



RACHAEL A. CABRAL-GUEVARA

STATE SENATOR • 19TH SENATE DISTRICT

Testimony before the Senate Committee on Universities and Revenue

Senator Rachael Cabral-Guevara

August 23, 2023

Hello, Chairman Hutton and members of the committee. Thank you for allowing me to provide testimony on Senate Bill 95, an important piece of legislation that will give both students and families peace of mind when it comes to scholarships they worked for and earned.

Scholarship displacement is an unfair practice where schools reduce the school based aid students earn if a private scholarship is awarded to a student. This results in families having to make tough choices all because their child worked hard and was approved for additional scholarships.

Displacement is unfair to students; institutions that fundraise for private scholarships are now facing a disincentive to do so. With schools reducing aid when a scholarship is awarded by their association, it negates the impact that money would have.

This bill would largely end that practice. If a student earns a scholarship, they should keep it. Additionally, this proposal clarifies that if the accumulated scholarship money exceeds the student's actual financial need, only at that point may institutions reduce their award amounts.

Senate Substitute Amendment 1 adds several important clarifications to the original bill. The amendment anticipates future federal changes to the definition of "expected family contribution", tightens the meaning of "Wisconsin based company", and caps the definition of "private scholarships" at \$5,000. This was largely the result of feedback from the assembly public hearing.

I am hopeful you will be able to support this commonsense piece of legislation that gives families and students alike the financial assurances needed that college planning calls for.



SHAE SORTWELL

STATE REPRESENTATIVE • 2nd ASSEMBLY DISTRICT

Hearing Testimony
Senate Committee on Universities and Revenue
August 23, 2023
Senate Bill 95

Chairman Hutton and members of the Senate Committee on Universities and Revenue – thank you for giving me the opportunity to speak on Senate Bill 95/Substitute Amendment 1, relating to permissible financial aid reductions in higher education.

Substitute Amendment 1 addresses the unfair practice of scholarship displacement, which is the situation where a student has their college financial aid package reduced due to receiving a private scholarship.

A constituent of mine noted to me that his daughter had received a private scholarship from her rotary club for academic achievement. Instead of truly being rewarded for her achievements, her academic institution, UW-Madison, decided to penalize her by reducing her financial aid package by the amount of her private scholarship.

Punishing those making the effort to earn outside scholarships disincentivizes academic success, places a further burden on the student to pay off their debt, and discourages donors from giving to private scholarship programs.

Unfortunately, this intelligent young lady is not the only one to face this situation. According to a 2021 survey by Student Beans, 50% of U.S. college students who earned a private scholarship experienced scholarship displacement.

Legislation to address this practice was led by Maryland in 2017, which was the first state to sign it into law. New Jersey has since done the same.

Substitute Amendment 1 would ban the practice of scholarship displacement by UW, technical, and private colleges, ensuring Wisconsin students get rewarded for their success.

Attached to my testimony is a memo that compares the substitute amendment to the original bill, which mainly makes technical fixes to definitions, places a \$5000 cap on which scholarships are applicable, and clarifies where money reductions can take place.

I want to thank the committee for your time and consideration. I am happy to answer any questions members of the committee may have.



WISCONSIN LEGISLATIVE REFERENCE BUREAU

MEMORANDUM

TO: The Office of Representative Shae Sortwell, care of Zach Pfaffenbach
FROM: Jenni Martin, legislative attorney
DATE: August 22, 2023
SUBJECT: Comparison of 2023 SB 95 and 2023 LRBs0094/1

You asked for a comparison of 2023 SB 95 and a drafted substitute amendment to that bill, 2023 LRBs0094/1. To accompany the explanation in this memorandum, I am attaching a PDF document that shows a kind of visual “track changes” of the differences.

2023 SB 95 prohibits a Wisconsin institution of higher education from reducing the gift aid it has offered to a student when the student receives a private scholarship unless any of the following circumstances attach:

- The student’s total financial aid from all sources exceeds the student’s financial need.
- The institution of higher education receives approval from the scholarship provider to reduce its gift aid offer to the student.
- The institution must reduce the gift aid offer in order to comply with requirements from private organizations including or similar to the NCAA.

At the time of writing this memo, **2023 LRBs0094/1** is an unIntroduced substitute amendment to 2023 SB 95; the following bullet points describe changes in the drafted language between 2023 SB 95 and 2023 LRBs0094/1. The bill and amendment each have three “sections”—one regarding the UW System, one regarding the Technical College System, and one regarding private nonprofit colleges in Wisconsin—and the language changes from the bill to the amendment have been made to each of those “sections” equally.

