

ACTION
January 26, 2024

HIGHER EDUCATIONAL AIDS BOARD

BOARD REPORT #24-07

24-25 WI GRANT FORMULA REQUEST – UW

January 8, 2024

Via Electronic Mail

Connie Hutchison
Executive Secretary
Higher Educational Aids Board
PO Box 7885
Madison, WI 53707-7885

Executive Secretary Hutchison:

Thank you for the opportunity to forward the Universities of Wisconsin's (UW) recommendation on the 2024-25 Wisconsin Grant formula. This recommendation is based on input from UW Financial Aid Directors.

As background, the FAFSA Simplification Act, as part of the federal 2021 Consolidated Appropriations Act, changes the Expected Family Contribution (EFC) generated on the Federal Application for Student Aid (FAFSA) to a Student Aid Index (SAI) starting in award year 2024-25. This new need analysis formula removes the number of family members in college from the calculation, allows a minimum SAI of -\$1,500, and implements separate eligibility determination criteria for Federal Pell Grants. How the EFC will convert to SAI is expected to be provided by the U.S. Department of Education by early 2024.

The UWs' recommendation for the 2024-25 formula is to distribute grants using the following criteria. The formula would include a student budget of the average annual tuition and fees for the comprehensive universities, which is approximately \$8,000. The rationing factor would allow a maximum award of \$4,000, or half of this budget. The maximum federally accepted definition of need would be \$6,000. The minimum grant would be \$1,000.


The UWs' recommendation also includes a second tier if funds are available. The second tier would expand the federally accepted definition of need to \$10,000 and students would be awarded the minimum of \$1,000, as noted above.

The Universities of Wisconsin continue to use the institutional allocation approach that was initially implemented during 2011-12.

The Wisconsin Grant formula continues to strike the difficult balance between funding as many eligible students as possible while still providing grants in meaningful amounts that will help low-income students access a UW education. We believe the suggested formula uses the state's investment in the most effective manner.

I want to express my appreciation to the HEAB staff for their hard work and support of the Wisconsin Grant Program. I look forward to hearing your final decision following the meeting of the Higher Educational Aids Board on January 26, 2024.

Sincerely,

A handwritten signature in black ink, appearing to read "Jay Rothman". The signature is fluid and cursive, with a long horizontal stroke at the end.

Jay Rothman

President, Universities of Wisconsin

CC: Regents
Chancellors
Cabinet
UW Financial Aid Officers
Justin Wesolek, Student Representative on HEAB Board

**PROPOSED RECOMMENDED 2024-2025 FORMULA
WISCONSIN GRANT
UNIVERSITY OF WISCONSIN SYSTEM**

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Recommendation of the University of Wisconsin System President Jay Rothman:

(\$8,000– SAI) x 50% = Award

(Student Budget – Student Aid Index) x Student Award Percentage = Award

Maximum Award: **\$4,000** Minimum Award: **\$1,000**

Tier 2 if funds are available **EFC of \$6,001 –\$10,000 = award of \$1,000**

Other Information:

2024-2025 Appropriation \$61,894,100

2023-2024 Appropriation \$61,894,100

2022-2023 Appropriation \$61,894,100

2021-2022 Appropriation: \$61,894,100

2020-2021 Appropriation: \$61,894,100

2019-2020 Appropriation: \$61,894,100

2018-2019 Appropriation: \$61,894,100

2017-2018 Appropriation: \$60,487,500

2016-2017 Appropriation: \$58,345,400

Current Formula – 23-24:

(\$7,500 – EFC) x 42% = Award

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

Maximum Award: \$3,150 Minimum Award: \$798

Tier 2 if funds are available - EFC of \$5,603 to \$10,000 the award would be \$854.

Current Year Spending: All the 2023-2024 funds will be spent.