



May 24, 2013

\$2 Million for Technical College Student Financial Aid Added to Budget Bill!

In Other Budget Action This Week ...

- *Proposed Universal Transfer of 30 General Education Credits Protected*
- *Veterans Tuition Remissions Expanded*
- *“Gifts and Grants” Problem Fixed*
- *WRS Annuitant Rehires Limited*

Student Aid Increased 11% for Next Year

A grueling Joint Finance Committee (JFC) budget session culminated last night with passage of a sweeping omnibus motion addressing all UW System and Higher Educational Aids Board (HEAB) budget issues for 2013-15. As part of that motion, the Wisconsin Higher Education Grant (WHEG) program for technical college students was increased by a one-time \$2 million for 2013-14. This represents an almost 11% increase over its \$18.8 million annual base funding, the largest in many years.

This is a major victory for technical college students given a budget bill that proposed flat funding across all aid programs. In contrast Thursday evening, the UW student WHEG program was not increased over its current funding. The parallel aid program for students at Wisconsin’s private, independent universities and colleges was increased by \$1 million.

Representative Joan Ballweg (R-Markesan) singlehandedly led the effort to increase WHEG funding. Representative Ballweg is an expert on state financial aid policy and is a steadfast voice in support of our colleges and students. She worked diligently behind the scenes to garner JFC support for this meaningful increase.

Additional motions to fully fund WHEG for technical college students (about \$30 million new annually), and to fully fund veterans’ tuition remissions (another \$30 million new annually between the UW and WTCS), failed on 4-12 party line votes. The motions were led by Representative Cory Mason (D-Racine) and other JFC Democrats.

Transfer Credit Block Proposal Protected

In other elements of the sweeping omnibus package, the JFC protected and clarified the Governor's proposal to develop 30 credits of universally transferable general studies credits between technical colleges and UW institutions. In the days leading up to the vote, we believed the JFC might interpret the language to apply only to "liberal arts" credits. These are the already transferable courses carried by a minority of students at just 5 of 16 technical colleges. Instead, the Governor's proposal was interpreted by the JFC motion to cover courses that "satisfy general education requirements at the receiving institution." This is a very positive action on behalf of increased mobility for thousands of technical and occupational program students.

Veterans Tuition Remissions Expanded

The omnibus motion also adopted the Governor's proposal to extend the Wisconsin G.I. Bill veterans' tuition remission. To date, a veteran must have enlisted in military service as a Wisconsin resident to qualify for the remission. The change provides that a veteran who has resided in Wisconsin for at least 5 years immediately preceding college enrollment (regardless of residency upon military enlistment) also qualifies.

Given the limited nature of state funding supporting veterans' tuition remissions, the expansion of this most worthy program will also expand the shifting of remission costs to non-veteran student tuition and to property taxes.

Overall, the omnibus motion cuts UW System funding by more than \$180 million compared with the Governor's budget proposal. It also defers or eliminates UW System flexibility measures and increases legislative oversight of the UW. It freezes UW student tuition for 2 years. Finally, it requires the UW System to self-fund a number of initiatives using existing reserve funds, including almost \$60 million for state student financial aid annually.

JFC members of both parties and both houses expressed disappointment in the UW's relationship with the Legislature. The strain has been fueled by revelations that the UW holds major reserve funds generated in large measure by significant tuition increases. The reserve was built up over recent years in which the UW argued that it needed new flexibility and new state funding.

"Gifts and Grants" Problem Fixed

The 1,100-page state budget bill includes provisions shifting the operations of the Office of Justice Assistance among state agencies. In doing so, the original budget bill language inadvertently eliminated the ability of technical colleges to accept any gifts or grants (!). This drafting error was corrected by unanimous JFC vote Thursday evening.

WRS Annuitant Rehires Limited

Earlier in the week, the JFC tweaked and adopted the Governor's proposal to limit WRS employers, including technical colleges, in their ability to rehire WRS retiree "annuitants." The so-called "double dipping" issue was originally brought to the public's attention when UW Green Bay rehired an administrator, after the minimum 30 days of retirement, into the same position on what appeared to be a pre-arranged agreement without a full search and screen process.

Since then, the so-called "double dipping" issue has been interpreted to be a broader public policy problem. This includes criticism of hiring top candidates who happen to be WRS annuitants (and remain annuitants) after open and competitive position searches. A WRS annuitant selected today in an open position search (e.g., a retired fire chief hired as a dean or instructor in protective services) can continue to receive his/her pension (the annuity earned in a prior career) and work in the new position without receiving employee benefits (including either retirement contributions or health insurance). This saves the employer and taxpayers significant costs while the college engages great veteran professionals in key positions.

Under the proposal as passed, the minimum "separation period" between retirement and being re-hired will be extended from 30 to 75 days. Additionally, the newly-hired employee will not be able to keep receiving the WRS annuity unless he/she is employed less than 1,392 hours (67% of full time) annually.

Additional and much stricter limits on hiring WRS annuitants are being introduced as stand-alone bills separate from the budget. These will be reported on through the regularly updated "Bills of Interest to Wisconsin Technical Colleges" reports.

For the state budget bill, AB 40, itself, watch for additional reports as the process continues, and a complete and detailed summary as the 2013-15 budget bill clears both houses and is signed into law, likely by mid to late June.

This report was prepared by Paul Gabriel for the Wisconsin Technical College District Boards Association. Any analysis or opinion in this report is exclusively the author's.