The substitute amendment contains the following changes to each sub. (1):

- The definition of “expected family contribution” has been changed to account for anticipated future changes in the definition of the phrase at the federal level.
- The phrase “last-dollar scholarship” is no longer defined or included in the bill text.
- The language “\$5,000 or less” has been added to the definition of “private scholarship.”
- The phrase “Wisconsin-based company” appeared in the text of SB 95, but was undefined. LRBs0094/1 defines the phrase to mean either “an entity that has its primary place of business located in this state” or “a local or state branch of an entity that has its

primary place of business located in the United States if the local or state branch of the entity has its primary place of business located in this state.”

The substitute amendment contains the following changes to each sub. (2):

- The language formerly in pars. (a) to (c) is now in par. (a) 1. to 3.
 - New language added to what is now subd. 1. directs that before an institution can reduce a student’s gift aid offer, the institution must alert the student that the student may request a reassessment of their “cost of attendance” figure, and the institution must conduct the reassessment if so requested.
 - A new par. (b) directs that if a student’s total aid exceeds their “financial need” (a term defined in the bill), an institution may reduce the student’s gift aid offer until the student’s aid no longer exceeds the student’s financial need and if, before reducing the aid, the institution attempts to correct for the “excess” (the amount the total aid exceeds the financial need) by first doing either of the following:
 - Reducing the portion of the student’s total aid associated with a loan or work study program.
 - If applicable and to the extent permitted by the federal government, replacing some of the student’s “expected family contribution” figure (a figure defined in the bill) with an amount associated with a loan or work study program.
 - If, after the above attempt to correct the “excess,” the student’s total aid still exceeds their financial need, the institution must alert the student that the student may request a reassessment of their “cost of attendance” figure, and the institution must conduct the reassessment if so requested.
- A new paragraph (c) directs that, if a private scholarship has been awarded to a student in a way that constrains the way the institution of higher education can apply the funds to the student’s cost of attendance, the institution must attempt to contact the scholarship provider and ask if the scholarship provider can rescind and re-award the scholarship in a way that ameliorates the issue. The scholarship provider is not required to agree to rescind or re-award the scholarship.
- A new paragraph (d) clarifies that the bill’s requirements must be implemented to the maximum extent that federal law permits.

If you have any questions or require additional information, please contact me at jenni.martin@legis.wisconsin.gov.



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Senate Committee on Universities & Revenue

2023 Senate Bill 95

Relating to permissible financial aid reductions in higher education.

August 23, 2023

Chairman Hutton and members of the Senate Committee on Universities & Revenue:

My name is Helen Faith, and I am the Director of the Office of Financial Aid at the University of Wisconsin-Madison. At UW-Madison, I am responsible for overseeing the office that advises students on their financial aid options, administers university aid programs including Bucky's Tuition Promise and Bucky's Pell Pathway, and provides emergency and basic needs support to students at the university. Thank you for the opportunity to provide testimony on Senate Bill 95 for information only, relating to permissible financial aid reductions in higher education.

The University of Wisconsin-Madison strives to make higher education affordable for all students. One way we do this is by providing financial aid to those who demonstrate a need in order to attend college. Financial aid includes scholarships, grants, other gift aid, work programs, and federal student loans.

Recently, UW-Madison has pioneered programs aimed at giving Wisconsin students from low-income families a post-secondary education with little or no debt after graduation. These programs include Bucky's Tuition Promise and Bucky's Pell Pathway, both of which provide Wisconsin students a period of tuition-free education so that they can complete their degrees. Bucky's Pell Pathway also provides support for housing and other expenses. The financial aid process can be confusing for families. Eligibility criteria for these programs are also simple and clear: for Bucky's Tuition Promise, Wisconsin residents from families who have a household income of \$65,000 or less who are admitted to UW-Madison are guaranteed four years of tuition and fees. For those who are Pell-eligible, this financial support extends to cover other educational expenses. More than one in five UW-Madison's incoming in-state students are benefiting from Bucky's Tuition Promise. They represent 66 of Wisconsin's 72 counties.

In our review of Senate Bill 95, the requirement that gift aid only be reduced if a student's total gift aid exceeds financial need conflicts with federal student aid requirements to count work-study earnings as need-based aid; in some situations, this provision will result in a requirement to eliminate gift aid that exceeds financial need when combined with work-study funds that have been earned by the student. The

question

Office of University Relations

University of Wisconsin-Madison 165 Bascom Hall 500 Lincoln Drive Madison, Wisconsin 53706
608/890-4880 Fax: 608/265-8011



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proposal, as written, restricts revisions to gift aid in a manner that is inconsistent with state and federal statute. Specifically, Federal Supplemental Education Opportunity Grants (FSEOG) and Wisconsin Grant rules prohibit receipt of these grant funds in excess of federally calculated financial need in combination with other gift aid and work-study earnings.

