HIGHER EDUCATIONAL AIDS BOARD

BOARD REPORT #06-11

2006 – 2007
WISCONSIN HIGHER EDUCATION GRANT (WHEG) AND TUITION GRANT (TG)
FORMULAS

PROPOSED 2006-2007 FORMULAS
WISCONSIN HIGHER EDUCATION GRANT
AND
WISCONSIN TUITION GRANT

February 24, 2006
BOARD REPORT #06-11

WISCONSIN TUITION GRANT

Introduction

HEAB administers the Wisconsin Tuition Grant which provides grants to students attending Wisconsin private, independent non-profit colleges and universities. Grants are awarded based on the economic needs of students. Grant recipients apply through the Federal Department of Education using the FAFSA. The Higher Educational Aids Board reviews and approves the Tuition Grant formula for the upcoming school year at its February meeting.

The structure of the WTG formula is outlined in the State Statutes. There are six steps in the formula, and awards are differentiated in the following manner between dependent and independent students. The current formula is included for review. (See Table 2)

Recommendations:
Recommendation of WAICU (Wisconsin Association of Independent Colleges and Universities) President Dr. Rolf Wegenke: Increase the maximum award from $2850 to $2900; increase the minimum award from $500 to $750 (See attached letter). The proposed formula is illustrated in Table 1 of this document and in Sim 8 which is attached.

Recommendation of the Executive Secretary
Agrees with the recommendation of Dr. Rolf Wegenke.

Formula Elements
Appropriation: $24,835,700

Current Year Spending: More than 100% of the 2005-2006 funds will be spent.

Applicants: There was a small increase in enrollment within the WAICU schools. It is anticipated that enrollment will continue to increase slightly. This formula should result in approximately the same number of recipients next year as in 2005-2006.

Tuition Increase: Tuition is expected to increase by about 5%.

Other Provisions: WTG is pro-rated: 50% award for 6-8 credits; 75% award for 9-12 credits; full award for 12 or more credits. WTG is also tuition specific and has a statutory over-committed maximum of 122%.

Wisconsin Tuition Grant
Recommended 2006-2007 Formula
Table 1

		DEPENDENT	INDEPENDENT
STEP ONE			
	TUITION (insert actual tuition charged)	$7,000	$7,000
	- UW MADISON TUITION[1]	**$6,280**	**$6,280**
	NET TUITION	$ 720	$ 720
STEP TWO			
	TUITION (insert actual tuition charged)	$ 7,000	$ 7,000
	+ BASE MAINTENANCE[2]	**$10,444**	**$10,444**
	TOTAL COST	$17,444	$17.444
STEP THREE			
	NET TUITION	$ 720	$ 720
	DIVIDED BY TOTAL COST	$17,444	$17,444
	FAMILY CONTRIBUTION PERCENTAGE	.04127	.04127
STEP FOUR			
	EXPECTED FAMILY CONTRIBUTION (Insert actual EFC[3])	$100	$100
	X INFLATION FACTOR[4]	**280%**	**627%**
	ADJUSTED FAMILY CONTRIBUTION	280	627
STEP FIVE			
	ADJUSTED FAMILY CONTRIBUTION	280	627
	X FAMILY CONTRIBUTION PERCENTAGE	.04127	.04127
	TUITION OFFSET	$ 12	$ 26
STEP SIX			
	NET TUITION	$ 720	$ 720
	- TUITION OFFSET	12	26
	GRANT AMOUNT	$ 708	$ 694
	MAXIMUM GRANT	**$2900**	**$2900**
	MINIMUM GRANT	**$ 750**	**$ 750**

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[1] Previous year tuition at UW – Madison

[2] **Base Maintenance** is similar to the Student Budget in WHEG formulas. This number can be manipulated during the formula approval process.

[3] **EFC** is the individual student data retrieved from the FAFSA.

[4] **Inflation Factor** is similar to the Student Award Percentage in the WHEG formulas. This number can be manipulated during the formula approval process.

