

**HIGHER EDUCATIONAL AIDS BOARD**  
**BOARD REPORT #06-05**

**Review of Tuition Grant (TG) and**  
**Wisconsin Higher Education Grant (WHEG) Formulas**

**Issue**

Formulas for 2005/2006 TG and WHEG were developed in January and approved at the February 18, 2005 board meeting. The appropriations used in developing the formulas were those put forth by Governor Jim Doyle in his 2005-2007 budget proposal.

As the budget went through the legislative process, appropriations for TG and WHEG-Technical Colleges were increased, and the appropriation for WHEG-UW was decreased. The appropriation for WHEG-Tribal remained unchanged.

The budget process is on-going. The budget is now back in the hands of the Governor, who has not yet indicated which, if any, veto options he may use.

**Recommendation**

As of July 15, 2005, the budget is still in process. Before the Board meeting on July 29<sup>th</sup>, discussions between the following three sectors: the Wisconsin Association of Independent Colleges and Universities (WAICU); University of Wisconsin System; and Wisconsin Technical College Systems; and HEAB Staff Connie Hutchison, Executive Secretary; TG Specialist Mary Lou Kuzdas; and WHEG-Tech and WHEG-UW Specialist Sandy Thomas, will determine if formula changes are necessary.

An updated report with recommendations will be distributed at the Board meeting on July 29, 2005.

**2005-2006 PROPOSED REVISION  
PROGRAM FORMULA  
WISCONSIN TUITION GRANT**

**July 29, 2005  
BOARD REPORT #06-05**

Appropriation

With the finalization of the 2005-2007 Budget, there was a substantial change in the Tuition Grant Appropriation. Governor Doyle recommended an appropriation of \$22,473,700 for the 2005-2006 fiscal year, an increase of \$370,000. The Legislature appropriated \$23,429,900. This amount was not changed before the Budget Bill was signed by Governor Doyle.

This substantial, unexpected increase resulted in a new formula recommendation.

Recommendation:

**Recommendation of WAICU (Wisconsin Association of Independent Colleges and Universities) President Dr. Rolf Wegenke:** Increase the maximum award from \$2500 to \$2700 \$2850; increase the minimum award from \$250 to \$500. (See attached letter). Additionally, there are proposed changes to the Inflation Factors and the Base Maintenance Amounts (See Table I.) The previously approved formula is illustrated in Table 2 of this document, and the 2004-2005 is illustrated in Table 3.

**Recommendation of the Executive Secretary**

Executive Secretary Connie Hutchison agrees with the recommendation of Dr. Rolf Wegenke.

**WISCONSIN TUITION GRANT**

**Recommended 2005-2006 REVISED Formula July 29, 2005**

Table 1

	DEPENDENT	SINGLE OR MARRIED INDEPENDENT W/O CHILDREN	SINGLE OR MARRIED INDEPENDENT W/ CHILDREN
<b>STEP ONE</b>			
TUITION (insert actual tuition charged)	\$7,000	\$7,000	\$7,000
<b>- UW MADISON TUITION*</b>	<b>\$5,860</b>	<b>\$5,860</b>	<b>\$5,860</b>
NET TUITION	\$1,140	\$1,140	\$1,140
<b>STEP TWO</b>			
TUITION (insert actual tuition charged)	\$7,000	\$7,000	\$7,000
<b>+ BASE MAINTENANCE†</b>	<b>\$10,444</b>	<b>\$10,444</b>	<b>\$10,444</b>
TOTAL COST	\$17,444	\$17,444	\$17,444
<b>STEP THREE</b>			
NET TUITION	\$1,140	\$1,140	\$1,140
DIVIDED BY TOTAL COST	\$17,444	\$17,444	\$17,444
FAMILY CONTRIBUTION PERCENTAGE	6.54%	6.54%	6.54%
<b>STEP FOUR</b>			
EXPECTED FAMILY CONTRIBUTION (Insert actual EFC)‡	\$100	\$100	\$100
<b>X INFLATION FACTOR§</b>	<b>264%</b>	<b>607%</b>	<b>607%</b>
ADJUSTED FAMILY CONTRIBUTION	\$264	\$607	\$607
<b>STEP FIVE</b>			
ADJUSTED FAMILY CONTRIBUTION	\$264	607%	607%
X FAMILY CONTRIBUTION PERCENTAGE	6.54%	6.54%	6.54%
TUITION OFFSET	\$17	\$40	\$40
<b>STEP SIX</b>			
NET TUITION	\$1,140	\$1,140	\$1,140
- TUITION OFFSET	\$ 17	\$ 40	\$ 40
GRANT AMOUNT	\$1,123	\$1,100	\$1,100
MAXIMUM GRANT	<b>\$2,850</b>	<b>\$2,850</b>	<b>\$2,850</b>
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.

