.9	7.8
New Hampshire	0	0.0	0.0
South Dakota	0	0.0	0.0
Georgia	0	0.0	0.0
Wyoming	0	0.0	0.0
Average	\$1,679	24.5%	15.7%

Source: National Association of Student Grant and Aid Programs 44th Annual Survey Report and the Chronicle of Higher Education Almanac for 2012-13.

Education and Income Tax Reciprocity Agreements



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Education and Income Tax Reciprocity Agreements

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Education and Income Tax Reciprocity Agreements

Wisconsin currently participates in several formal reciprocity agreements with other states under which residents of each state, or region of the state, are treated as residents of the other state for a specific purpose. These agreements relate to higher education tuition, income tax, the transfer of inmates in correctional facilities, and fishing licenses along the Mississippi River.

This paper provides information regarding education and income tax reciprocity agreements. The first section of the paper provides a description of the current agreements for reciprocal tuition for postsecondary education. Information on income tax reciprocity agreements is provided in the second section.

Reciprocity Agreements for Postsecondary Education

Wisconsin's reciprocity agreements for postsecondary education are authorized under two separate sections of the statutes. Section 39.42 of the statutes applies to agreements between any publicly-supported, postsecondary institution in Wisconsin and any other state, while s. 39.47 establishes an agreement between Wisconsin and Minnesota. Both sections allow for the waiver of nonresident tuition for participating students.

Minnesota-Wisconsin Tuition Reciprocity Agreement -- University of Wisconsin System

Under the Minnesota-Wisconsin reciprocity agreement, residents can attend public universities, community colleges, and technical colleges in the adjacent state without having to pay nonresident tuition. Students participating under the agreement are treated as state residents for ad-

mission purposes.

The stated purpose of the agreement is to "continue to improve the postsecondary education advantages of residents of Minnesota and Wisconsin through greater availability and accessibility of postsecondary education opportunities and to achieve improved effectiveness and economy in meeting the postsecondary education needs of Minnesota and Wisconsin residents through cooperative planning efforts." The agreement is administered jointly by the Minnesota Office of Higher Education (MOHE) and the Wisconsin Higher Educational Aids Board (HEAB). In Wisconsin, any changes to the agreement must be approved by the Joint Committee on Finance. In Minnesota, changes are approved by the Minnesota State Colleges and Universities Board of Trustees and the University of Minnesota Board of Regents.

History

Legislation authorizing a tuition reciprocity agreement between Minnesota and Wisconsin was enacted by the Legislature in 1965 and initially included only three UW campuses (La Crosse, Superior, and River Falls), seven Minnesota junior colleges, UM-Twin Cities, UM-Duluth, and Winona State. The agreement provided for the transfer of a limited number of students from each state, with the number of students attending individual institutions specified. To be eligible, the student had to be an undergraduate whose legal residence or high school was no more than 40 miles from the institution attended in the other state.

With the creation of the current University of Wisconsin System in 1971, the Legislature authorized HEAB to negotiate tuition reciprocity

agreements under Section 39.42 of the statutes and, in 1973, the Legislature authorized separate agreements with Minnesota under Section 39.47 of the statutes. In 1972-73, the restrictions based on student residence and eligible campuses were eliminated and reciprocity was extended to vocational and technical college students.

In 1974-75, the agreement was revised to include graduate and professional students and all restrictions on the number of participating students were lifted. In addition, each state was to determine annually the "net tuition loss" resulting from charging resident rather than nonresident tuition and the state with the greatest tuition loss would be reimbursed by the other state. The reimbursement did not apply to students enrolled in technical or vocational schools.

When the agreement was renegotiated for the 1979-80 academic year, a major change was made in the determination of the liability obligation of each state. Since Minnesota's resident tuition had historically been higher than Wisconsin's, it was agreed that the amount a state owed would be based on a formula that reflected actual educational costs rather than the tuition differential. Each state's liability would be the difference between the calculated cost of educating its students attending schools in the other state and the total amount of tuition paid by those students. The state with the higher liability obligation would pay the other state the difference between the two states' liability obligations. This method of calculating liability is still used under the current agreement.

In 1987-88, medical, dental, and veterinary students were excluded from the agreement at Wisconsin's request. Wisconsin made a one-time payment of \$1.1 million to Minnesota to compensate for this change.

1997 and 1998 Modifications

Until 1997, Wisconsin law provided that tui-

tion charged to reciprocity students could not exceed the tuition charged to a resident student at a comparable public institution located in his or her state of residence. As Minnesota institutions have historically charged higher resident tuition than Wisconsin institutions, Wisconsin resident students attending Minnesota institutions often paid less in tuition than Minnesota students attending those same institutions. This was particularly pronounced at the UM-Twin Cities campus where Wisconsin resident undergraduate students were charged almost \$1,300 less than Minnesota resident undergraduates and Wisconsin resident law students paid over \$2,900 less than Minnesota resident law students.

To address this issue as well as Wisconsin's growing liability under the agreement, 1997 Act 27 modified Wisconsin law such that reciprocity tuition could not exceed the higher of the resident tuition rates charged at comparable institutions in the two states. This allowed the University of Minnesota law school to charge Wisconsin reciprocity students the Minnesota resident rate beginning in 1997-98 and UM-Twin Cities to charge Wisconsin resident undergraduate students a "tuition gap surcharge" beginning in 1998-99. The "tuition gap surcharge" was equal to 25% of the difference between resident tuition rates at UM-Twin Cities and UW-Madison.