WISCONSIN TUITION GRANT
2005 - 2006 Formula
Table 2

		DEPENDENT	INDEPENDENT
STEP ONE			
	TUITION (insert actual tuition charged)	$ 7,000	$ 7,000
	- UW MADISON TUITION[5]	**$ 5,860**	**$ 5,860**
	NET TUITION	$ 1,140	$ 1,140
STEP TWO			
	TUITION (insert actual tuition charged)	$ 7,000	$ 7,000
	+ *BASE MAINTENANCE[6]*	***$10,444***	***$10,444***
	TOTAL COST	$17,444	$17,444
STEPTHREE			
	NET TUITION	$1,140	$ 1,140
	DIVIDED BY TOTAL COST	$13,245	$13,245
	FAMILY CONTRIBUTION PERCENTAGE	.0654	.0654
STEP FOUR			
	EXPECTED FAMILY CONTRIBUTION (Insert actual EFC)[7]	$100	$100
	X INFLATION FACTOR[8]	***264%***	***607%***
	ADJUSTED FAMILY CONTRIBUTION	$ 264	$ 607
STEP FIVE			
	ADJUSTED FAMILY CONTRIBUTION	$ 264	$ 607
	X FAMILY CONTRIBUTION PERCENTAGE	.0654	.0654
	TUITION OFFSET	$17	$40
STEP SIX			
	NET TUITION	$1,140	$1,140
	- TUITION OFFSET	$ 17	$ 40
	GRANT AMOUNT	$1,123	$1,100
	MAXIMUM GRANT	**$2,850**	**$2,850**
	Minimum Grant	**$ 500**	**$ 500**

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[5] Previous year tuition at UW – Madison

[6] **Base Maintenance** is similar to the Student Budget in WHEG formulas. This number can be manipulated during the formula approval process.

[7] **EFC** is the individual student data retrieved from the FAFSA.

[8]**Inflation Factor** is similar to the Student Award Percentage in the WHEG formulas. This number can be manipulated during the formula approval process.

WAICU

WISCONSIN ASSOCIATION OF INDEPENDENT COLLEGES AND UNIVERSITIES

February 2, 2006

Ms. Connie Hutchison, Executive Secretary
Higher Educational Aids Board
131 W. Wilson Street, Suite 902
Madison, WI 53702

Dear Ms. Hutchison:

As required by state statute, I am transmitting to you WAICU's recommendation for the Wisconsin Tuition Grant (WTG) formula for the 2006–2007 academic year. I understand that the Higher Educational Aids Board (HEAB) will consider this recommendation at its meeting in February.

In developing this year's recommendation, WAICU remains committed to the principles that the WTG should contribute a meaningful portion of a student's overall financial aid package, that the neediest students should receive the greatest share of benefits under the program, and that total allocation of WTG funding should be equitably distributed between independent and dependent students. It is the unanimous position of the WAICU Board (the presidents) that, over time, the grant maximum and the value of the average grant must increase.

Based on discussions with the WAICU financial aid directors and HEAB staff, it is my recommendation that HEAB update the formula to increase the maximum award from $2,850 to $2,900, increase the minimum award from $500 to $750, and adjust other formula factors as reflected in "SIM 8 750 min" on the attached page. This recommendation takes into account projected University of Wisconsin tuition increases as required by law.

I want to thank you again for meeting with me and the WAICU financial aid directors to discuss the WTG formula for 2006–2007. You and your staff should be commended for achieving what I consider to be one of the most constructive working relationships between a state agency and a constituent group. I also have been reminded once again of the fair, evenhanded way in which you advocate for students in need.

Should you have questions or concerns regarding the WAICU recommendations, please contact either me or Mr. Paul Nelson, WAICU Senior Vice President for Public Policy.

Best wishes . . .

