

## Report From Agency

### PROPOSED ORDER OF THE DEPARTMENT OF ADMINISTRATION CREATING RULES

#### *Final Draft Form*

The Department of Administration proposes the following order to create Chapter Adm 80 relating to the administrative procedures for the Wisconsin Covenant Scholars Program.

#### SUMMARY OF PROPOSED RULE

**Statute interpreted:** Sections 16.257 and 39.437, Stats.

**Statutory authority:** Sections 16.257 and 39.437(5), Stats.

**Explanation of statutory authority:** The proposed rules define the various aspects of the Wisconsin Covenant Scholars Program authorized by s. 39.437, Stats., as created by 2007 Wis. Act 20 as to the awarding of grants to Wisconsin Covenant Scholars.

**Related statutes or rules:** HEA 1.06

**Plain language analysis:** 2007 Wisconsin Act 20 created s. 39.437 which provides grants to Wisconsin Covenant Scholars who are enrolled at least half-time at an eligible in-state institution. The Wisconsin Higher Educational Aids Board (HEAB) administers this program with the assistance of the Office of the Wisconsin Covenant Scholars Program under s. 39.437. The proposed rules define the various aspects of the Wisconsin Covenant Scholars grant program including the award criteria which begins when students sign the Wisconsin Covenant pledge in middle school and continues through their postsecondary education, as well as the distribution process, and institutional and partner responsibilities.

**Summary of, and comparison with, existing or proposed federal regulation:**  
These rules are not intended to address any proposed or existing federal regulations.

**Comparison with rules in adjacent states:**

Although there are several similar programs in the country, there are no similar programs in Wisconsin's adjacent states of Illinois, Michigan or Minnesota.

**Summary of factual data and analytical methodologies:**

The proposed rules were drafted by the Office of the Wisconsin Covenant in collaboration with the Office of the Governor and the Higher Educational Aids Board, and with support from program partners. With an anticipated enrollment of approximately 68,000 to 70,000 ranging from eighth grade students through college students, the rules took into consideration estimated completion rate, financial aid eligibility, unmet need and annual allocation of funds.

**Analysis and supporting documents used to determine effect on small business:**

The proposed rules have no effect on small business in Wisconsin.

**Effect on small business:** The proposed rules have no effect on small business in Wisconsin.

**Agency contact person:**

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**Fiscal Estimate**

This rule establishes the eligibility requirements and processes by which Wisconsin high school students may be designated as Wisconsin Covenant Scholars and receive a state funded award for post-secondary education expenses.

The Wisconsin Covenant Scholars Program is administered by the Office of the Wisconsin Covenant (Office) in coordination with the Higher Educational Aids Board (HEAB), the University of Wisconsin System, the Wisconsin Association of Independent Colleges and Universities, the Wisconsin Technical College System and the Department of Public Instruction. Additional information and data will be provided by high schools throughout Wisconsin. The Office and its partners have worked to integrate Covenant procedures into the existing practices of high schools, institutes of higher education and HEAB in order to minimize administrative costs.

**State Fiscal Effect**

**DOA – Office of Wisconsin Covenant**

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| <input type="checkbox"/> No Fiscal Effect | <input type="checkbox"/> Increase Existing Revenues | <input checked="" type="checkbox"/> Increase Costs   |
| <input type="checkbox"/> Indeterminate    | <input type="checkbox"/> Decrease Existing Revenues | <input checked="" type="checkbox"/> Yes<br>May be possible to absorb within agency's budget. |
|   |   | <input type="checkbox"/> No<br><input type="checkbox"/> Decrease Costs                       |

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**Fund Sources Affected:**

- GPR                       FED                                       PRO                                       PRS                                       SEG  
 SEG-S

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**Affected Ch. 20, Stats. Appropriations:**

S.20.505(4)(bm)

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The Office estimates that it receives over 17,000 Covenant Pledges annually from Wisconsin 8<sup>th</sup> and 9<sup>th</sup> grade students. Pledge forms are due on September 30 of each year. The Pledge form collects basic contact information and the signatures of the student and parent/guardian. The Office has created a database capable of maintaining this information for all participating students throughout their high school years and into post-secondary education. Once received the data from the form is entered into the Covenant database; a task that typically requires about 300 hours of LTE time annually. The LTE also mails a confirming postcard to the student. The Office anticipates that approximately \$6,000 in LTE expenses will be incurred in this process. The Office does not track academic progress or continued eligibility of enrolled students because this information is already maintained at the students' high schools.