The agreement was also changed such that Wisconsin students attending Minnesota institutions would be charged the full-time tuition rate when enrolled in 12 credits or more. Prior to this change, Wisconsin students paid per credit when enrolled in up to 14 credits. In addition, all graduate students were charged the higher of states' resident tuition rates under the modified agreement.

Other more administrative changes were also made to the agreement and Wisconsin law. Under 1997 Act 200, HEAB and MOHE are required to prepare an administrative memorandum each year to be submitted to the Joint Committee on

Finance for approval through a 14-day passive review process. This administrative memorandum establishes policies and procedures for the implementation of the agreement for the upcoming academic year. The administrative memorandum also includes a description of how the reciprocal fee structure is to be determined. Prior to this law change, HEAB and MOHE had prepared an annual administrative memorandum, but it was not subject to approval by the Joint Committee on Finance or the Legislature.

Finally, the 1998 agreement did not include an expiration date. As a result, the agreement is automatically renewed each year unless terminated or modified with the consent of both states.

2007 Modifications: Creation of the Supplement Program

The agreement was next modified in 2007. The purpose of the changes made in that year was to allow the state of Wisconsin to make payments directly to the University of Minnesota and the Minnesota State Colleges and Universities Systems for costs incurred due to Wisconsin reciprocity students. Previously, all payments made by Wisconsin under the agreement had been directed to the state of Minnesota, not to the colleges and universities. To accomplish this, the agreement was modified so that reciprocity students would be charged the higher of the resident tuition rate at the institution attended or at a comparable institution in the students' home state and the "Wisconsin reciprocity supplement program" was established. These changes only applied to students who first enrolled after the 2007-08 academic year.

Under the modified agreement, most Wisconsin students were charged the Minnesota resident tuition rate which is generally higher than resident tuition charged by comparable institutions in Wisconsin. Through the Wisconsin reciprocity supplement program, Wisconsin students who were charged the Minnesota resident tuition rate

received a supplement payment equal to the difference between the tuition charged and resident tuition at a comparable UW institution. As a result, most Wisconsin resident students who enrolled in Minnesota institutions beginning in the 2008-09 academic year and thereafter were *charged* the Minnesota resident rate but received a credit on their tuition bill such that they *paid* the Wisconsin resident rate, which is the same amount as they would have paid under the previous agreement.

The Wisconsin reciprocity supplement program is administered by the Minnesota institutions and the supplement is applied directly to the student's tuition bill. HEAB makes a payment to the University of Minnesota and the Minnesota State Colleges and Universities Systems equal to the sum of all reciprocity supplements provided to Wisconsin resident students following the conclusion of each academic term. These payments totaled \$2.0 million in 2008-09, \$3.8 million in 2009-10, \$5.5 million in 2010-11, and \$5.2 million in 2011-12. These payments reduce Wisconsin's net obligation at the end of each calendar year on a dollar-for-dollar basis.

Elimination of the Supplement Program

During deliberations on the 2011-13 biennial budget, the Governor proposed the elimination of the supplement program beginning in the 2011-12 academic year. The Joint Finance Committee, which must approve the annual administrative memorandum for the program, instead directed HEAB to renegotiate the administrative memorandum with Minnesota to phase out the supplement program beginning in 2012-13. Under the administrative memorandum approved by the Joint Finance Committee, only students who first enrolled in Minnesota institutions prior to 2012-13 are eligible for the supplement program. These students may receive supplements through the 2014-15 academic year. Wisconsin students who first enrolled in Minnesota institutions in or after the 2012-13 academic year do not receive

the supplement and therefore pay the Minnesota resident tuition rate. In 2012-13, the first year of the phase-out, supplemental payments totaled \$2.8 million compared to \$5.2 million in 2011-12.

The administrative memorandum was also modified to reflect a change in tuition and fee charges at University of Minnesota institutions. Prior to 2011-12, UM institutions had charged a \$1,300 "university fee." Because fees are not covered by the reciprocity agreement, Wisconsin students attending UM institutions had been responsible for the payment of this fee. In 2011-12, the UM Board of Regents eliminated the "university fee" and subsequently increased tuition by \$1,300. This increased the difference in the resident tuition at UM institutions and comparable UW institutions by \$1,300 and would have increased the amount of the supplement for each Wisconsin student enrolled in an UM institution by the same amount. To avoid this increase in the amount of the supplement for Wisconsin students enrolled at UM institutions, language was added to the administrative memorandum to specify that supplements for UM students should be reduced by \$1,300 to reflect the portion of tuition charges that were previously assessed as a "university fee." This change also increased the amount of tuition paid by Minnesota students enrolled at UW-Madison and UW-Milwaukee by \$1,300. This led to an increase in the "tuition differential"

which is discussed later in this paper.

Enrollments

Table 1 shows enrollment by Minnesota reciprocity students in UW institutions and enrollment by Wisconsin reciprocity students in Minnesota institutions for fall, 2012. As one would expect, institutions that are located close to the border between the two states generally have the highest enrollments of reciprocity students. One exception in UW-Madison which, as the system's flagship campus, also attracts a large number of reciprocity students.

