

DISCUSSION/ACTION
February 25, 2011

HIGHER EDUCATIONAL AIDS BOARD

BOARD REPORT #11-18

2011-12 WHEG - UWS PROGRAM FORMULA

**PROPOSED 2011-2012 FORMULA
WISCONSIN HIGHER EDUCATION GRANT
UNIVERSITY OF WISCONSIN SYSTEM**

**February 25, 2011
BOARD REPORT #11-18**

Recommendation of the University of Wisconsin System President Kevin Reilly:

(\$5960 – EFC) x 41% = Award

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

Maximum Award: **\$2,444** Minimum Award: **\$804**

Other Information

2011-2012 Appropriation: \$58,345,400 (?)

2010-2011 Appropriation: \$58,345,400

2009-2010 Appropriation: \$55,000,000

2008-2009 Appropriation: \$55,000,000

2007-2008 Appropriation: \$50,000,000

Current Formula - 1011:

(\$5,960 – EFC) x 43% = Award

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

Maximum Award: \$2,563 Minimum Award: \$843

Current Year Spending: All of the 2009-2010 funds will be spent. Awards were suspended July 28, 2010 when all funds were fully committed.

Applicants: As of February 15, 2011 there were 102,222 applicants compared to 98,111 at the same time last year.



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February 18, 2011

Executive Secretary
Higher Educational Aids Board
131 W. Wilson Street, Suite 902
PO Box 7885
Madison, WI 53707-7885

Dear Executive Secretary:

Thank you for the opportunity to comment on the Wisconsin Higher Education Grant (WHEG) formula. UW System's WHEG Formula Advisory Committee met to discuss the current WHEG formula and to forward a recommendation for the 2011-12 funding formula for my approval.

Based on the Committee's advice and the 2010-11 funding level for the WHEG program, my recommendation is that the 2011-12 formula distribute the grants using a budget of \$5,960 and a rationing factor of 41%, with a maximum expected family contribution of \$4,000. Compared to the formula used to award grants during 2010-11, grants will decrease 5% in order to provide grants to more students. The maximum award will decrease from \$2,563 to \$2,444, with a minimum award of \$804. The minimum award under the proposed formula reflects a decrease from \$843 in 2010-11. The proposal also reflects a decrease in the rationing factor from the 43% used during 2010-11. This decline is a significant step away from the historic approach of the WHEG award covering 50% of tuition for students with the most financial need, and reflects the fact that WHEG funding has not kept pace with the concomitant rise in the number of eligible students with financial need. However, we took this step in order to address the more than 7,500 eligible students who were wait-listed as of February 1, 2011.

In addition, for 2011-12, we are proposing that grants be provided to students in proportion to the three-year average of Pell Grants received at each UW institution. This approach recognizes the different student populations across the UW System and institutions.

The development of the WHEG formula is never an easy task, and the decision regarding a recommendation was once again exceptionally difficult. We sought to balance the need to provide grants to more eligible students with the need to provide grants that are meaningful in value compared to the cost of college attendance. It is anticipated that, given the same level of funding as 2010-11, the proposed formula will provide awards to more students and continue to focus WHEG dollars on those students with the most financial need. I believe that the proposed formula strikes the difficult balance between funding as many eligible students as possible while

still providing grants in meaningful amounts that will allow access to UW institutions for low-income students.

Over the last few years, and especially since the onset of the recent recession, the economy has continued to present significant challenges to Wisconsin students attending institutions of higher education. Job creation continues to lag, and many students and their families are still experiencing declining incomes, which reduces the ability to save for college and increases students' financial need. These factors combine to cause a continued increase in the demand for all financial aid programs, but especially those programs such as WHEG that provide need-based aid so that students can access and achieve a college education.

As I have in recent years, I must point out again that these changes, including the reduction in award amounts in order to provide grants to additional eligible students, all of whom have significant financial need, are necessitated by the continuing insufficient funding for the state need-based financial aid programs. I look forward to working with the Board during the remainder of the 2011-13 Budget process to secure the additional critically needed funding for need-based financial aid that is necessary to provide the support needed by low-income students. Please note that we may need to revisit the formula used to award grants to UW students if the final Budget results in funding for the 2011-12 WHEG program that significantly differs from the 2010-11 level.

Finally, I want to express my appreciation to the HEAB staff who worked with us to develop this recommendation, especially in the absence of an Executive Secretary. I look forward to hearing your final decision following the meeting of the Higher Educational Aids Board on February 25, 2011.

Sincerely,

Kevin Reilly
President
University of Wisconsin System

cc: Regent Bartell
Chancellors
Cabinet