In the student's senior year, the Office sends out a verification form asking the student to verify academic standing, graduation plans, college application and grades. In addition to student and parent signatures, this form requires verification by a designated official of the student's high school. This verification helps the Office confirm student eligibility. As described earlier and with approximately the same costs, the data from the form is entered into the Covenant database by LTE staff. The Office is also able to use the existing Longitudinal Data System maintained by the Department of Public Instruction to help verify student eligibility. Eligible applicants are then designated Wisconsin Covenant Scholars and are eligible to receive a Wisconsin Covenant Scholar Award.

LTE costs of \$12,000 will be absorbed within the existing budget of the Office.

### Higher Educational Aids Board

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The list of Covenant Scholars is provided to the Higher Education Aids Board (HEAB) which is the ultimate disbursing of Covenant grant funds. HEAB maintains a database that contains student eligibility data for a variety of grant, scholarship and loan programs offered to Wisconsin students. These include the Wisconsin Higher Education Grants (WHEG), the Wisconsin Tuition Grant program, the Talent Incentive Program (TIP) Grant, Indian Student Assistance Grant, Minority Undergraduate Retention Grant, Hearing & Visually Handicapped Student Grant. HEAB will integrate the Covenant program into its established process. The Covenant program will be one additional financial aid program for which HEAB disburses financial aid on behalf of eligible students to Wisconsin institutions of higher learning.

### Higher Education Institutions

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This Covenant program relies heavily on the participation and cooperation of its partners: the University of Wisconsin System, the Wisconsin Association of Independent Colleges and Universities, the Wisconsin Technical College System and the Department of Public Instruction. The heads of each of these entities have signed a Memorandum of Understanding with Governor

Doyle that assures their participation in the Covenant program and support for Wisconsin Covenant Scholars. While the partners will prepare an annual report describing the nature of this support, the format and scope of the report has not yet been developed. The office will work closely with the higher educational institutions to minimize the related costs to produce the annual report. Consequently, any marginal cost associated with the Covenant program is expected to be minimal and is indeterminate.

**Local Fiscal Effect**

**School Districts**

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At the local level, the Covenant program relies on the participation of the principal, or the principal's designee at Wisconsin high schools. Again, the program has been integrated into the normal guidance activities of most high schools as an additional assistance opportunity for those students wishing to enter a post-secondary education program. A key expectation of these officials is to verify the academic progress and eligibility form submitted by the student during their senior year. As part of their duties, high school staff regularly verify college application forms and statements of academic progress and other eligibility requirements. The Covenant Program does not seek information beyond what is a normal activity of high school guidance counseling offices. Any marginal cost is expected to be minimal and indeterminate.

**Wisconsin Covenant College Access Network Council**

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This rule also creates the Wisconsin Covenant College Access Network Council with representatives from major educational institutions in Wisconsin and additional representation from the business and non-profit communities. Representatives of these institutions have each communicated their willingness to participate, without compensation, as part of their normal duties within the education system.

**Private Sector Fiscal Effect**

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| <input type="checkbox"/> Indeterminate               | <input type="checkbox"/> Decrease Existing Revenues | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> May be possible to absorb within agency's budget.<br><input type="checkbox"/> Decrease Costs |

This rule will not have any direct impact on private sector businesses.

### Text of Proposed Rule

SECTION 1. Chapter ADM 80 is created to read:

#### Chapter Adm 80 Wisconsin Covenant Scholars Program

**Adm 80.01 Purpose.** The purpose of this chapter is to define the various aspects of the Wisconsin Covenant Scholars program authorized by s. 39.437, Stats., as to the awarding of grants to Wisconsin Covenant Scholars, and to implement s. 16.257 Stats.

