

**HIGHER EDUCATION AIDS BOARD
BOARD REPORT #07-03
2007-2009 BIENNIAL BUDGET ISSUES**

Present Board Policies

In 1968, a policy framework for Wisconsin's Student Financial Aid Structure was established under which the agency continues to operate today. There are two major goals: Universal Educational Opportunity which aims to eliminate financial barriers to ensure that all Wisconsin citizens have access to a higher education commensurate with their desires and abilities; and Educational Diversity, allowing students the freedom to choose which institution of higher learning they will attend. The financial aid structure is set up to facilitate achievement of these goals. Additionally, there are seven operational policies, published in the HEAB Policies and Procedures Manual that serve to implement the broader goals.

1. Financial aid be distributed on the basis of the student's financial need in order to maximize financial resources and thereby insure an educational opportunity to the greatest number of students.
2. Equalization supports diversity and insures freedom of choice by placing all students in the same relative position in relation to governmental instructional subsidies.
3. Awarding for excellence requires that academic excellence be recognized.
4. Shared responsibility recognizes the multiple responsibilities of the student, the student's parent(s) or spouse, government, and private sources to contribute to educational costs.
5. Recognizing the unique financial needs of the disadvantaged suggests that it is a responsibility of the financial aid structure to recognize and relate to the unique financial needs of the economically disadvantaged.
6. Maximization of resources emphasizes the need to maximize the contribution of financial aid resources provided by all sources including students, spouses, parents, government, institutions, and private sponsors.
7. Administrative coordination and simplicity recognizes the importance of providing a coordinated, equitable, efficient, and responsive administrative framework designed to implement the other policies enumerated above. Meeting this policy goal and, in addition, fulfilling the legislative mandate of providing an annual review of the State's Financial Aid Structure, suggests that a single governmental body should be responsible for the administrative coordination of the State's financial aid programs.

Budget Issues – Board Priorities

In preparation for the Board's discussion of the biennial budget request, HEAB staff is in discussions with representatives of WTCS, the Independent Colleges and Universities, the Tribal Colleges, UW System and other interested parties. Specific recommendations will be presented at the Board meeting on July 21 for discussion and action.

**Appropriation History for HEAB Administered Grants and Loans
July 2006**

	<i>1999-2000</i>	<i>2000-2001</i>	<i>2001-2002</i>	<i>2002-2003</i>	<i>2003-2004</i>	<i>2004-2005</i>	<i>2005-2006</i>	<i>2006-2007</i>
WHEG – UW *	\$18,900,300	\$18,900,300	\$19,750,800	\$22,103,700	\$27,199,600	\$34,959,600	\$40,992,516	\$43,457,646
WHEG – Tech	\$12,454,600	\$13,201,900	\$13,631,000	\$14,874,000	\$14,874,000	\$14,874,000	\$15,851,400	\$16,712,400
WHEG – Tribal	\$400,000	\$400,000	\$400,000	\$404,000	\$404,000	\$404,000	\$404,000	\$404,000
TG	\$19,662,200	\$21,038,600	\$21,564,600	\$22,103,700	\$22,103,700	\$22,103,700	\$25,526,500	\$24,630,156
MRG – Tech	\$346,550	\$346,550	\$362,150	\$378,450	\$378,450	\$378,450	\$384,874	\$384,874
MRG – Independent	\$346,550	\$346,550	\$362,150	\$378,450	\$378,450	\$378,450	\$372,026	\$372,026
TIP	\$4,209,200	\$4,503,800	\$4,503,800	\$4,503,800	\$4,503,800	\$4,503,800	\$4,503,800	\$4,503,800
AES	\$2,900,000	\$2,900,000	\$2,917,000	\$3,133,000	\$3,133,000	\$3,133,000	\$3,196,500	\$3,196,500
Handicapped	\$123,800	\$123,800	\$123,800	\$123,800	\$123,800	\$123,800	\$123,800	\$123,800
Indian Grant	\$779,800	\$779,800	\$779,800	\$787,600	\$787,600	\$787,600	\$787,600	\$787,600
Minority Teacher Loan	\$240,000	\$240,000	\$250,800	\$262,100	\$262,100	\$262,100	\$262,100	\$262,100
Nursing Student Loan				\$450,000	\$450,000	\$450,000	\$450,000	\$450,000
Teacher Education Loan	\$250,000	\$250,000	\$250,000	\$275,000	\$275,000	\$275,000	\$275,000	\$275,000
TVI Loan		\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
TOTAL	\$60,613,000	\$63,131,300	\$64,995,900	\$69,877,600	\$74,973,500	\$82,733,500		
* WHEG - UW funding	2003-20004	2004-2005						
GPR funds	\$20,745,900	\$19,926,800						
UW auxiliary PR funds	\$6,453,700	\$15,032,800						

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Tuition Grant (TG) Appropriation

1. 7.32% increase in year one of the biennium and 7.32% in year two of the biennium.

Rationale: Tuition at UW-Madison will increase 7.32% from 0506 to 0607. There is a statutory link between the TG formula and UW-Madison tuition so a corresponding percent increase in TG is logical.

2. Propose statutory language that ties the biennial appropriation to the actual percent increase in UW-Madison tuition. This language would mirror language already in the statute for the UW-WHEG appropriation, except that language allowing carry-forward or carry-back of funds would be included.

Rationale: Similar language exists in the statute for the UW-WHEG appropriation. This would make the TG appropriation consistent with the UW sector appropriation.

Wisconsin Higher Education Grant (WHEG) Tribal Appropriation

Increase WHEG – Tribal to \$450,000 in 2007-2008 and to \$500,000 in 2008-2009.

Rationale

WHEG Tribal was last increased in 2002-03, and then by only 1%: from \$400,000 to \$404,000. In the past two years, new awards have been suspended and existing awards have been frozen May 11, 2004 for 2004-2005 and July 17, 2005 for 2005-2006. While the number of students who qualify for aid has increased each year, financial aid funding has not kept pace with that need. Administrators of both Tribal Colleges indicated that WHEG assists only about 50% of eligible students. Funds for the appropriation are not GPR funds, but rather from Gaming Revenues remitted to the state.

Talent Incentive Program

Work for an increase in TIP funding.

Rationale

The Talent Incentive Program targets the very neediest of students. 50% of the students are nominated to receive this grant by the Wisconsin Educational Opportunities Program (WEOP) counselors, and the other 50% by individual college/university financial aid professionals.

Wisconsin Higher Education Grant (WHEG) UW Appropriation

1. Using a 50% formula multiplier, determine how much money would have been needed to cover all eligible 06/07 students using the current formula with the 50% multiplier. Calculate the projected amount to cover all eligible students in 07-09.

Rationale

The current formula uses a 50% multiplier but students who apply later in the year, even those attending only 2nd semester, will most likely be wait-listed. Covering 50% of tuition has been an unofficial goal for several years.

2. Propose statutory language that would allow an indexed increase in the Maximum WHEG.

Rationale

Finding a legislatively approved maximum that is tied to, for example, 50% of UW-Madison tuition would allow the maximum available dollars awarded to increase without going through the legislative process every few years. This would allow formula development to continue each year in time for the schools to begin packaging their awards.

Wisconsin Higher Education Grant (WHEG) Technical College System

The Technical College System will be making a presentation at the Board meeting.