

DISCUSSION/ACTION
February 18, 2005

HIGHER EDUCATIONAL AIDS BOARD

BOARD REPORT #05-12

2005-06 WHEG AND WTG PROGRAM FORMULAS

**2005-2006 PROPOSE PROGRAM FORMULAS
WISCONSIN HIGHER EDUCATION GRANT
AND
WISCONSIN TUITION GRANT**

**February 18, 2005
BOARD REPORT #05-12**

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: dependent students; single or married independent students without children; and single or married independent students with children. The current formula is included for review. (See Table1)

Recommendations:

Recommendation of WAICU (Wisconsin Association of Independent Colleges and Universities) President Dr. Rolf Wegenke: Increase the maximum award from \$2500 to \$2700; increase the minimum award from \$250 to \$500. (See attached letter). The proposed formula is illustrated in Table 2 of this document.

Recommendation of the Executive Secretary

Agrees with the recommendation of Dr. Rolf Wegenke.

Formula Elements

Appropriation: Governor Doyle has recommended, for the 2005-2006 fiscal year, an appropriation of \$22,473,700 which is an increase of \$370,000.

2005-2006: \$22,473,700 (Proposed)

2004-2005: \$22,103,700

Current Year Spending: All of the 2004-2005 funds will be appropriated.

Applicants: There was a small increase in enrollment within the WAICU schools. It is anticipated that enrollment will continue to increase slightly.

Tuition Increase: Tuition is expected to slightly increase.

**Wisconsin Tuition Grant – 2004-2005 Formula
Table 1**

	DEPENDENT	SINGLE OR MARRIED INDEPENDENT W/O CHILDREN	SINGLE OR MARRIED INDEPENDENT W/ CHILDREN
STEP ONE			
TUITION (insert actual tuition charged)	\$7,000	\$7,000	\$7,000
- UW MADISON TUITION*	\$5,138	\$5,138	\$5,138
NET TUITION	\$1,862	\$1,862	\$1,862
STEP TWO			
TUITION (insert actual tuition charged)	\$7,000	\$7,000	\$7,000
+ BASE MAINTENANCE†	\$6,245	\$6,245	\$10,444
TOTAL COST	\$13,245	\$13,245	\$17,444
STEP THREE			
NET TUITION	\$1,862	\$1,862	\$1,862
DIVIDED BY TOTAL COST	\$13,245	\$13,245	\$17,444
FAMILY CONTRIBUTION PERCENTAGE	14.06%	14.06%	10.67%
STEP FOUR			
EXPECTED FAMILY CONTRIBUTION (Insert actual EFC‡)	\$100	\$100	\$100
X INFLATION FACTOR§	264%	706%	853%
ADJUSTED FAMILY CONTRIBUTION	\$264	\$706	\$853
STEP FIVE			
ADJUSTED FAMILY CONTRIBUTION	\$264	\$706	\$853
X FAMILY CONTRIBUTION PERCENTAGE	14.06%	14.06%	10.67%
TUITION OFFSET	\$37	\$99	\$91
STEP SIX			
NET TUITION	\$1,862	\$1,862	\$1,862
- TUITION OFFSET	\$ 37	\$ 99	\$ 91
GRANT AMOUNT	\$1,825	\$1,763	\$1,771
MAXIMUM GRANT	\$2,500	\$2,500	\$2,500

* Previous year tuition at UW – Madison

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

‡ **EFC** is the individual student data retrieved from the FAFSA.

§ **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

Recommended 2005-2006 Formula

Table 2

	DEPENDENT	SINGLE OR MARRIED INDEPENDENT W/O CHILDREN	SINGLE OR MARRIED INDEPENDENT W/ CHILDREN
STEP ONE			
TUITION (insert actual tuition charged)	\$7,000	\$7,000	\$7,000
- UW MADISON TUITION**	\$5,860	\$5,860	\$5,860
NET TUITION	\$1,140	\$1,140	\$1,140
STEP TWO			
TUITION (insert actual tuition charged)	\$7,000	\$7,000	\$7,000
+ BASE MAINTENANCE††	\$6,245	\$6,245	\$10,444
TOTAL COST	\$13,245	\$13,245	\$17,444
STEP THREE			
NET TUITION	\$1,140	\$1,140	\$1,140
DIVIDED BY TOTAL COST	\$13,245	\$13,245	\$17,444
FAMILY CONTRIBUTION PERCENTAGE	8.60%	8.60%	6.53%
STEP FOUR			
EXPECTED FAMILY CONTRIBUTION (Insert actual EFC)‡‡	\$100	\$100	\$100
X INFLATION FACTOR§§	264%	706%	853%
ADJUSTED FAMILY CONTRIBUTION	\$264	\$706	\$853
STEP FIVE			
ADJUSTED FAMILY CONTRIBUTION	\$264	\$706	\$853
X FAMILY CONTRIBUTION PERCENTAGE	8.60%	8.60%	6.53%
TUITION OFFSET	\$23	\$61	\$56
STEP SIX			
NET TUITION	\$1,140	\$1,140	\$1,140
- TUITION OFFSET	\$ 23	\$ 61	\$ 56
GRANT AMOUNT	\$1,117	\$1,079	\$1,084
 MAXIMUM GRANT	 \$2,700	 \$2,700	 \$2,700
Minimum Award	500	500	500