Thank you for the opportunity to provide testimony on the impact that the legislation would have on UW-Madison. Questions can be directed to UW-Madison Senior Director of State Relations Crystal Potts (crystal.potts@wisc.edu; 608-265-4105).

Chairman Nelson and members of the Senate Committee on Education & Revenue

My name is Brian Faith, and I am the Director of the Office of Financial Aid at the University of Wisconsin-Madison. At UW-Madison, I am responsible for overseeing the office that advises students on their financial aid options, administers university and program including Bucky's Talented Program and Bucky's Fall Pathway, and provides emergency and basic needs support to students at the university. Thank you for the opportunity to provide testimony on Senate Bill 95 for legislation relating to portable financial aid reductions in higher education.

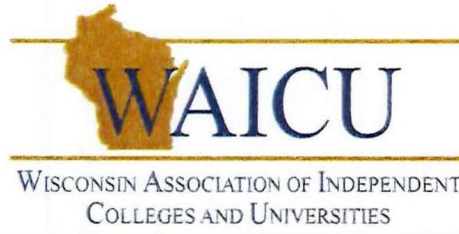
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Recently, UW-Madison has pioneered program aimed at giving Wisconsin students from low-income families a post-secondary education with little or no debt after graduation. These programs include Bucky's Talented Program and Bucky's Fall Pathway, both of which provide Wisconsin students a portion of tuition-free education so that they can complete their degrees. Bucky's Fall Pathway also provides support for housing and other expenses. The financial aid process can be confusing for families. Eligibility criteria for these programs are also simple and clear for Bucky's Talented Program. Wisconsin residents from families who have a household income of \$12,000 or less who are admitted to UW-Madison are guaranteed four years of tuition and fees. For those who are Fall eligible, the financial aid support extends to cover other educational expenses, more than one in five UW-Madison's incoming first-year students are benefiting from Bucky's Talented Program. They represent 66% of Wisconsin's 75

In my review of Senate Bill 95, the requirement that gift aid only be reduced if a student's total gift aid exceeds financial need conflicts with federal student aid requirements to count work-study earnings as need-based aid. In such situations, this provision will result in a requirement to eliminate gift aid that exceeds financial need when combined with work-study funds that have been earned by the student. The

Crystal Potts

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CONCORDIA UNIVERSITY
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WISCONSIN'S PRIVATE, NONPROFIT COLLEGES AND UNIVERSITIES
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NASHOTAH HOUSE
NORTHLAND COLLEGE
RIPON COLLEGE
ST. NORBERT COLLEGE
VITERBO UNIVERSITY
WISCONSIN LUTHERAN COLLEGE

Testimony of

**Patty Taylor, Senior Director of Financial Aid and Educational Funding, Lakeland
University**

Senate Bill 95 - regarding permissible financial aid reductions in higher education

To

Senate Committee on Universities and Revenue

August 23, 2023

Good morning, Chair Hutton and members of the Committee. My name is Patty Taylor. I am the Senior Director of Financial Aid and Educational Funding at Lakeland University where I have served in that role for the last 17 years. I have 32 years of experience in financial aid. Lakeland University is located near Plymouth, and Sheboygan and offers a variety of degrees in both a traditional environment and through online, night and evening programs. Lakeland University is known for hands-on experiential learning opportunities through its cooperative education programs.

Lakeland University is a member of the Wisconsin Association of Independent Colleges and Universities which is the official organization of Wisconsin's 22 private, nonprofit colleges and universities. Wisconsin's private, nonprofit colleges and universities are committed to college access and opportunity for all students. Financial aid policies are designed to fulfill this commitment.

In the financial aid profession, we work closely with students to assemble the best financial aid offer and to ensure debt levels are kept as low as possible. Because we have the goal of ensuring access and affordability, we are already doing what this legislation is aiming to achieve. Therefore, we feel legislating what is already being done is unnecessary.

It is never our intention to displace scholarship dollars and in nearly every case, unless prohibited by federal regulations, we work alongside the donor and/or scholarship provider to gain approval whenever an adjustment to award packages is necessary.

Thank you and I'm happy to answer any questions you may have.