



WYOMING LEGISLATIVE SERVICE OFFICE

Memorandum

DATE July 1, 2021
TO Members, Joint Education Interim Committee
FROM Leanne Hoag, Fiscal Analyst
SUBJECT Hathaway Scholarship Program Award Amounts

BACKGROUND

This memorandum updates prior LSO products prepared for the Joint Education Interim Committee (Committee), provides information requested by the Committee Co-chairmen regarding the Hathaway Scholarship Program, and is related to the Committee's interim topic, Priority #5: Higher Education.

Since the inception of the Hathaway Scholarship Program, in fiscal year (FY) 2006-07, the Legislature has increased the scholarship award amounts once. During the 2014 Budget Session ([2014 Laws, Chapter 119](#)), the Legislature increased the award amounts for each scholarship level by 5 percent. Table 1 depicts the original and current annual award amounts, by scholarship level.

Table 1. Original and Current Hathaway Scholarship Award Amounts (Annualized).

Scholarship Level	Original Award Amount	Current Award Amount
Honors Scholarship	\$3,200	\$3,360
Performance Scholarship	\$2,400	\$2,520
Opportunity and Provisional Opportunity Scholarship	\$1,600	\$1,680
Need Based Scholarship: Honors	100% of Unmet Financial Aid Exceeding \$2,000	100% of Unmet Financial Aid Exceeding \$2,000 ¹
Need Based Scholarship: Performance, Opportunity and Provisional Opportunity	25% or up to \$1,500 of Unmet Financial Aid Exceeding \$2,000 (min. \$100 per semester)	25% or up to \$1,575 of Unmet Financial Aid Exceeding \$2,000 (min. \$105 per semester)

Source: LSO analysis.

HATHAWAY SCHOLARSHIP PROGRAM HISTORY

Through [2005 Laws, Chapter 190](#), an Education Merit Scholarship Committee was created to study proposals for a student scholarship program. The legislation also created the Hathaway Student Scholarship

¹ W.S. 21-16-1306(a)(i)(D) was added in 2020 Laws, Chapter 40, for graduate degree programs. The award shall not exceed the undergraduate cost of attendance less \$2,000. This is effective July 1, 2022.

Endowment Account (Endowment Account).² The investment earnings from the Endowment Account are used to fund the scholarship awards earned by Wyoming high school students. During the 2006 Budget Session, the Legislature enacted the initial Hathaway Scholarship Program ([2006 Laws, Chapter 36](#)), which included specific eligibility requirements for awarding scholarships. The Legislature has amended the program, including eligibility requirements, multiple times since 2006.

The Hathaway Scholarship Program consists of four merit scholarships (Honors, Performance, Opportunity and Provisional Opportunity), each with specific eligibility requirements, that can be used at a Wyoming community college or the University of Wyoming. Eligibility requirements consist of specific courses taken in middle and high school (“success curriculum”), high school grade point average, and performance on a college entrance examination. There is also a separate “Need Based” scholarship for eligible students that supplements the merit awards based upon unmet financial aid exceeding \$2,000. If a student uses a Hathaway Scholarship, there are certain academic requirements the student must maintain in order to continue receiving the scholarship while attending a community college or the University of Wyoming.

Expenditure and Reserve Accounts

Investment earnings received from the Endowment Account corpus flow into the Hathaway Scholarship Expenditure Account (Expenditure Account), which are used each year to pay the scholarship awards to the University of Wyoming and the seven Wyoming community colleges. Of all monies deposited into the Expenditure Account, 20 percent are required to be available for the Need Based scholarships. If the balance in the Expenditure Account is greater than Hathaway Scholarship payments for the year, the excess funds flow into the Hathaway Student Scholarship Reserve Account (Reserve Account). If the scholarship payments exceed the investment income received by the Expenditure Account, then money from the Reserve Account is used to pay the remainder of the financial obligation. In this way the Reserve Account acts as a buffer between high income years and low-income years.