**Adm 80.02 Definitions.** In this chapter:

- (1) "Board" means the higher educational aids board.
- (2) "Eligible institution" means a public or private, non-profit, accredited institution of higher education or a tribally controlled college in Wisconsin which is eligible to participate in the grant program authorized under s. 39.30, Stats.
- (3) "Grant" means a grant awarded under the Wisconsin Covenant Scholars Program, unless otherwise specified.
- (4) "Half-time enrollment" means enrollment in at least six academic credits per semester or the quarterly or special term equivalent as determined by the educational institution.
- (5) "Full-time enrollment" means enrollment in at least twelve academic credits per semester or the quarterly or special term equivalent as determined by the educational institution.
- (6) "Office" means the office of the Wisconsin Covenant Scholars Program.
- (7) "Scholar" means a student determined to be eligible to receive a monetary award under the Wisconsin Covenant scholar program.
- (8) "High school" refers to grades nine through twelve.
- (9) "Serious misdemeanor" means a misdemeanor involving bodily harm or a dangerous weapon.

**Adm 80.03 Designation of Scholar.** (1) To be designated as a Wisconsin Covenant scholar by the office for the purpose of grant eligibility, a student must do all of the following:

- (a) Enroll in the Wisconsin Covenant Scholars Program by submitting the appropriate paperwork to the office by September 30<sup>th</sup> of the student's freshman year in high school.

(b) Meet all of the following eligibility requirements:

1. Receive a diploma from a Wisconsin high school.
2. Maintain approximately a B average while in high school. The approximate B average shall be calculated in one of the following ways:
  - a. the student has a career cumulative grade point average (GPA) of 2.85 or higher on a 4.0 scale; or
  - b. the student earned a GPA of 3.0 or higher on a 4.0 scale for at least 5 semesters and never earned less than a 2.0 in any semester; or
  - c. the student earned a GPA of 3.25 or higher on a 4.0 scale during the first semester of senior year and has shown consistent improvement since the beginning of high school.
3. Complete course credit that shall prepare the student for the college or university the student intends to attend, which shall be shown in one of the following ways:
  - a. the student shows admission to at least one eligible institution; or
  - b. the student lists 3 eligible institutions at which the student intends to apply and confirms that the student's coursework meets or exceeds the course requirements for the colleges or universities listed.
4. Demonstrate good citizenship and engage in activities that support the community. To show that the student has demonstrated good citizenship and engaged in activities that support the community, the student shall meet both of the following requirements:
  - a. the student must not have been convicted of a felony or serious misdemeanor and, if the student was suspended during high school, the student must provide two letters of recommendation which show substantial personal growth following the suspension from school faculty or other community members; and
  - b. the student was involved in one of the following activities extra curricular activities that contain an element of community service and can document at least 30 hours of service; or a school sponsored service learning experience that meets a high school graduation requirement; or a service learning experience that was designed by the student, and the results of which were shared with the student's teachers.
5. Show that the student submitted a Free Application for Federal Student Aid (FAFSA) on or before April 1 of the student's senior year of high school. Extensions for extenuating circumstances may be made solely at the discretion of the office.
6. Apply and do all that is necessary to gain admission to an eligible institution, which shall be shown in one of the following ways:
  - a. has been admitted to at least one eligible institution; or

b. plans to apply to at least 3 eligible institutions and meets those institutions' admission guidelines.

(c) Complete the Wisconsin Covenant Scholar verification form, consistent with the Wisconsin Covenant Scholar verification instructions, and submit the form to the office by April 1<sup>st</sup> of the student's senior year of high school. The form must be signed by the school principal or the principal's designee to be considered valid.

(2) By April 30th of each year, the office shall submit to the board a list of Scholars eligible for grant consideration.

(a) The current Wisconsin Covenant scholar verification instructions and form shall be available on the office's website ([www.wisconsinCovenant.wi.gov](http://www.wisconsinCovenant.wi.gov)) by November 1<sup>st</sup> of each year and must be completed and sent to the office by April 1 of the following year. In addition, the current Wisconsin Covenant scholar verification instructions and form shall be mailed to students who have enrolled in the Wisconsin Covenant Scholars program under sub. (1)(a) by December 31 of their senior year of high school.