Reciprocity Costs and the Calculation of Liability Obligation

Under the current agreement, each state's liability is the difference between the calculated cost of educating its students attending institutions in the other state and the total amount of tuition charged to those students. In determining liability, the two states have agreed to use what is known as the "reciprocity cost" instead of total educational costs. Reciprocity cost is that portion of total student costs that varies with changes in enrollment and excludes fixed costs. Currently, reciprocity cost is defined as 64% of Wisconsin's total per credit instructional costs. Only Wisconsin's costs are used to calculate liability because it is assumed that instructional costs are similar for

Table 1: Reciprocity Student Enrollment by Institution, Fall 2012*

Madison	3,403	UM-Twin Cities	4,328
River Falls	3,025	Winona State University	1,935
Stout	2,346	UM-Duluth	820
Eau Claire	2,304	Minnesota State University -- Mankato	673
La Crosse	1,327	St. Cloud State University	509
Superior	961	Lake Superior College	419
Milwaukee	451	Minnesota State University -- Moorhead	116
Stevens Point	362	Century College	109
Platteville	114	Metro State University	73
All Other UW Institutions	<u>230</u>	All Other Minnesota Institutions	<u>300</u>
Total	14,523	Total	9,282

* Excludes reciprocity students enrolled in technical colleges.

both states. Table 2 shows the per credit instructional cost, reciprocity cost, and the reciprocity tuition rate. The Wisconsin resident tuition rate is shown for comparison.

In previous years, the reciprocity cost per credit exceeded the reciprocity tuition rate for most students. That meant that for each credit taken by a reciprocity student, the student's home state incurred a liability equal to the difference between the reciprocity cost of the credit and the tuition paid by the student (the reciprocity rate). Currently, the reciprocity tuition rate exceeds the reciprocity cost per credit for all students at all institutions. Because the tuition paid by reciprocity students now exceeds the reciprocity cost per credit, credits taken by a reciprocity student generally reduce his or her home state's liability under the program. Beginning in 2010-11, both states have had negative liabilities under the program. This is because the total amount of tuition paid by students attending institutions under the agreement exceeded the reciprocity cost of educating those students. Because Minnesota had a larger negative liability in that year, Wisconsin made a payment to Minnesota equal to the differ-

ence between the two liabilities.

Reciprocity Payments

Under the agreement, the state with the higher liability obligation pays the other state the difference between the two states' liability obligation following the conclusion of each academic year. Table 3 shows enrollments, liabilities, the reciprocity payment, and, beginning in 2008-09, total supplemental payments for each year from 2003-04 to 2012-13. Payments to Minnesota are made from a general purpose revenue (GPR) sum sufficient appropriation established for this purpose. [As of this writing, the two states have not determined the reciprocity payments for 2013-14.]

Prior to 1995-96, Minnesota made a payment to Wisconsin in each year. Generally, these payments reflected the relatively high number of Minnesota students attending Wisconsin institutions under the agreement. This payment peaked in 1978-79, before the 1979-80 changes, and again in 1990-91. However, during the 1990s the number of Wisconsin students studying in Minnesota grew greatly, outpacing the growth in the

Table 2: Tuition Reciprocity Costs and Tuition Per Credit -- 2013-14

Institution Category	Cost Per Credit		Tuition Per Credit	
	Instructional	Reciprocity	Reciprocity Rate**	Wisconsin Resident
Undergraduate				
UW-Madison/UM-Twin Cities Undergraduate	\$463.01	\$296.33	\$502.50	\$386.39***
UW-Madison/UM-Twin Cities	\$457.01	\$292.49	\$502.50	\$386.39
UW-Milwaukee/UM-Duluth	327.06	209.32	488.33	337.13
Comprehensive Institutions*	318.78	204.02	283.05	262.43
UW Colleges	256.37	164.08	197.93	197.93
Graduate Students				
UW-Madison/UM-Twin Cities	1,240.14	793.69	938.00	670.47
UW-Milwaukee/UM-Duluth	1,140.35	729.82	938.00	649.17
Comprehensive Institutions	581.09	371.90	465.69	424.47

* Tuition per credit does not include applicable differential tuition charges.

** Wisconsin students who first enrolled in Minnesota institutions prior to the 2012-13 academic year receive aid through the Wisconsin reciprocity supplement program which reduces tuition costs for those students.

number of Minnesota students studying in Wisconsin. As the gap between the number of reciprocity students from each state narrowed, the payment Wisconsin received from Minnesota decreased. Finally, in 1995-96, Wisconsin was required to make a payment to Minnesota for the first time. Although more Minnesota resident students were enrolled under the program, Wisconsin students paid lower tuition and therefore paid a lesser portion of their own costs. This meant that Wisconsin had a higher liability per student. In 1995-96, the difference in enrollments no longer outweighed Wisconsin's higher liability per student.

Changes made to the agreement in 1997 and 1998 increased the total tuition paid by Wisconsin residents and decreased Wisconsin's total liability obligation. As a result, Wisconsin was not required to make a payment to Minnesota from 1998-99 through 2000-01. Wisconsin resumed making reciprocity payments to Minnesota for 2001-02 and, since that time, these payments have grown. Payments to Minnesota under the agreement increased from \$302,741 for the 2001-02 year to a peak of \$12,886,505 for the 2009-10 year. (The 2009-10 payment is the total of the reciprocity payment and the supplemental payments.) Payments to Minnesota increased over this time period due to greater increases in the number of Wisconsin students participating in the program and increases in tuition rates paid by Minnesota reciprocity students that exceeded Wisconsin resident tuition increases.

Total payments to Minnesota under the agreement were \$9,596,015 for the 2012-13 academic year. It is anticipated that payments made to Minnesota under the agreement will continue to decrease as the Wisconsin reciprocity supplement program is phased out.

Tuition Differential

As shown in Table 2, the amount of tuition paid per credit by Minnesota reciprocity students

is generally higher than that paid by Wisconsin resident students. Therefore, UW System institutions collect more tuition revenue from Minnesota reciprocity students than would otherwise be paid by Wisconsin residents. The University does not retain this additional tuition; instead, Wisconsin law requires that the money be deposited into the state's general fund as a miscellaneous revenue termed "GPR-Earned." The total amount of reciprocity tuition deposited in the state's general fund is shown in Table 3 as "tuition differential GPR-earned." In 2012-13, the total amount of these tuition differentials was \$12,557,217.

