

**2004-2005 PROGRAM FORMULAS
WISCONSIN HIGHER EDUCATION GRANT
AND
WISCONSIN TUITION GRANT**

**March 24, 2004
BOARD REPORT #04-16**

WISCONSIN HIGHER EDUCATION GRANT (WHEG)

Introduction

HEAB administers three WHEG programs; Wisconsin Tribal Colleges, University of Wisconsin System, and Wisconsin Technical College 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, and with recommendation by the Executive Secretary.

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*. 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, and with recommendation by the Executive Secretary.

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

* 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.

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.

Applicants: An increased number of applicants results in an increased number of students eligible for grants. There has been a significant increase in the number of students applying for grants. Additionally, fewer students in the past year have been leaving school or failing to show. This has caused grant monies to be spent earlier, with fewer refunds back to HEAB for redistribution.

Changing the Student Budget: If increased, the grant 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.

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.

WISCONSIN HIGHER EDUCATION GRANT
WISCONSIN TECHNICAL COLLEGE SYSTEM

Recommendation of the Executive Secretary for the 2004-2005 Formula

$(\$7,500 - \text{EFC}) \times 12\% = \text{Award}$
 $(\text{Student Budget} - \text{Expected Family Contribution}) \times \text{Student Award Percentage} = \text{Award}$
Maximum Award: \$900

Formula Elements

Recommendation of the Wisconsin Technical College System President: The formula recommendation from Richard Carpenter is the same as that of the Executive Secretary. (See Attached Letter)

Appropriation: There is no increase in funds for 2004-2005.

2004-2005: \$14,874,000
2003-2004: \$14,874,000

Current Formula:

$(\$7,500 - \text{EFC}) \times 14\% = \text{Award}$
 $(\text{Student Budget} - \text{Expected Family Contribution}) \times \text{Student Award Percentage} = \text{Award}$
Maximum Award: \$1,050

Current Year Spending: All of the 2003-2004 funds will be appropriated. Awards were frozen in early October. No new awards have been processed since that time.

Applicants: There has been a dramatic 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.

Simulations: The simulations used during formula deliberations are attached for review. Sim 3 illustrates the proposed formula.

March 17, 2004

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

Dear Ms. Hutchison:

We are submitting to you the Wisconsin Technical College System's recommendation for the 2004-2005 WHEG Grant formula. The recommendation was developed with the input of the college Financial Aid Administrators and Student Services Administrators.

2004-05 WTCS WHEG FORMULA

Single Formula—Independent/Dependent

Student Budget	\$7,500
Award Percentage	12%
Maximum Award	\$900

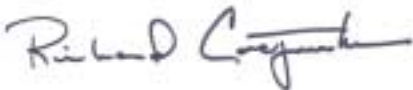
Should additional funds become available, we would request the opportunity to modify this recommendation.

My recommendation lowers the award level for the neediest student to \$900, from \$1,050 in 2003-2004. By lowering the award, it is hoped more WTCS students will receive some level of WHEG aid and a limited amount of funds will be available for students starting second semester. In the current academic year, our WHEG funds were depleted in early September 2003, and many eligible students had no chance to receive WHEG assistance.

The recommendation seeks to strike a difficult balance between serving as many of the neediest students as possible, while maintaining large enough awards to be of meaningful help to students in becoming 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. Furthermore, for 2005-2006, we anticipate having to increase the student budget used for the WHEG formula to be more consistent with real student costs. We believe additional resources are needed to reverse the declining value of the WHEG program.

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

Sincerely,



Richard Carpenter
President

0405 WHEG-WTC Simulations 2/25/04

0304 Appropriation: \$14,874,000

	(W & Z Codes Applied)	November 25, 2003 0304 Data			February 20, 2004 Data with W & Z's	February 20, 2004 Data w/o W & Z's
		(W & Z Codes Removed)				
		SIM 1	SIM 2	SIM 3		
FORMULA:	(\$7500 - EFC) x 14% = Award Max Award = \$1050	(\$7500 - EFC) x 14% = Award Max Award = \$1050	(\$7500 - EFC) x 13% = Award Max Award = \$975	(\$7500 - EFC) x 12% = Award Max Award = \$900	(\$7500 - EFC) x 14% = Award Max Award = \$1050	(\$7500 - EFC) x 14% = Award Max Award = \$1050
DEPENDENT						
APPLICANTS	16,660	16,660	16,660	16,660	18,059	18,073
% OF APPLICANTS	34.32%	34.32%	34.32%	34.32%	33.94%	33.93%
AWARDS	7,719	8,834	8,688	8,541	7,663	9,633
% OF AWARDS	26.66%	26.20%	25.98%	25.77%	26.51%	25.99%
% ELIGIBLE	46.33%	53.03%	52.15%	51.27%	42.43%	53.30%
AVERAGE \$'s	\$ 769	\$ 768	\$ 721	\$ 673	\$ 753	\$ 770
\$'s COMMITTED	\$ 5,932,883	\$ 6,780,115	\$ 6,260,725	\$ 5,743,935	\$ 5,836,676	\$ 7,415,270
	23.77%	23.30%	23.22%	23.15%	23.53%	23.14%
INDEPENDENT						
APPLICANTS	31,883	31,883	31,883	31,883	35,153	35,193
% OF APPLICANTS	65.68%	65.68%	65.68%	65.68%	66.06%	66.07%
AWARDS	21,232	24,878	24,750	24,597	21,242	27,428
% OF AWARDS	73.34%	73.80%	74.02%	74.23%	73.49%	74.01%
% ELIGIBLE	66.59%	78.03%	77.63%	77.15%	60.43%	77.94%
AVERAGE \$'s	\$ 896	\$ 897	\$ 836	\$ 775	\$ 893	\$ 898
\$'s COMMITTED	\$ 19,023,761	\$ 22,324,508	\$ 20,699,128	\$ 19,070,138	\$ 18,973,022	\$ 24,626,983
	76.23%	76.70%	76.78%	76.85%	76.47%	76.86%
TOTALS						
APPLICANTS	48,543	48,543	48,543	48,543	53,212	53,266
AWARDS	28,951	33,712	33,438	33,138	28,905	37,061
% ELIGIBLE	59.64%	69.45%	68.88%	68.27%	54.32%	69.58%
AVERAGE \$'s	\$ 862	\$ 863	\$ 806	\$ 749	\$ 858	\$ 865
\$'s COMMITTED	\$ 24,956,644	\$ 29,104,623	\$ 26,959,852	\$ 24,814,072	\$ 24,809,698	\$ 32,042,253
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
COMMITTED	167.79%	195.67%	181.25%	166.83%	166.80%	215.42%

Sim 1: Remove W & Z codes - run 0304 formula against 0304 data as of 11/25/03

Sim 2: Remove W & Z codes - run 0304 formula using a 12% multiplier against 0304 data as of 11/25/04

Sim 3: Remove W & Z codes - run 0304 formula using a 13% multiplier against 0304 data as of 11/25/05

Sim 4: Remove W & Z codes - run 0304 formula against 0304 data as of 2/10/04