**Adm 80.04 Scholar Qualifications for Award.** A scholar who meets the requirements of s. Adm. 80.03 shall receive an award only if all of the following apply:

(1) The scholar is eligible for in-state tuition pursuant to s. 36.27(2), Wisconsin Statutes; and

(2) The scholar is admitted to an eligible institution and enrolled, within one academic year of high school graduation, in an undergraduate degree or certificate program eligible for federal student aid under Title IV of the federal Higher Education Act leading to an undergraduate degree, diploma, or certificate from an eligible institution. Board staff may make exceptions to the one year enrollment requirement on a case-by-case basis due to health, military service or other personal reasons.

(3) The scholar's name does not appear on the statewide support lien docket under s. 49.854(2)(b), unless the person provides the board a payment agreement that has been approved by the county child support agency under s. 59.53(5) and that is consistent with rules promulgated under s. 49.858(2)(a).

**Adm 80.05 Continuing Scholar Eligibility.** (1) A scholar may receive the grant award for no more than the equivalent of eight semesters. The equivalent may include a combination of traditional semesters, summer terms or other measurements of academic year. The eight semesters need not be continuous, but the student is eligible for the grant only within five academic years of his or her high school graduation.

(2) The scholar may not receive a grant in any semester in which the student is not enrolled at least half-time.

(3) Eligibility for the grant awards ceases if:

(a) The scholar does not maintain acceptable academic standards as prescribed by the student's institution of higher education; or

(b) The scholar does not file an updated Free Application for Federal Student Aid (FAFSA) annually; or

(c) The student does not enroll in accordance with s. Adm. 80.04(2).; or

(d) The scholar is convicted of a felony or serious misdemeanor.

**Adm 80.06 Terms of Grants.** (1) Eligible institutions shall enter into a five-year contract with the board using the established financial aid distribution process. Annual program funds for the Wisconsin Covenant Scholars grant program shall be allocated through these contracts for a period of five academic years following the high school graduation of each class of Wisconsin Covenant Scholars.

(2) Grant amounts shall be determined by the Estimated Family Contribution (EFC) calculated by the Free Application for Federal Student Aid (FAFSA) based on the following designations. Scholars shall receive the full grant amounts listed below regardless of the Scholars' unmet need except in case where awarding the full amount conflicts with federal laws related to over-awarding in the financial aid process. In that instance, the grant may be reduced in order to comply with federal law.

(a) For students attending an eligible institution full time:

1. Scholars with an EFC of \$0 shall receive \$1,000 annual grant for the first two years of postsecondary education. For the second two years of postsecondary education, the office shall develop and submit to the board a formula for awarding grants for the upcoming academic years to Scholars enrolled in an eligible institution. The formula shall account for expected parental and student contributions and shall be consistent with generally accepted definitions and nationally approved needs analysis methodology.

a. This award amount assumes that the Wisconsin Covenant Foundation shall continue to grant \$1,500 annually for the first two years of postsecondary education for students with an EFC of \$0.

b. If the Wisconsin Covenant Foundation does not award at least \$1,500 annually for the first two years of postsecondary education, then students with a \$0 EFC shall receive \$1,500 annually rather than \$1,000 for the first two years of postsecondary education.

2. Scholars with an EFC of \$1 to \$3,499 shall receive \$1,500 annual grant for the first two years of postsecondary education. For the second two years of postsecondary education, the office shall develop and submit to the board a formula for awarding grants for the upcoming academic years to Scholars enrolled in an eligible institution.

3. Scholars with an EFC of \$3,500 to \$11,999 shall receive \$1,000 annual grant for the first two years of postsecondary education. For the second two years of postsecondary education, the office shall develop and submit to the board a formula for awarding grants for the upcoming academic years to Scholars enrolled in an eligible institution.

4. Scholars with an EFC of \$12,000 or greater shall receive \$250 annual grant for the first two years of postsecondary education. For the second two years of postsecondary education, the office shall develop and submit to the board a formula for awarding grants for the upcoming academic years to Scholars enrolled in an eligible institution.

