

DISCUSSION/ACTION
March 2, 2007

HIGHER EDUCATIONAL AIDS BOARD

BOARD REPORT #07-15

2007-08 WHEG - UW PROGRAM FORMULA

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 FAFSA¹. 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.

¹ 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.

**FINAL
PROPOSED 2007-2008 FORMULAS
WISCONSIN HIGHER EDUCATION GRANT
UNIVERSITY OF WISCONSIN SYSTEM**

**March 2, 2007
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Recommendation of the University of Wisconsin System President Kevin Reilly:

Part 1: Adopt the following formula to meet the appropriation as determined by the statutory link.

$(\$5,588 - \text{EFC}) \times 50\% = \text{Award}$

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

Maximum Award: **\$2,730** Minimum Award: **\$674**

Part 2: If additional dollars beyond the statutory defined increases become available to hold students harmless to tuition increases, the *dollars be distributed across the calculated awards to ensure students' awards increase similar to the amount tuition increases*. The WHEG Work Group understands that if there are additional dollars, but the appropriation is less than the Governor's recommendation, the UWS may request that HEAB consider approval of a revised recommendation for the additional dollars.

Recommendation of Executive Secretary Connie Hutchison:

Agrees with recommendation of President Reilly

Other Factors

2007-2008 Appropriation: This is unknown until the state budget is signed.

The 06-07 *net* appropriation is \$43,854,600

Current Formula:

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

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

Maximum Award: \$2,600 Minimum Award: \$500

Current Year Spending: All of the 2006-2007 funds will be spent. On November 15, 2006, new students were wait-listed and all calculated awards were frozen.

Applicants and Awards: The number of awards for the recommended formula is predicted to be the same or slightly more than the current year. If Governor Doyle's budget recommendation is adopted, the second part of the formula attempts to hold-harmless, as much as possible, the current number of WHEG recipients.



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March 1, 2007

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

Dear Executive Secretary Hutchison:

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 2007-08 funding formula for my approval.

Based on the Committee's advice, my recommendation is in two parts. First, I recommend the 2007-08 formula distribute the statutory increases to the appropriation using the average UW System resident undergraduate tuition of \$5,588 as the equity level, and a rationing factor of 50%. In addition, the maximum award amount would increase from \$2,600 to \$2,730 and the minimum award level to \$674. While this maximum amount is lower than the statutorily-allowed \$3,000 maximum, we are recommending these grant levels to allow for approximately the same number of WHEG recipients as this year.

Second, if the additional dollars beyond the statutorily-defined increases become available to hold students harmless to tuition increases, I recommend those dollars be distributed across the calculated awards to ensure students' awards increase similar to the amount tuition increases.

Thank you for working with UW System staff to develop this recommendation. I look forward to hearing your final decision following the meeting of the Higher Educational Aids Board on March 2, 2007.

Sincerely,

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

Kevin P. Reilly
President

Copy: Regent McPike