**Previously Approved 2005-2006 Tuition Grant Formula**  
Table 2

	DEPENDENT	SINGLE OR MARRIED INDEPENDENT W/O CHILDREN	SINGLE OR MARRIED INDEPENDENT W/ CHILDREN
<b>STEP ONE</b>			
TUITION (insert actual tuition charged)	\$7,000	\$7,000	\$7,000
<b>- UW MADISON TUITION**</b>	<b>\$5,860</b>	<b>\$5,860</b>	<b>\$5,860</b>
NET TUITION	\$1,140	\$1,140	\$1,140
<b>STEP TWO</b>			
TUITION (insert actual tuition charged)	\$7,000	\$7,000	\$7,000
<b>+ BASE MAINTENANCE††</b>	<b>\$6,245</b>	<b>\$6,245</b>	<b>\$10,444</b>
TOTAL COST	\$13,245	\$13,245	\$17,444
<b>STEP THREE</b>			
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%
<b>STEP FOUR</b>			
EXPECTED FAMILY CONTRIBUTION (Insert actual EFC)**	\$100	\$100	\$100
<b>X INFLATION FACTOR§§</b>	<b>264%</b>	<b>706%</b>	<b>853%</b>
ADJUSTED FAMILY CONTRIBUTION	\$264	\$706	\$853
<b>STEP FIVE</b>			
ADJUSTED FAMILY CONTRIBUTION	\$264	\$706	\$853
X FAMILY CONTRIBUTION PERCENTAGE	8.60%	8.60%	6.53%
TUITION OFFSET	\$23	\$61	\$56
<b>STEP SIX</b>			
NET TUITION	\$1,140	\$1,140	\$1,140
- TUITION OFFSET	\$ 23	\$ 61	\$ 56
GRANT AMOUNT	\$1,117	\$1,079	\$1,084
MAXIMUM GRANT	<b>\$2,700</b>	<b>\$2,700</b>	<b>\$2,700</b>
Minimum Award	500	500	50

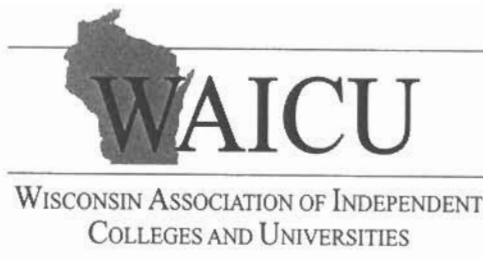
\*\* Previous year tuition at UW – Madison

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

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


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  
VITERBO UNIVERSITY  
WISCONSIN LUTHERAN COLLEGE

July 27, 2005

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

Dear Ms.  Hutchison:

I am transmitting to you WAICU's recommendation for an adjustment to the Wisconsin Tuition Grant (WTG) formula for the 2005-2006 academic year. This formula adjustment takes into account the funding increase approved in the biennial budget bill adopted by the Legislature and signed by the Governor earlier this week. This letter supersedes my letter of January 10, 2005 for the happy reason that more aid for students is now available than was anticipated earlier.

In recommending this formula adjustment, 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, both the grant maximum and the value of the average award must increase.