If the Reserve Account has a balance of 4.5 percent of the 5-year average market value of the Endowment Account or \$12 million, whichever is greater, then the excess funds are deposited into the Endowment Account, thus increasing the corpus.³ An increase in the corpus of the Endowment Account may allow for increased investment earnings and future increases to scholarship award amounts. A flow chart depicting how these three accounts operate can be viewed in the LSO’s [2021 Budget Fiscal Data Book](#).

Hathaway Scholarship Program Award Payments

The financial sustainability of the potential increase in the Hathaway Scholarship award dollar amounts is dependent on the amount of expenditures and investment earnings. Historical Hathaway Scholarship payments to post-secondary institutions can be found in Table 2.

² The Endowment Account was funded primarily through federal mineral royalty diversions until the balance of the account reached \$400 million. This was achieved in April of 2008. The Legislature deposited an additional \$50 million in the Endowment Account through coal lease bonus revenue diversions during the FY 2009-2010 biennium pursuant to 2008 Laws, Chapter 48. The Legislature also appropriated \$13.5 million from the Common School Permanent Fund Reserve Account to the Expenditure Account for the first year of scholarship payments pursuant to 2006 Laws, Chapter 35, Section 300(d) and Chapter 45. A total of \$463.5 million has been either diverted or transferred by the Legislature to support the Hathaway Scholarship Program.

³ The Legislature increased the percentage to 4.5 percent from 3.75 percent effective for FY 2017 pursuant to 2017 Laws, Chapter 151.

Table 2. Historical Hathaway Scholarship Payments by Post-Secondary Institution.

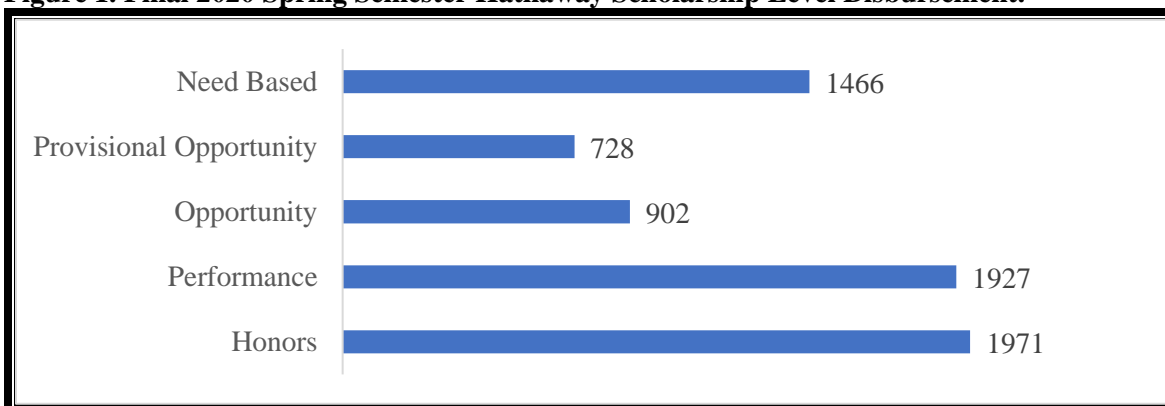
FY	CC	CWC	EWC	LCCC	NWC	NWCCD	WWCC	UW	Total
2007									\$2,983,732
2008	\$997,257	\$243,156	\$206,507	\$555,629	\$515,469	\$457,080	\$566,056	\$4,132,384	\$7,673,538
2009	\$1,249,813	\$272,102	\$284,590	\$715,158	\$569,993	\$585,406	\$650,807	\$6,473,647	\$10,801,516
2010	\$1,403,692	\$349,103	\$261,913	\$896,306	\$642,661	\$760,108	\$508,230	\$8,645,576	\$13,467,589
2011	\$1,373,670	\$279,004	\$238,960	\$1,012,341	\$664,298	\$807,254	\$699,322	\$9,779,553	\$14,854,402
2012	\$1,371,076	\$297,102	\$255,313	\$927,551	\$615,497	\$822,191	\$727,741	\$10,404,074	\$15,420,545
2013	\$1,475,387	\$289,532	\$236,692	\$932,720	\$679,693	\$739,484	\$720,094	\$10,260,126	\$15,333,728
2014	\$1,414,064	\$308,433	\$247,459	\$828,135	\$573,494	\$919,437	\$787,926	\$10,452,647	\$15,531,595
2015	\$1,314,890	\$333,538	\$288,661	\$863,020	\$598,512	\$1,001,876	\$688,256	\$10,867,782	\$15,956,535
2016	\$1,348,833	\$368,986	\$241,869	\$892,476	\$585,717	\$948,312	\$769,450	\$11,249,869	\$16,405,512
2017	\$1,335,403	\$431,160	\$259,021	\$1,061,321	\$734,985	\$1,007,704	\$830,880	\$11,337,399	\$16,997,873
2018	\$1,366,173	\$414,695	\$292,633	\$998,522	\$775,861	\$1,163,119	\$853,701	\$11,838,555	\$17,703,259
2019	\$1,278,394	\$414,528	\$237,908	\$935,038	\$702,794	\$1,125,220	\$808,242	\$12,587,083	\$18,089,207
2020	\$1,395,941	\$475,006	\$251,004	\$945,367	\$596,017	\$1,147,208	\$852,449	\$12,589,664	\$18,252,656