Finally, Table 3 shows the net effect of the agreement on the GPR balance, which is the sum of the reciprocity payment, the supplemental payments, and the tuition differential GPR-earned. Through 2005-06, the payments made by Wisconsin were offset by the tuition differential GPR-earned. From 2006-07 to 2010-11, payments made by Wisconsin to Minnesota exceeded the amount of the tuition differential resulting in the program having a negative effect on the GPR balance. An increase in the tuition paid by Minnesota students attending UW-Madison and UW-Milwaukee in 2011-12 increased the tuition differential in that year and the beginning of the phase-out of the supplemental program reduced those payments in 2012-13. As a result, the program had a positive effect on the GPR balance in both years with the state netting \$2.3 million from the program in 2011-12 and \$3.0 million in 2012-13.

Minnesota-Wisconsin Tuition Reciprocity Agreement -- WTCS

The Minnesota-Wisconsin reciprocity agreement also applies to Wisconsin's technical colleges which have been included in the agreement since 1972-73. Like the portion of the agreement that pertains to university and community college students, reciprocity is statewide and technical college students pay the resident tuition rate charged by the college they attend. Minnesota

Table 3: MN-WI Reciprocity Enrollment and Payment History

Academic Year	Minn. Students		WI Students		Reciprocity Payment*	Total Supplemental Payment	Total WI Payments to MN	Tuition Differential GPR-Earned	Net Effect on GPR Balance
	<u>Enrolled in WI</u>	Number	<u>Enrolled in Minn.</u>	Number					
2003-04	13,277	\$10,821,798	11,014	\$16,984,994	\$6,163,196	--	\$6,163,196	\$7,683,385	\$1,520,189
2004-05	13,139	6,811,842	11,409	13,326,601	6,514,759	--	6,514,759	8,204,476	1,689,717
2005-06	13,595	2,540,213	11,418	10,310,750	7,770,537	--	7,770,537	8,685,989	915,452
2006-07	13,686	1,092,658	11,646	11,109,809	10,017,151	--	10,017,151	9,658,594	-358,557
2007-08	13,726	1,884,647	11,308	12,414,600	10,529,953	--	10,529,953	9,063,320	-1,466,633
2008-09	14,034	2,041,904	10,690	11,260,345	9,218,441	2,030,834	11,249,275	8,944,233	-2,305,042
2009-10	14,152	-4,065,870	10,301	4,989,433	9,056,242	3,830,263	12,886,505	8,683,624	-4,202,881
2010-11	14,431	-8,237,249	10,181	-1,470,876	6,766,373	5,467,479	12,233,852	8,379,674	-3,854,178
2011-12	14,590	-22,914,157	9,848	-16,784,291	6,129,866	5,162,955	11,292,821	13,586,567	2,293,746
2012-13	14,523	-24,485,969	9,282	-17,705,741	6,780,228	2,815,787	9,596,015	12,557,217	2,961,202

* Payment made by Wisconsin to Minnesota. The reciprocity payment is made in December of the following fiscal year.

residents attending Wisconsin Technical College System (WTCS) institutions in 2014-15 pay the resident tuition rate of \$126 per credit rather than the nonresident rate of \$189 per credit for associate and technical degree courses and \$170 per credit instead of the nonresident rate of \$256 for collegiate transfer programs. Wisconsin residents attending Minnesota's six technical colleges pay Minnesota resident tuition which varies by campus and ranges from \$153 to \$173 per credit for most courses in 2014-15. (Tuition for special programs can be as high as \$267 per credit.) However, only one Minnesota technical college, Pine Technical College, currently charges a nonresident rate meaning that all nonresident students are charged same rate as resident students regardless of whether they are covered by a reciprocity agreement. There is no provision for the exchange of funds between the two states to compensate for technical college students participating under the agreement.

Table 4 shows the number of Minnesota residents attending WTCS schools under the agreement in 2013-14. Information on the number of Wisconsin students attending Minnesota institutions is not available. As shown in Table 4, seven of the 16 WTCS districts enrolled a total of 1,445 Minnesota reciprocity students in 2013-14. As one would expect, the WTCS districts that border

Minnesota (Chippewa Valley, Western, and Indianhead) enrolled the vast majority of the Minnesota students enrolled under the agreement. Madison is the only other WTCS district that enrolled a significant number of Minnesota reciprocity students. Many of the individuals enrolled under the agreement attend on a part-time basis.

Table 4: Minnesota Students Attending WTCS Schools in 2013-14

District*	Headcount	% of Total
Chippewa	266	18.4%
Fox Valley	12	0.8
Indianhead	455	31.5
Gateway	2	0.1
Madison	103	7.1
Milwaukee	3	0.2
Western	<u>604</u>	<u>41.8</u>
Total	1,445	100.0%

*Only those districts that enrolled students under the agreement are shown.

Reciprocity Agreements with Other States

Under s. 39.42 of the statutes, HEAB, with the approval of the Joint Committee on Finance, or the governing boards of any publicly-supported, postsecondary institution, with the approval of

HEAB and the Joint Committee on Finance, may enter into reciprocity agreements with appropriate state educational institutions in other states. The statutes specify that these agreements, which include remission of nonresident tuition for designated categories of students, "shall have as their purpose the mutual improvement of educational advantages for residents of this state and such other states or institutions of other states with which agreements are made." Under this authority, the state has entered into education reciprocity agreements with community and technical colleges in Michigan, Illinois, and Iowa.