** Previous year tuition at UW – Madison

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

‡‡ **EFC** is the individual student data retrieved from the FAFSA.

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

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^{***}. 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.

^{***} 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 – Wisconsin Technical College System

Recommendation of the Wisconsin Technical College System President Dan Clancy:

$(\$8,000 - \text{EFC}) \times 12\% = \text{Award}$

$(\text{Student Budget} - \text{Expected Family Contribution}) \times \text{Student Award Percentage} = \text{Award}$

Maximum Award = \$960 (See attached letter.)

Recommendation of the Executive Secretary

Agrees with the recommendation of President Clancy.

Formula Elements

Appropriation: For the 2005-2006 fiscal year, Governor Doyle has recommended an increase in the WHEG – Tech appropriation of \$250,000.

2005-2006: \$15,124,000 (Proposed)

2004-2005: \$14,874,000

Current 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

Current Year Spending: All of the 2004-2005 funds will be appropriated. Awards were suspended November 4, 2004. 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.

Simulations: The simulations used during formula deliberations are included for review. Sim 8 illustrates the proposed formula.

Wisconsin Higher Education Grant – Tribal Colleges

Recommendation of the Tribal College Presidents:

The formula recommendation from College of Menominee Nation President Verna Fowler, Ph.D, and from Lac Courte Oreilles Ojibwa Community College President, Elizabeth McDougall, Ph.D. is as follows: (See attached letters)

$(\$6,650 - \text{EFC}) \times 27.44\% = \text{Award}$

$(\text{Student Budget} - \text{Expected Family Contribution}) \times \text{Student Award Percentage} = \text{Award}$

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 Presidents Fowler and MacDougall.

Current Formula:

$(\$6,650 - \text{EFC}) \times 27.44\% = \text{Award}$

$(\text{Student Budget} - \text{Expected Family Contribution}) \times \text{Student Award Percentage} = \text{Award}$

Maximum Award: \$1,800

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

2004-2005 Appropriation

Appropriation: For the 2005-2006 fiscal year, Governor Doyle has recommended no increase in the WHEG – Tribal appropriation.

2005-2006: \$404,000 (Proposed)

2004-2005: \$404,000

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

Current Year Spending: Most recent data indicates that the Tribal WHEG 2004-2005 formula will spend the appropriated amount for the academic year and most likely will have students left on a wait list.

Wisconsin Higher Education Grant - University of Wisconsin System

Recommendation of the University of Wisconsin System President Kevin Reilly:

$(\$5,254 - \text{EFC}) \times 50\% = \text{Award}$

$(\text{Student Budget} - \text{Expected Family Contribution}) \times \text{Student Award Percentage} = \text{Award}$

Maximum Award: \$2,627

(See Attached Letter)

Recommendation of the Executive Secretary for the 2004-2005 Formula

Agrees with President Reilly's recommendation.

Other Factors Considered

Appropriation: For the 2005-2006 fiscal year, Governor Doyle has recommended an increase in the WHEG – UW appropriation of \$5,523,600.^{†††}

2005-2006: \$40,483,200 (Proposed)

2004-2005: \$34,959,600

Current Formula:

$(\$4,554 - \text{EFC}) \times 43\% = \text{Award}$

$(\text{Student Budget} - \text{Expected Family Contribution}) \times \text{Student Award Percentage} = \text{Award}$

Maximum Award: \$1,958

Current Year Spending: All of the 2003-2004 funds will be appropriated.

Applicants: The number of 2005-2006 applicants will most likely increase.

Simulations: The simulations used during formula deliberations are included for review.

^{†††} The 2004-2005 appropriation was made up of \$19,926,800 GPR funds and \$15,032,800 of PR funds. The Governor's proposed appropriation of \$40,483,200 consists of all GPR funds. The true proposed increase of GPR funds is \$20,556,400 which includes replacement of PR funds with GPR funds. For purposes of formula development, we are looking at the total proposed appropriation increase from 04/05 to 05/06.