Sincerely,

Rolf Wegenke, Ph.D.
President

c: WAICU Presidents
   WAICU Financial Aid Directors

2006-07 WISCONSIN TUITION GRANT		SIM 3	min 750	min 1,000	SIM 6	min 750	min 1,000	SIM 8	750 min
SIMULATIONS ON PC		11/9/2005	11/9/2005	11/9/2005	11/9/2005	11/9/2005	11/9/2005	12/7/2005	12/7/2005
DEPENDENTS	APPLICANTS	11,249	11,249	11,249	11,249	11,249	11,249	11,249	11,249
	% OF APPLICANTS	64.03%	64.03%	64.03%	64.03%	64.03%	64.03%	64.03%	64.03%
	AWARDS	7,457	7,395	7,316	7,456	7,395	7,316	7,268	7,173
	% OF AWARDS	67.36%	67.37%	67.33%	66.50%	66.91%	66.85%	66.91%	66.80%
	% ELIGIBLE	66.29%	65.74%	65.04%	66.28%	65.74%	65.04%	64.61%	63.77%
	AVERAGE $s	$2,760	$2,778	$2,798	$2,739	$2,778	$2,798	$2,738	$2,758
	$s COMMITTED	$20,581,841	$20,542,514	$20,473,537	$20,418,796	$20,542,514	$20,473,537	$19,902,877	$19,783,094
		67.08%	67.08%	67.07%	66.62%	66.61%	66.59%	66.83%	66.59%
INDEPEND.	APPLICANTS	6,318	6,318	6,318	6,318	6,318	6,318	6,318	6,318
	% OF APPLICANTS	35.97%	35.97%	35.97%	35.97%	35.97%	35.97%	35.97%	35.97%
	AWARDS	3,613	3,581	3,550	3,756	3,657	3,628	3,595	3,565
	% OF AWARDS	32.64%	32.63%	32.67%	33.50%	33.09%	33.15%	33.09%	33.20%
	%ELIGIBLE	57.19%	56.68%	56.19%	59.45%	57.88%	57.42%	56.90%	56.43%
	AVERAGE $s	$2,795	$2,815	$2,832	$2,724	$2,816	$2,832	$2,748	$2,784
	$s COMMITTED	$10,099,932	$10,080,165	$10,052,795	$10,231,027	$10,299,126	$10,273,482	$9,879,498	$9,924,406
		32.92%	32.92%	32.93%	33.38%	33.39%	33.41%	33.17%	33.41%
TOTALS	APPLICANTS	17,567	17,567	17,567	17,567	17,567	17,567	17,567	17,567
	AWARDS	11,070	10,976	10,866	11,212	11,052	10,944	10,863	10,738
	%ELIGIBLE	63.02%	62.48%	61.85%	63.82%	62.91%	62.30%	61.84%	61.13%
	AVERAGE $s	$2,772	$2,790	$2,809	$2,734	$2,791	$2,809	$2,742	$2,767
	$s COMMITTED	$30,681,773	$30,622,679	$30,526,332	$30,649,823	$30,841,640	$30,747,019	$29,782,375	$29,707,500
		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
OVER AWARD		123.54%	123.30%	122.91%	123.41%	124.18%	123.80%	119.92%	119.62%
	STUDENTS	11,070	10,976	10,866	11,212	11,052	10,944	10,863	10,738
	AVERAGE	$2,772	$2,790	$2,809	$2,734	$2,791	$2,809	$2,742	$2,767
Tuition Grant Factors									
UW Tuition		$6,280	$6,280	$6,280	$6,280	$6,280	$6,280	$6,280	$6,280
Inflation Factors	DEPENDENT	264%	264%	264%	264%	264%	264%	280%	280%
	INDEPENDENT	607%	607%	607%	570%	570%	570%	627%	627%
Base Maintenance		$10,444	$10,444	$10,444	$10,444	$10,444	$10,444	$10,444	$10,444
MAX AWARD		$2,900	2900/750	2900/1000	$2,875	"2900/750	"2900/1000	$2,910	2900/750
		$24,835,700	$24,835,700	$24,835,700	$24,835,700	$24,835,700	$24,835,700	$24,835,700	$24,835,700

NOTE: FAFSA DATA - SCHOOL ONE

WISCONSIN HIGHER EDUCATION GRANT (WHEG)

Introduction

HEAB administers three WHEG programs; Wisconsin Technical College System, Wisconsin Tribal Colleges, and University of Wisconsin System. The general structure for the WHEG formulas is outlined in the State Statutes. The Higher Educational Aids Board reviews and approves the formulas for the upcoming school year at its February meeting. There are three components in the formula:

(Student Budget – Expected Family Contribution) x Student Award Percentage = Award

Student Budget: The cost of education for the student. It can include tuition, room, board, and other expenses. It is different for all three WHEG programs. However, within each program, the student budget is the same for all students. The Student Budgets are set by the HEAB board as part of the formula approval process.