University of Wisconsin System

The UW System participates in one tuition reciprocity agreement in addition to the agreement with Minnesota. This agreement, which was established in 1967, is between UW-Marquette, a UW Colleges campus, and two community colleges in Michigan, Gogebic Community College in Iron Mountain and Bay De Noc Community College in Escanaba. This agreement applies only to those individuals living in Menominee County in Michigan and in Marquette and Iron Counties in Wisconsin. Under the agreement, a resident of Menominee County, Michigan, enrolled for credit at UW-Marquette is charged Wisconsin resident tuition. Similarly, residents of Iron County and Marquette County may enroll at Gogebic Community College and Bay De Noc Community College, respectively, and pay the Michigan out-of-district resident tuition rate. In 2014-15, tuition rates for Wisconsin residents are \$188 per contact hour (the equivalent of one credit) at Bay de Noc and \$144 per credit hour at Gogebic. For admissions purposes, students are treated as residents of the state in which they are enrolled. The agreement provides for automatic annual renewal unless either state provides written notice terminating the agreement. Such notice must be given at least 12 months prior to the academic year for which the agreement would be terminated. In fall, 2013, 125 Michigan reciprocity students enrolled at UW-Marquette.

Wisconsin Technical College System

In addition to the Minnesota agreement, the Wisconsin Technical College System currently has reciprocity agreements with institutions in Michigan, Illinois, and Iowa. Unlike the Minnesota agreement, these agreements are between individual technical college districts in each state and apply only to residents of those districts.

The agreement with Michigan, which was first established in 1981, involves three Wisconsin technical college districts, Nicolet, Indianhead, and Northeast, and two community colleges in Michigan, Bay de Noc and Gogebic. Under the agreement, Michigan residents attending any of the three Wisconsin technical colleges pay Wisconsin's resident tuition rate plus a \$5 per credit surcharge and Wisconsin students attending the Michigan colleges pay the Michigan out-of-district resident tuition rate. In addition, the agreement provides that a resident of one of the states whose employer is located in the other state and whose employer pays his or her tuition, is considered a resident of the other state for tuition purposes. The agreement is renewed automatically each year and does not specify particular programs in which students may enroll. In 2013-14, 794 Michigan resident students (213.48 FTE) attended Northeast Technical College and one Michigan resident student (0.01 FTE) attended Wisconsin Indianhead. In addition, 21 Michigan resident students (8.77 FTE) who were enrolled in a program shared by Northeast and Fox Valley Technical Colleges attended Fox Valley Technical College under the agreement.

Three WTCS districts have reciprocity agreements with colleges in Illinois: Blackhawk Technical College has agreements with Rock Valley College and Highland Community College; Gateway Technical College has agreements with the College of Lake County, McHenry County College, and Rock Valley; and Southwest Technical College has an agreement with Highland Community College. Unlike the agreements

with Minnesota and Bay de Noc and Gogebic Community Colleges in Michigan, these agreements only apply to specific programs. Under the current agreements, participating students are charged either resident tuition at the institution attended or Wisconsin resident tuition. While in most cases priority for admission is given to residents of the state in which the college is located, after their first semester students enrolled under the agreement are given the same priority as residents. However, no state resident may be displaced due to either agreement. During the 2013-14 academic year, 37 Illinois students (19.57 FTE) attended a technical college in Wisconsin, with 31 at Blackhawk and 6 at Gateway.

In addition, Southwest Technical College has an agreement with Northeast Iowa Community College, which has campuses in Calmar and Peosta, Iowa. Under the agreement, students are charged the resident tuition rate for the institution in which they are enrolled. Therefore, in 2014-15, Wisconsin residents who enroll in Northeast Iowa Community College pay the resident tuition of \$150 per credit while Iowa residents enrolled in Southwest Technical College pay \$126 per credit. As under most of the agreements with Illinois institutions, priority for initial admission is given to state residents and participating students are treated as residents after their first semester. In 2013-14, no Iowa resident students attended a Wisconsin technical college under the agreement.

Individual Income Tax Reciprocity

Under state individual income tax provisions, income may be taxed on the basis of where it is earned or on the basis of the taxpayer's legal residence. Wisconsin, like most other states with an individual income tax, provides a credit for taxes paid to another state while the taxpayer was a Wisconsin resident in order to prevent double taxation of the same income. In addition, reci-

procity agreements may be entered into between two states to reduce the filing requirements of persons who live in one state and work in another state. Under such agreements, the taxpayer is only required to file a return and pay taxes on income from personal services in the state of legal residence. While "personal services income" is defined specifically for each agreement, the term generally includes salaries, wages, commissions, and fees earned by an employee, but does not include other types of income such as gains on the sale of property, rental income, and lottery winnings. Reciprocity applies only to personal service income.

Wisconsin currently has income tax reciprocity agreements with four states: Illinois, Indiana, Kentucky, and Michigan. In addition, Wisconsin had an agreement with Minnesota for tax years 1968 through 2009. Based on the four existing tax reciprocity agreements, Wisconsin does not tax the income from personal services earned in Wisconsin by residents of the four states and instead collects taxes on such income earned in these states by Wisconsin residents. Likewise, the four other states do not impose their income tax on the income from personal services of Wisconsin residents and instead tax such income earned in Wisconsin by their residents. As a result, Wisconsin foregoes tax revenue from personal service income of residents of reciprocity states who work here and the reciprocity states forego such tax revenue from Wisconsin residents who work there.