Source: LSO analysis.

Note: CC (Casper College); CWC (Central Wyoming College); LCCC (Laramie County Community College); NWC (Northwest College); NWCCD (Northern Wyoming Community College District); WWCC (Western Wyoming Community College); UW (University of Wyoming).

Several factors can affect the amount of money needed to pay for scholarships out of the Expenditure Account, but the primary factor is the total number of Hathaway Scholarships paid in any year. The total number of scholarships will be affected by future K-12 enrollment, the percentage of students qualifying for the scholarship, the percentage of students accepting the scholarship, and the percentage of students who retain the scholarship after starting college. Another important factor besides the number of scholarships being paid in a year is the percentage of students receiving each level of scholarship. Long-term deviations in any of these variables will significantly affect the expenditures needed for scholarship payments. Figure 1 depicts the final scholarship level disbursement for the 2020 spring semester. Of the 5,528 students receiving an Honors, Performance, Opportunity or Provisional Opportunity scholarship, 1,466 or 26.5 percent also received a Need Based scholarship.

Figure 1. Final 2020 Spring Semester Hathaway Scholarship Level Disbursement.



Source: LSO analysis of Wyoming Department of Education data.

It is difficult to project the long-term investment income of the Endowment Account for a number of reasons. The State Treasurer’s Office does not project capital gains or losses because the nature of the

investment market in the short-term can be volatile. The overall yield on the Endowment Account will be composed of interest and dividends and the uncertain, net realized capital gains (losses). The State Treasurer's Office projects an approximate 2.3 percent return for the Endowment Account for the next five fiscal years, but this does not include realized capital gains or losses.⁴ The 2.3 percent return on the June 30, 2020 market value balance of \$592.2 million in the Endowment Account would result in approximately \$13.6 million of investment income to the Expenditure Account, which is slightly less than the original estimates. Table 3 depicts prior fiscal year investment earnings deposited within the Expenditure Account compared to the award amounts.

Table 3. Investment Earnings and Scholarship Expenditures within the Expenditure Account.