ALVERNO COLLEGE
BELOIT COLLEGE
CARDINAL STRITCH UNIVERSITY
CARROLL COLLEGE
CARTHAGE COLLEGE
CONCORDIA UNIVERSITY
EDGEWOOD COLLEGE
LAKELAND COLLEGE
LAWRENCE UNIVERSITY
MARIAN COLLEGE



MARQUETTE UNIVERSITY
MILWAUKEE INSTITUTE OF ART & DESIGN
MILWAUKEE SCHOOL OF ENGINEERING
MOUNT MARY COLLEGE
NORTHLAND COLLEGE
RIPON COLLEGE
ST. NORBERT COLLEGE
SILVER LAKE COLLEGE
VIENNA UNIVERSITY
WISCONSIN LUTHERAN COLLEGE

January 10, 2005

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

Dear Ms. ~~Hutchison~~ Hutchison:

As required by state statute, I am transmitting to you WAICU's recommendation for the Wisconsin Tuition Grant (WTG) formula for the 2005–2006 academic year. I understand that the Higher Educational Aids Board will consider this recommendation at its meeting of February 18th.

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, and that the neediest students should receive the greatest share of benefits under the program. 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 \$2,500 to \$2,700, and increase the minimum award from \$250 to \$500. This recommendation takes into account projected University of Wisconsin tuition increases as required by law. While the state's 2005–2007 biennial budget is not yet known, this recommendation also assumes that there will be no increase from the FY2005 Tuition Grant appropriation of \$22,103,700. Should the legislature approve a larger or smaller amount, WAICU will work with your staff and the WAICU financial aid directors to recommend an adjustment to the formula.

I want to thank you again for meeting with me and the WAICU financial aid directors to discuss the WTG formula for 2005–2006. 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.

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

Best wishes . . .

Sincerely,


Rolf Wegenke, Ph.D.
President

c: WAICU Presidents
WAICU Financial Aid Directors



February 14, 2005

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 2005-2006 WHEG Grant formula. The formula was developed with the input of the college Financial Aid Administrators and Student Services Administrators.

2005-2006 WTCS WHEG FORMULA

Single Formula—Independent/Dependent	
Student Budget	\$8,000
Award Percentage	12%
Maximum Award	\$960

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

For 2005-2006, we increased the student budget used for the WHEG formula from \$7,500 to \$8,000 to more accurately reflect real student costs. My recommendation increases the award level for the neediest student to \$960, from \$900 in 2004-2005. With this award level, it is hoped WTCS students will receive some adequate 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 November 2004, 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 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 budget request 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,

A handwritten signature in cursive script that reads "Daniel Clancy".

Daniel Clancy
President

Daniel Clancy, President

2005-06 WHEG-WTC Simulations (01/21/05)

	W & Z Codes Removed	SIM7 (\$300 added to EFC's greater than \$-0-)	SIM8
TECH ALLOCATION	\$14,796,980	\$14,874,000	\$14,874,000
	(excl. \$77,020 c/f)		
Formula:		(\$7500-EFC) x 14%	(\$8000-EFC) x 12%
Maximum Award		\$1,050	\$960
DEPENDENT			
APPLICANTS	18,349	18,349	18,349
% OF APPLICANTS	33.74%	33.74%	33.74%
AWARDS	9,787	9,469	9,667
% OF AWARDS	25.82%	25.42%	25.66%
% ELIGIBLE	53.34%	51.60%	52.68%
AVERAGE \$'s	\$ 769	\$ 755	\$ 698
\$'s COMMITTED	\$ 7,529,649	\$ 7,150,010	\$ 6,748,540
	22.98%	22.53%	22.85%
INDEPENDENT			
APPLICANTS	36,040	36,040	36,040
% OF APPLICANTS	66.26%	66.26%	66.26%
AWARDS	28,120	27,787	28,007
% OF AWARDS	74.18%	74.58%	74.34%
% ELIGIBLE	78.02%	77.10%	77.71%
AVERAGE \$'s	\$ 898	\$ 885	\$ 814
\$'s COMMITTED	\$ 25,238,863	\$ 24,583,661	\$ 22,790,614
	77.02%	77.47%	77.15%
TOTALS			
APPLICANTS	54,389	54,389	54,389
AWARDS	37,907	37,256	37,674
% ELIGIBLE	69.70%	68.50%	69.27%
AVERAGE \$'s	\$ 864	\$ 852	\$ 784
\$'s COMMITTED	\$ 32,768,512	\$ 31,733,671	\$ 29,539,153
	100.00%	100.00%	100.00%
COMMITTED	221.45%	213.35%	198.60%
Appropriation required to fund each simulation:		\$15,250,000	\$18,100,000
		208.09%	163.20%