The reciprocity agreement with Illinois requires a compensation payment when the net foregone tax revenues of one state exceed those of the other state. The previous agreement with Minnesota contained a similar provision. Under these agreements, the compensation payments made thus far have been from Wisconsin to the other state. The other three agreements do not include a provision requiring compensation payments.

Effects of Reciprocity on Individual Taxpayers

The primary benefit of the reciprocity agreements is that border-crossing taxpayers are required to file a return and pay income taxes only in their state of residence. Without reciprocity, such taxpayers would have the additional inconvenience and record-keeping requirements of filing a return in two states. For Wisconsin residents who work in states that tend to have lower income tax liabilities than Wisconsin's, reciprocity also eliminates the need for state residents to make estimated tax payments to Wisconsin. In certain cases, however, reciprocity may also reduce the total income tax liability of border-crossers. This may occur because of differences in tax laws or because income earned in one state is offset by losses incurred in the other state.

Tax Law Differences

Reciprocity will result in decreased taxes whenever an individual's tax liability is lower in the taxpayer's state of residence than it would be in the state of employment. For example, consider a single taxpayer who lives in Wisconsin and works in a reciprocity state, earning \$50,000 in wages (this individual has no other sources of income). It is also assumed that this taxpayer pays \$715 of monthly rent and claims the standard deduction for federal tax purposes. In tax year 2014, such an individual would have had a net tax liability of \$2,225 if the income were taxed to Wisconsin. In addition, assume that this income would be subject to a tax of \$2,500 if the income were taxed to the state where the wages were earned. With reciprocity, this taxpayer would pay \$2,225 to Wisconsin and have no tax liability in the state where the income was earned. Without reciprocity, however, this taxpayer would pay \$2,500 to the state of employment and have no Wisconsin tax liability because the lower Wisconsin tax would be completely offset by the credit for taxes paid to other states. In this case, the individual's total state tax liability is reduced by \$275 (\$2,500 minus \$2,225) with reciprocity.

The total tax liability would be the same with or without reciprocity in the case of a taxpayer who lives in Wisconsin and works in a state where they would have a lower tax liability. The same example as noted above could be used, except that the Wisconsin resident works in a state where a liability of \$2,000 is incurred. With reciprocity, \$2,225 would be paid to Wisconsin and no taxes would be paid to the state of employment. In the absence of reciprocity, \$2,000 would be paid to the state where the wages were earned and \$225 would be paid to Wisconsin (\$2,225 Wisconsin gross tax minus a \$2,000 credit for taxes paid to other states) for total state taxes of \$2,225.

Offsetting Losses

The tax reduction outlined above was due to differences in the income tax laws between Wisconsin and other states. However, even if the tax laws of the two states were identical, income tax reductions could occur for certain taxpayers under reciprocity. As an example, assume that a Wisconsin resident has wage income of \$50,000 earned in another state and a \$10,000 farm or business loss in Wisconsin. For simplicity, assume that this taxpayer would be subject to an effective tax rate of 5% on income earned in either state.

With reciprocity, after deducting the \$10,000 loss, this individual would have a Wisconsin tax liability of \$2,000 $[(\$50,000 - \$10,000) \times 5\%]$. Without reciprocity, this taxpayer would pay a tax of \$2,500 to the other state on the entire \$50,000 earned in that state and no taxes would be paid to Wisconsin. Because the Wisconsin loss would not be considered in determining taxable income in the other state and assuming the credit for taxes paid in other states is not refundable, no offsetting tax reduction for the Wisconsin loss would be allowed. Thus, this hypothetical taxpayer receives a reduction of \$500 under reciprocity even though the tax provisions of the other state and Wisconsin are assumed to be identi-

cal.

Reciprocity Payment Agreement With Illinois

Wisconsin has had an income tax reciprocity agreement with Illinois since 1973. A payment provision that applies to Illinois was enacted in 1997 Wisconsin Act 63 on April 1, 1998. Act 63 authorized Wisconsin's Secretary of the Department of Revenue (DOR) to enter into agreements with the State of Illinois specifying the reciprocity payment due date, conditions constituting delinquency, interest rates, and the method of computing interest due on delinquent payments.

Wisconsin Law

Wisconsin's Illinois reciprocity statute specifies that a compensation payment is made when net foregone tax revenues of one state exceed those of the other state. The statute also specifies that the data used to compute the amount of each state's foregone tax revenue is to be determined by the respective Departments of Revenue on or before December 1 of the year following the close of the previous calendar year. The resulting compensation payment amount must be determined jointly by each state. If an agreement cannot be reached, a three-person board of arbitration is appointed to resolve the difference. The reciprocity statute requires interest to be paid on any delinquent compensation payments.

In addition, the Secretary of Revenue is authorized to enter into agreements with the State of Illinois specifying the reciprocity payment due date, conditions constituting delinquency, interest rates, and the method of computing interest due on delinquent payments. The Secretary entered into a reciprocity payment agreement with the Director of the Illinois Revenue Department in 1998. The agreement's provisions cover the estimation of taxes foregone, payment amounts, and adjusting payments. In addition, the agreement provides for data verification and reporting, the computation of interest on delinquent payments,

impasse resolution, and making modifications to the agreement.

The following sections briefly describe the Illinois-Wisconsin income tax reciprocity agreement.

Illinois-Wisconsin Agreement

Term of Agreement. The agreement contains no expiration date and continues subject to statutory modification. The agreement can be revised at any time upon mutual agreement of both states. Thus, under these provisions, the income tax reciprocity agreement is open-ended and can be unilaterally terminated by either state through legislative repeal.