Fiscal Year	Investment Earnings	Hathaway Scholarship Payments	Difference
2007	\$12,902,185	\$2,983,732	\$9,918,453
2008	\$18,257,535	\$7,673,538	\$10,583,997
2009	\$16,801,975	\$10,801,516	\$6,000,459
2010	\$16,992,416	\$13,467,589	\$3,524,827
2011	\$31,037,236	\$14,854,402	\$16,182,834
2012	\$25,160,195	\$15,420,545	\$9,739,650
2013	\$33,627,614	\$15,333,728	\$18,293,886
2014	\$31,000,894	\$15,531,595	\$15,469,299
2015	\$35,903,622	\$15,956,535	\$19,947,087
2016	\$12,229,164	\$16,405,512	(\$4,176,348)
2017	\$17,828,040	\$16,997,873	\$830,167
2018	\$31,958,815	\$17,703,259	\$14,255,556
2019	\$25,276,029	\$18,089,207	\$7,186,822
2020	\$16,981,738	\$18,252,656	(\$1,270,918)

Source: LSO analysis.

TUITION AND FEES COMPARISON

Table 4 (Honors Scholarship), Table 5 (Performance Scholarship) and Table 6 (Opportunity/Provisional Opportunity Scholarship) display a summary for each scholarship level and compares the award amounts (original and current) to resident tuition and fees for full-time students at the University of Wyoming and the seven Wyoming community colleges. The tables display the information for the school year the Hathaway Scholarship was first implemented (2006-07) and the upcoming school year (2021-22)⁵. The tables also show the dollar and percentage difference between the different scholarship annual award amounts and the tuition and fee totals.

It should be noted the tuition at all the community colleges is the same for each school year (\$1,416 in 2006-07; and \$3,150 in 2021-22), the difference in the totals is due to the variation in fees at the different community colleges. Please note, the Wyoming Community College Commission amended its tuition policy October 16, 2018, effective starting in the 2019-20 school year, to increase the credit-cap from 12 credits to 15 credits, which in-turn, increased tuition costs and per credit fees. Comparing 2006-07 to 2021-22 for community colleges is difficult in that prior to the 2019-20 school year, the credit cap was 12 credits and students taking more than 12 credits were not charged tuition and fees (in most cases) for additional

⁴ Estimate is derived from the December 28, 2020, Spending Policy Report (Appendix A-4) from the Select Committee on Capital Financing and Investments to the 66th Legislature.

⁵ The data used for Western Wyoming community college is from school year 2020-21.

credit hours. Finally, it is important to note that Hathaway Scholarship awards in excess of tuition and fees may be used for other specified costs of attendance, such as room and board, books, and supplies.

Table 4. Honors Scholarship: Change and Value of Scholarship - Post-Secondary Tuition and Fees.

HONORS SCHOLARSHIP				ORIGINAL:		CURRENT:	
				2006-07		2021-22	
				(\$3,200 Scholarship)		(\$3,360 Scholarship)	
Post-Secondary Institution	Tuition & Fees 2006-07	Tuition & Fees 2021-22	Percent Increase	Dollar Diff.	Percent of Tuition & Fees Covered	Dollar Diff.	Percent of Tuition & Fees Covered
UW	\$3,515	\$6,668	89.7%	(\$315)	91.04%	(\$3,308)	50.39%
CC	\$1,584	\$4,350	174.6%	\$1,616	202.02%	(\$990)	77.24%
CWC	\$1,920	\$4,680	143.8%	\$1,280	166.67%	(\$1,320)	71.79%
EWC	\$1,800	\$4,530	151.7%	\$1,400	177.78%	(\$1,170)	74.17%
LCCC	\$2,004	\$4,612	130.1%	\$1,196	159.68%	(\$1,252)	72.85%
NWC	\$1,928	\$4,840	151.0%	\$1,272	165.98%	(\$1,480)	69.42%
NWCCD	\$1,896	\$4,590	142.1%	\$1,304	168.78%	(\$1,230)	73.20%
WWCC	\$1,720	\$4,500	161.6%	\$1,480	186.05%	(\$1,140)	74.67%

Source: LSO staff summary of University of Wyoming and Wyoming Community College data.