- (b) For students attending an eligible institution half time:
1. Scholars with an EFC of \$0 to \$3,499 shall receive \$750 annual grant for the first two years of postsecondary education. For the second two years of postsecondary education, the office shall develop and submit to the board a formula for awarding grants for the upcoming academic years to Scholars enrolled in an eligible institution
  2. Scholars with an EFC of \$3,500 to \$11,999 shall receive \$500 annual grant for the first two years of postsecondary education. For the second two years of postsecondary education, the office shall develop and submit to the board a formula for awarding grants for the upcoming academic years to Scholars enrolled in an institution.
  3. Scholars with an EFC of \$12,000 or greater shall receive \$125 annual grant for the first two years of postsecondary education. For the second two years of postsecondary education, the office shall develop and submit to the board a formula for awarding grants for the upcoming academic years to Scholars enrolled in an eligible institution.

**Adm 80.07 High School Responsibilities.** On or before January 31 of each year, the office shall provide to each high school principal or principal's designee a list of students who are eligible for verification in that year. By April 5 of each year, each high school principal or principal's designee is required to provide a list of students who completed the pledge and have been certified by the Office of the Wisconsin Covenant verification form, as well as those students who did not present a form for verification.

**NOTE:** The Office of the Wisconsin Covenant verification form shall be available at the office website [www.wisconsin covenant.wi.gov](http://www.wisconsin covenant.wi.gov) or by writing to Office of the Wisconsin Covenant, PO Box 7869, Madison, WI 53707-7869. An updated form shall be available no later than November 1 of each year.

**Adm 80.08 Institutional and Partner Responsibilities.** (1) Each eligible institution shall ensure that the Wisconsin Covenant Scholars grant does not replace other need-based federal, state, or institutional grant assistance in the package of financial aid offered to the scholar by the institution.

(2) Funds shall be returned to the board, using the board's established Return of Funds policy s. HEA 1.07 for Scholars who withdraw, drop out or fail to enroll.

(3) To help make the Wisconsin Covenant a reality for Wisconsin students and their families, the University of Wisconsin System, the Wisconsin Association of Independent Colleges and Universities, the Wisconsin Technical College System, and the Department of Public Instruction shall work together to ensure:

- (a) There is a place for each Scholar in higher education. The respective systems shall work to prioritize the entrance of the Covenant Scholars into their systems and identify a place for each Scholar in the higher education system of their choice.
- (b) Scholars can access available financial resources including but not limited to Scholarships, grants, loans, and work that will put higher education within reach for each Scholar.

(c) Support for the Scholars in middle and high school to help them achieve their goals through the continuation, expansion, or establishment of pre-college programming, mentoring, tutoring, and other local supports.

(4) The University of Wisconsin System, the Wisconsin Association of Independent Colleges and Universities, the Wisconsin Technical College System, and the Department of Public Instruction shall report annually to the office detailing the nature of support the system is providing for the Scholars as well the outcomes of this support. The office shall work in conjunction with the reporting agencies regarding the annual goals of the report and substance of the report.

**Adm 80.09 Wisconsin Covenant College Access Network Council.** (1) Pursuant to s. 16.257 Stats., the office shall establish a Wisconsin Covenant College Access Network Council charged with coordinating statewide college access programs and organizations in an effort to minimize duplication of effort and maximize student pursuit of postsecondary education.

(2) The members of this council shall include:

1. Director, Office of the Wisconsin Covenant;
2. President, University of Wisconsin System;
3. President, Wisconsin Technical College System;
4. President, Wisconsin Association of Independent Colleges and Universities;
5. Superintendent, Wisconsin Department of Public Instruction;
6. Executive Secretary, Higher Education Aids Board

(3) In addition, the council shall appoint associate members representing each of the following:

1. A non-profit organization with significant college access programming; and
2. A non-profit organization that provides significant funding for college access programming; and
3. A representative from the business community

**Adm 80.10 Reporting System.** The reporting system contemplated by s. 39.437 (5)(a), Stats., is established under s. HEA 1.02 and administered by the board. The board shall share this information on an annual basis with the office.

**SECTION 2. Effective date:** The rules contained in this proposed order shall take effect on the first day of the month commencing after the date of publication, pursuant to authority granted by s. 227.22(2) Stats.

Dated: June 16, 2010

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Dan Schooff  
Deputy Secretary of Administration