Calculation of Payments. The agreement provided for a benchmark study of 1998 tax returns in 2000 and 2001, using the methodology established by a consultant from the Institute of Social Research (ISR) of the University of Michigan. This methodology mirrors that which was first adopted for use in administering Wisconsin's income tax reciprocity agreement with Minnesota. The methodology uses benchmark figures regarding the proportion of border-crossers and income taxes foregone, with adjustments to reflect total income tax collections in each state and population trends in border counties.

Administrative Provisions. The agreement requires payments to be made no later than December 31, of the year following the tax year for which the payment is being made. Methods for adjusting payments and for calculating interest on delinquent payments are also included as part of the agreement. Finally, upon the agreement of both states, a third party can be consulted prior to the use of a board of arbitration in the event of an impasse.

Historical Compensation Payments. The payment provision of Act 63 was adopted because Illinois officials stated that reciprocity with

Wisconsin would be ended unless an agreement for payment was made. At the time Act 63 was adopted, Illinois estimated that the State of Wisconsin was forgoing taxes of \$13 million from Illinois residents who work in Wisconsin and that Illinois was forgoing taxes of \$24 million from Wisconsin residents who work in Illinois. The difference of \$11 million was Illinois' estimate of its annual net revenue loss. The Wisconsin DOR estimated that the difference in foregone taxes could be between \$9.5 million and \$29.0 million annually. Under Act 63, Wisconsin made a payment to Illinois of \$5.5 million in 1998-99 and \$8.25 million in 1999-00. These amounts reflected 50% and 75%, respectively, of Illinois' estimated \$11 million revenue loss in 1998. Act 63 specified that future payments would be based on the results of the 1998 benchmark study, and were anticipated to begin in 2001-02 (no payment would be made in the 2000-01 fiscal year).

The benchmark study of 1998 tax returns was completed and used for determining taxes foregone by Illinois and Wisconsin, starting with a payment for tax year 2000. Table 5 displays these

payments, which have ranged from \$28.0 million for tax year 2003 to \$82.1 million for tax year 2013. Since 2004, the payments have exceeded those estimated by both states at the time of the initial agreement. According to the Wisconsin DOR, there are two primary reasons for the payments being at or above the high-end range of the Department's original estimate. First, the original estimate assumed that average income in the two states would be the same. However, the reciprocity study showed that the average income of Illinois residents working in Wisconsin was much lower than the average income of Wisconsin residents working in Illinois. The second reason for the larger payments is that, except for the tax increases adopted in 2009, Wisconsin has enacted a number of measures decreasing taxes since 1998. On the other hand, taxes have increased in Illinois, and the 2011 increase in Illinois's individual income tax rate from 3% to 5% accounts for much of the recent payment increase. The net effect of these factors was to increase the payment from Wisconsin to Illinois significantly over the amounts that had been expected when the payment provision was enacted in 1998.

Table 5: Compensation Payments Under Illinois-Wisconsin Income Tax Reciprocity (Millions)

Tax Year	Taxes Foregone by Illinois*	Taxes Foregone by Wisconsin*	Difference	Amount Paid by Wisconsin**	Payment Date
2000	\$42.7	\$13.3	\$29.4	\$29.4	Dec., 2001
2001	44.9	12.9	32.0	32.2	Dec., 2002
2002	42.2	13.1	29.0	28.7	Dec., 2003
2003	41.7	13.7	28.0	28.0	Dec., 2004
2004	46.7	14.6	32.1	31.7	Dec., 2005
2005	50.6	15.9	34.7	34.7	Dec., 2006
2006	55.3	17.1	38.1	38.0	Dec., 2007
2007	59.5	17.4	42.1	42.3	Dec., 2008
2008	54.5	16.2	38.4	38.6	Dec., 2009
2009	50.4	15.8	34.7	35.0	Dec., 2010
2010	66.6	17.0	49.6	50.4	Dec., 2011
2011	92.1	17.8	74.3	74.4	Dec., 2012
2012	99.4	18.7	80.7	80.7	Dec., 2013
2013	99.8	17.6	82.2	82.1	Dec., 2014

* The taxes foregone are shown as estimated when the payment was made.

** Includes adjustments of prior years.

Reciprocity Payment Agreement With Minnesota

The Minnesota-Wisconsin reciprocity agreement had been in effect since 1968. On September 18, 2009, Minnesota Governor Tim Pawlenty informed Wisconsin Governor Jim Doyle that the Minnesota Commissioner of Revenue was exercising his authority to discontinue the two states' income tax reciprocity agreement as of tax year 2010. Minnesota state law authorizes the Minnesota Commissioner of Revenue to cancel the agreement when "it is deemed to be in the best interests of the people of this state." The Wisconsin statutes do not convey similar authority to its DOR Secretary.

Part of the agreement is specified in the two states' statutes, with the remainder detailed in agreements entered into between the two Departments of Revenue (as authorized in the statutes). The Wisconsin statute authorizing the reciprocity payment is similar to the provision authorizing the Illinois payment, described above, with two exceptions: (a) the amount of foregone tax revenue is computed on or before November 1 of the year following the close of the previous calendar year instead of December 1; and (b) while there is no interest due to Illinois with the compensation payment (except for interest on a delinquent payment), the Minnesota payment included an interest component.

As with Illinois, an agreement between the Wisconsin DOR Secretary and the Minnesota Commissioner of Revenue complements the statute governing Minnesota's payment. The agreement was modified in September, 2002, to incorporate the interest provisions authorized in the Minnesota statutes. Under the agreement, all annual payments and adjusting payments were to accrue simple interest from July 1 of the applicable tax year through the date of the payment. The agreement clarified that the interest was to be paid on the same day as the annual payment. The agreement also included the references to each

state's statutes detailing the rate of interest to be used. Under the two states' statutes, this rate was the rate Minnesota charges for delinquent tax payments. The rate is determined annually, based on the adjusted prime rate charged by banks during the six-month period ending September 30 of the previous year.