Expected Family Contribution (EFC): Amount that student or student's family is able to contribute. The EFC is calculated by the Federal Government when the student applies for Financial Aid using the FAFSA[9]. It is an individually calculated amount based on the financial information provided by each student during the application process.

Student Award Percentage: Percent of **student budget** used to calculate individual financial aid awards. It is also used to determine the maximum grant that can be awarded to any student. It is different for all three WHEG programs. However, within each program, the Student Award Percentage is the same for all students. The Student Award Percentage is set by the HEAB board as part of the formula approval process.

To calculate individual financial aid awards:
(Student Budget – Expected Family Contribution) x Student Award Percentage = Award

To calculate the maximum award in any of the WHEG programs:
Student Budget x Student Award Percentage = Maximum Award

Factors That Affect the WHEG Programs

Appropriation: There are separate appropriations for each of the WHEG programs. These are determined during the state's biennial budget process.

Changing the Student Budget: If the Student Budget is increased, the grant awarded to each student would increase.

Changing the Student Award Percentage: If increased, the amount awarded to each student would increase and the number of student recipients would decrease due to funding limitations. The number of recipients would increase if additional funding was available to support the increase in eligibility.

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[9] Students apply for financial aid on-line through the Federal Government's Webpage or complete a paper copy. A copy of this application, called the Free Application for Federal Student Aid (FAFSA), can be found at www.fafsa.ed.gov.

Wisconsin Higher Education Grant - University of Wisconsin System

Recommendation of the University of Wisconsin System President Kevin Reilly:
On February 23, 2006, the UW System WHEG Advisory Group met to reconsider the 2006-2007 formula recommendation the group had previously submitted to President Kevin Reilly. The most recent information about projected spending for the current year WHEG caused the Advisory Group to reconvene and change their recommendation. The committee's work was finished late in the day before the board meeting, providing no opportunity for review by President Reilly. Consequently, President Reilly's recommendation will not arrive before the Board convenes.

The Executive Secretary's recommendation is the 2006-2007 proposal adopted by the Advisory Group on February 23, 2006 which has been submitted to President Reilly, and includes provisions based on this forthcoming recommendation.

Recommendation of Executive Secretary Connie Hutchison for the 2006-2007 Formula:
That the following formula, **($5,300 – EFC) x 50% = Award with a Maximum Award of $2,600 and a Minimum Award of $530,** be adopted with these provisions:
1. The formula recommendation from President Kevin Reilly is exactly the same as the Executive Secretary's, and
2. Any difference between this formula and that recommended by President Reilly will automatically result in the formula approval being overturned and the Board reconvening to discuss and adopt a 2006-2007 formula taking into consideration President Reilly's recommendation.

Other Factors

Working Appropriation: $43,183,222

Current Formula:
($5,254 – EFC) x 50% = Award
(Student Budget – Expected Family Contribution) x Student Award Percentage = Award
Maximum Award: $2,500 (Statutory Maximum)   Minimum Award: $500

Current Year Spending: All of the 2005-2006 funds will be spent. On November 15, 2005, new students were wait-listed and all calculated awards were frozen.

Applicants and Awards: The number of 2005-2006 applicants will most likely increase. The number of awards for the recommended formula is predicted to be the same or slightly more than the current year.