**Lac Courte Oreilles Ojibwa
Community College**

13466 W Trepania Rd., Hayward, WI 54843-2181

**Phone 715/634-4790
Fax 715/634-5049**

Ms. Connie Hutchison
Executive Secretary
State of Wisconsin Higher Educational Aids Board
PO Box 7885
Madison, WI 53707-7885

Dear Ms. Hutchison:

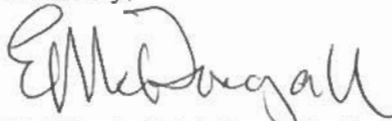
Thank you for the opportunity to make a recommendation to the HEAB Board relative to the formula grant for Tribal WHEG. I have spoken to our financial aid staff and we recommend that we remain with the current formula.

Since we began administering what is now known as Tribal WHEG funds, we have been able to serve more Native American and non Native American students. Prior to this award year, we were not able to serve approximately 50% of our eligible student body. This 2004-05 award year we are unable to assist about 70% of our eligible students. The College of Menominee Nation and LCOCOO both access this budgetary line item and it's first come first served. More students filed earlier than LCO students and therefore received more of the approximately \$400,000.00 line item. We are working with our representatives to increase this line item in the State budget and any assistance would be greatly appreciated.

We have also been administering the institutional scholarships for the Talent Incentive Program (TIP) for a number of years with slight increases from year to year. For this year, we have approximately twenty applications on file for students who are eligible for *this grant but were not awarded*. Any help in increasing this allocation would also be greatly appreciated.

Again, thank you for this opportunity and I look forward to your response and meeting with you in person.

Sincerely,



Dr Elizabeth McDougall, President
Lac Courte Oreilles Ojibwa Community College

Hutchison, Connie

From: Donna Statzell [statzell@menominee.edu]
Sent: Thursday, January 27, 2005 5:06 PM
To: connie.hutchison@heab.state.wi.us
Subject: funding formula

The College of Menominee Nation is approving the current funding formula for WHEG.

Thank you for the opportunity to review this material. Donna

Donna S. Statzell
Dean of Student Services
statzell@menominee.edu
715.799.5600x3066

**Office of the President**

1720 Van Hise Hall
1220 Linden Drive
Madison, Wisconsin 53706-1559
(608) 262-2321
(608) 262-3985 Fax

email: kreilly@uwsa.edu
website: <http://www.uwsa.edu>

February 14, 2005

Connie Hutchison, Executive Secretary
Wisconsin Higher Educational Aids Board
131 West Wilson Street
Madison, WI 53707

Dear Executive ~~Secretary~~ Hutchison:

Connie:

Thank you for the opportunity to comment on the Wisconsin Higher Education Grant (WHEG) formula. UW System's WHEG Advisory committee met to discuss the current WHEG formula and to forward a recommendation for the 2005-06 funding formula for my approval. Based on the Committee's advice, I recommend the formula for 2005-06 continue to tie the equity level to UW-Madison's tuition for the previous year of \$5,254, and a rationing factor of 50%.

I look forward to hearing your final decision following the meeting of the Higher Educational Aids Board on February 18, 2004.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin P. Reilly".

Kevin P. Reilly
President

Copy: UW Board of Regents
UW System Cabinet

2005-06 WHEG-UW SIMULATION - February 4, 2005

0506 SIM 1

APPROPRIATION: \$40,483,200

FORMULA: (\$5,254-EFC)
 x 50% = Award
 Max Award = \$2,627
 Min Award = \$500

DEPENDENT

APPLICANTS		62,158
% OF APPLICANTS		77.16%
AWARDS		18,017
% OF AWARDS		58.69%
% ELIGIBLE		28.99%
AVERAGE \$'s	\$	1,723
\$'s COMMITTED	\$	31,050,099
		53.73%

INDEPENDENT

APPLICANTS		18,397
% OF APPLICANTS		22.84%
AWARDS		12,679
% OF AWARDS		41.31%
% ELIGIBLE		68.92%
AVERAGE \$'s	\$	2,109
\$'s COMMITTED	\$	26,739,544
		46.27%

TOTALS

APPLICANTS		80,555
AWARDS		30,696
% ELIGIBLE		38.11%
AVERAGE \$'s	\$	1,883
\$'s COMMITTED	\$	57,789,643
		100.00%

COMMITTED 142.75%



Appropriation Increase

\$5,000,000	127.06%
\$10,000,000	114.47%
\$15,000,000	104.16%

Sim 1: Increase student budget by 15.8% (average UW-Madison tuition increase from 0304 to 0405) and use a 50% formula multiplier