The two states' initial agreement in 1967 was modified in 1972 to require compensating payments, but a procedure for calculating the payments was disputed. In 1976, ISR was commissioned to develop a methodology based on 1976 income tax returns, and this study established the reciprocity payments for tax years 1973 through 1977. Also, this study became the benchmark for adjusting payments until 1983, when a second benchmarking study was conducted. At the time of the agreement's cancellation, payments were based on a benchmark study of 1995 income tax returns.

Although Minnesota has cancelled the agreement, the Wisconsin statutes authorizing the agreement have not been repealed. Therefore, a subsequent agreement between the two states that conforms to Wisconsin's current law provisions could be implemented without further legislative involvement.

Table 6 shows the estimated taxes foregone by Wisconsin and Minnesota, the difference in foregone taxes, and the amount paid by Wisconsin for net Minnesota taxes foregone since 2000. In addition, Table 6 shows the interest payment required under 2001 Act 109, starting with tax year 2001, and the total payment including interest. In most years, the amount paid by Wisconsin does not equal the difference in foregone revenues. This occurs because adjusting payments are made for prior years.

As Table 6 indicates, the reciprocity compensation payment from Wisconsin to Minnesota (excluding the required interest payment, starting with 2001) increased from \$47.9 million for tax

Table 6: Compensation Payments Under Minnesota-Wisconsin Income Tax Reciprocity (Millions)

Tax Year	Taxes Foregone by Minnesota*	Taxes Foregone by Wisconsin*	Difference	Tax Amount Paid by Wisconsin*	Interest Paid by Wisconsin	Amount Paid by Wisconsin*	Payment Date
2000	\$64.8	\$16.9	\$47.9	\$47.9	\$0.0	\$47.9	Dec., 2001
2001	60.5	16.5	44.0	44.2	4.8	49.0	Dec., 2002
2002	59.8	16.7	43.2	42.7	3.5	46.2	Dec., 2003
2003	64.3	17.4	46.9	46.9	2.9	49.9	Dec., 2004
2004	72.2	18.5	53.8	53.7	3.1	56.8	Dec., 2005
2005	79.1	20.1	59.0	59.0	4.4	63.5	Dec., 2006
2006	84.0	21.5	62.5	62.5	6.5	69.1	Dec., 2007
2007	90.0	21.8	68.2	68.1	7.7	75.9	Dec., 2008
2008	81.5	20.2	61.3	61.6	5.3	66.9	Dec., 2009
2009	75.8	19.8	56.0	56.2	3.5	59.7	July, 2011

*The taxes foregone are shown as estimated when the payment was made. The tax amount paid is based on these estimates and also includes adjustments for prior years.

year 2000 to \$68.1 million for tax year 2007, and then fell to \$61.6 million for tax year 2008 and \$56.2 million for tax year 2009. Those decreases reflect the impact of the economic downturn. Otherwise, the trend was for the payment to increase over time, along with increases in the number of border crossers and in total tax collections. The periodic decreases are generally related to adjustments for prior years and changes in the tax laws of the two states.

As shown in Table 6, the initial interest payment by Wisconsin decreased from \$4.8 million for tax year 2001 to a low of \$2.9 million for tax year 2003. It rose in every subsequent year until reaching \$7.7 million for tax year 2007, but fell to \$5.3 million for tax year 2008. The interest payment is a result of the interaction between the net taxes foregone by Minnesota and the applicable interest rate, and may go up or down depending on the combined effect of these two factors.

For tax year 2009, Wisconsin delayed making its payment to July 11, 2011, as opposed to December 1, 2010. Under the two states' reciprocity agreement, an interest charge of over \$4,600 per day was imposed on the unpaid amount, based on Minnesota's statutory interest rate on unpaid tax-

es (3% for 2010 and 2011).

Effect of Income Tax Reciprocity Payment Agreements on State Revenues

The preceding section entitled "Effects of Reciprocity on Individual Taxpayers" explains how some residents of each state receive a tax reduction under reciprocity. As a result, Illinois, Minnesota, and Wisconsin have each experienced a revenue loss under the reciprocity agreements. While the compensation payment is intended to equalize the foregone revenue of each state relative to the other, the total revenue of each state is lower than it would be in the absence of reciprocity.

Tables 5 and 6 show the estimated taxes foregone by the three states and the payments made by Wisconsin since tax year 2000. The payments to Minnesota and Illinois have been largely offset by collections of taxes from Wisconsin residents who work in the two states.

The reciprocity payment agreement with Illinois should not be viewed as an annual loss to the Wisconsin general fund. Ending reciprocity with Illinois would result in lower income tax collec-

tions by an amount approximately equal to Wisconsin's payment to Illinois because taxes would not be collected on the wages of Wisconsin residents working in Illinois.

In considering whether the Illinois reciprocity agreement should be continued, it should be noted that Wisconsin would incur significant revenue losses in the first two fiscal years after reciprocity would be ended, due to the delayed compensation payment under the agreement. This

would occur because Wisconsin would still be obligated to make payments for prior tax years. In addition, costs associated with processing tax returns are estimated to be significantly lower under reciprocity. If reciprocity were eliminated, DOR would have to process: (a) additional returns from Illinois residents who work in this state; (b) credits to Wisconsin residents for taxes paid to Illinois; and (c) estimated payments from Wisconsin residents who work in Illinois.