Wisconsin Higher Education Grant – Tribal Colleges

Recommendation of the Tribal College Presidents:

Formula recommendation from College of Menominee Nation President Verna Fowler, PhD:

($6,650 – EFC) x 27.44% = Award
Student Budget – Expected Family Contribution) x Student Award Percentage = Award
Maximum Award: $1,800
This reflects no change from the current year's formula.

Recommendation of the Executive Secretary
Agrees with the recommendation of Tribal College President Fowler.
(There was no recommendation from the Lac Courte Oreilles Ojibwa Community College.)

Current Formula:
($6,650 – EFC) x 27.44% = Award
(Student Budget – Expected Family Contribution) x Student Award Percentage = Award
Maximum Award: $1,800

Applicants: The number of 2005-06 Tribal College applicants may increase slightly.

2004-2005 Appropriation
Appropriation: $404,000

Tuition Increase: Tuition at both Tribal Colleges will either remain the same or increase slightly in 2005-2006.

Current Year Spending: The Tribal WHEG 2005-2006 formula will spend the appropriated amount for the academic year and will have students left on a wait list.

Wisconsin Higher Education Grant – Wisconsin Technical College System

Recommendation of the Wisconsin Technical College System President Dan Clancy:
($8,000 – EFC) x 12.5% = Award
(Student Budget – Expected Family Contribution) x Student Award Percentage = Award
Maximum Award: $1,000   Minimum Award: $325
(See attached letter.)

Recommendation of the Executive Secretary
Agrees with the recommendation of President Clancy.

Formula Elements

2006-2007 Appropriation: $16,712,400

Current Formula:
($8,000 – EFC) x 12% = Award
(Student Budget – Expected Family Contribution) x Student Award Percentage = Award
Maximum Award: $960

Current Year Spending: All of the 2005-2006 funds will be spent. Awards were suspended December 6, 2005. No new awards have been processed since that time.

Applicants: There has been an increase in enrollment within the WTC System schools. It is anticipated that enrollment will continue to increase.

Tuition Increase: Tuition is expected to slightly increase.

February 21, 2006

Ms. Connie Hutchison
Executive Secretary
Higher Educational Aids Board
131 West Wilson Street
Madison, WI 53707-7885

Dear Ms. Hutchison:

I am submitting to you the Wisconsin Technical College System's recommendation for the 2006-2007 WHEG Grant formula. The formula was developed with the input of the college Financial Aid Administrators and Student Services Administrators.

> 2006-2007 WTCS WHEG FORMULA
> Single Formula—Independent/Dependent
>> Student Budget $8,000
>> Award Percentage   12.5%
>> Maximum Award $1000
>> Minimum Award $325

Should additional funds become available, we would request the opportunity to modify this recommendation.

For 2006-2007, we kept the student budget used for the WHEG formula at $8,000, though it does not reflect the complete picture of WTCS student costs. My recommendation tries to recover a little bit of lost ground in the purchasing power of the grants by increasing the maximum award level for the neediest student to $1,000, from $960 in 2005-2006. I also recommend increasing the minimum award level from $250 to $325. An automatic consequence under the WHEG formula of raising the maximum award is also to make more students eligible for WHEG grants, with the increase coming among students who would receive the smallest grants. Raising the minimum award will offset part of that increase and help make the funds last longer. In the current academic year, our WHEG funds were depleted in November 2005, and many eligible students applying later had no chance to receive WHEG assistance. With these recommended award levels, we hope to be able to offer WTCS students a marginally adequate level of WHEG aid and still have a small amount of assistance available for students starting in the second semester.

The recommendation seeks to strike a balance between serving as many eligible students as possible and maintaining awards large enough to meaningfully help students become successful in their studies. This balance is increasingly difficult to achieve. During these economically challenging years, the number of WTCS students eligible for financial aid has increased, while the proportion of need covered by WHEG grants has decreased. Additional resources are badly needed to reverse the declining value of the WHEG program, and I appreciate HEAB's efforts for an increased appropriation for WTCS WHEG funds.

Thank you for you and your staff's assistance in providing vital information for developing our recommendation. We are pleased to offer this recommendation for your consideration.

Sincerely,

Daniel Clancy
President