Based on the alternatives developed by Mary Lou Kuzdas of your staff, it is my recommendation that HEAB adjust the formula to increase the maximum award from \$2,700 to \$2,850, using the inflation factors and base maintenance amounts as specified in the attached spreadsheet.

I want to thank you and Ms. Kuzdas for your responsiveness in exploring formula alternatives so soon after the budget signing. 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

2005-2006 TUITION GRANT DOLLARS COMMITTED		NOTIFICATION LIST July 13, 2004 2004-2005	NOTIFICATION LIST July 12, 2005 2005-2006	NOTIFICATION LIST July 26, 2005 2005-2006 SIMULATION
<b>DEPENDENTS</b>	<b>APPLICANTS</b>	12,614	14,386	14,386
	<b>% OF APPLICANTS</b>	68.34%	69.73%	69.73%
	<b>AWARDS</b>	6,886	6,648	7,321
	<b>% OF AWARDS</b>	67.84%	68.88%	68.33%
	<b>% ELIGIBLE</b>	54.59%	46.21%	50.89%
	<b>AVERAGE \$s</b>	\$2,341	\$2,541	\$2,680
	<b>\$s COMMITTED</b>	\$16,117,966 67.35%	\$16,894,619 68.59%	\$19,619,247 68.09%
<b>SINGLE MARRIED NO DEPENDENTS</b>	<b>APPLICANTS</b>	2,390	2,600	2,600
	<b>% OF APPLICANTS</b>	12.95%	12.60%	12.60%
	<b>AWARDS</b>	936	907	1061
	<b>% OF AWARDS</b>	9.22%	9.40%	9.90%
	<b>%ELIGIBLE</b>	39.16%	34.88%	40.81%
	<b>AVERAGE \$S</b>	\$2,361	\$2,548	\$2,662
	<b>\$s COMMITTED</b>	\$2,209,981 9.23%	\$2,310,969 9.38%	\$2,824,181 9.80%
<b>INDEPENDENT WITH DEPENDENTS</b>	<b>APPLICANTS</b>	3,453	3,644	3,644
	<b>% OF APPLICANTS</b>	18.71%	17.66%	17.66%
	<b>AWARDS</b>	2,329	2,097	2,332
	<b>% OF AWARDS</b>	22.94%	21.73%	21.77%
	<b>%ELIGIBLE</b>	67.45%	57.55%	64.00%
	<b>AVERAGE \$S</b>	\$2,407	\$2,587	\$2,731
	<b>\$s COMMITTED</b>	\$5,605,211 23.42%	\$5,424,568 22.02%	\$6,369,391 22.11%
<b>TOTALS</b>	<b>APPLICANTS</b>	18,457	20,630	20,630
	<b>AWARDS</b>	10,151	9,652	10,714
	<b>%ELIGIBLE</b>	55.00%	46.79%	51.93%
	<b>AVERAGE \$S</b>	\$2,358	\$2,552	\$2,689
	<b>\$s COMMITTED</b>	\$23,933,158 100.00%	\$24,630,156 100.00%	\$28,812,819 100.00%
<b>OVERAWARD</b>		108.28%	111.43%	122.97%
FAFSA Data - school one only.	<b>STUDENTS</b>	10,151	9,652	10,714
	<b>AVERAGE</b>	\$2,358	\$2,552	\$2,689
<b>Tuition Grant Factors</b>				
	UW Tuition	\$5,138	\$5,860	\$5,860
<u>Inflation Factors</u>				
	Dependent student	264%	264%	264%
	Single/married independent	706%	706%	607%
	Independent with dependents	853%	853%	607%
<u>Base Maintenance</u>				
	Dependent/Single	\$6,245	\$6,245	\$10,444
	Independent with dependents	\$10,444	\$10,444	\$10,444
	<b>MAX AWARD</b>	<b>\$2,500</b>	<b>\$2,700</b>	<b>\$2,850</b>
			MIN \$500.00	MIN \$500.00
<b>APPROPRIATION</b>		\$22,103,700.00	\$22,103,700.00	\$23,429,900.00
Simulation for budget adjustment 2005-06 academic year. Budget signed 07/25/05				