Note: CC (Casper College); CWC (Central Wyoming College); LCCC (Laramie County Community College); NWC (Northwest College); NWCCD (Northern Wyoming Community College District); WWCC (Western Wyoming Community College); UW (University of Wyoming).

Table 5. Performance Scholarship: Change and Value of Scholarship - Post-Secondary Tuition and Fees.

PERFORMANCE SCHOLARSHIP				ORIGINAL:		CURRENT:	
				2006-07		2021-22	
				(\$2,400 Scholarship)		(\$2,520 Scholarship)	
Post-Secondary Institution	Tuition & Fees 2006-07	Tuition & Fees 2021-22	Percent Increase	Dollar Diff.	Percent of Tuition & Fees Covered	Dollar Diff.	Percent of Tuition & Fees Covered
UW	\$3,515	\$6,668	89.7%	(\$1,115)	68.28%	(\$4,148)	37.79%
CC	\$1,584	\$4,350	174.6%	\$816	151.52%	(\$1,830)	57.93%
CWC	\$1,920	\$4,680	143.8%	\$480	125.00%	(\$2,160)	53.85%
EWC	\$1,800	\$4,530	151.7%	\$600	133.33%	(\$2,010)	55.63%
LCCC	\$2,004	\$4,612	130.1%	\$396	119.76%	(\$2,092)	54.64%
NWC	\$1,928	\$4,840	151.0%	\$472	124.48%	(\$2,320)	52.07%
NWCCD	\$1,896	\$4,590	142.1%	\$504	126.58%	(\$2,070)	54.90%
WWCC	\$1,720	\$4,500	161.6%	\$680	139.53%	(\$1,980)	56.00%

Source: LSO staff summary of University of Wyoming and Wyoming Community College data.

Note: CC (Casper College); CWC (Central Wyoming College); LCCC (Laramie County Community College); NWC (Northwest College); NWCCD (Northern Wyoming Community College District); WWCC (Western Wyoming Community College); UW (University of Wyoming).

Table 6. Opportunity/Provisional Opportunity Scholarship: Change and Value of Scholarship - Post-Secondary Tuition and Fees.

OPPORTUNITY/PROVISIONAL OPPORTUNITY SCHOLARSHIP				ORIGINAL:		CURRENT:	
				2006-07		2021-22	
				(\$1,600 Scholarship)		(\$1,680 Scholarship)	
Post-Secondary Institution	Tuition & Fees 2006-07	Tuition & Fees 2021-22	Percent Increase	Dollar Diff.	Percent of Tuition & Fees Covered	Dollar Diff.	Percent of Tuition & Fees Covered
UW	\$3,515	\$6,668	89.7%	(\$1,915)	45.52%	(\$4,988)	25.19%
CC	\$1,584	\$4,350	174.6%	\$16	101.01%	(\$2,670)	38.62%
CWC	\$1,920	\$4,680	143.8%	(\$320)	83.33%	(\$3,000)	35.90%
EWC	\$1,800	\$4,530	151.7%	(\$200)	88.89%	(\$2,850)	37.09%
LCCC	\$2,004	\$4,612	130.1%	(\$404)	79.84%	(\$2,932)	36.43%
NWC	\$1,928	\$4,840	151.0%	(\$328)	82.99%	(\$3,160)	34.71%
NWCCD	\$1,896	\$4,590	142.1%	(\$296)	84.39%	(\$2,910)	36.60%
WWCC	\$1,720	\$4,500	161.6%	(\$120)	93.02%	(\$2,820)	37.33%

Source: LSO staff summary of University of Wyoming and Wyoming Community College data.

Note: CC (Casper College); CWC (Central Wyoming College); LCCC (Laramie County Community College); NWC (Northwest College); NWCCD (Northern Wyoming Community College District); WWCC (Western Wyoming Community College); UW (University of Wyoming).

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