

DISCUSSION/ACTION
February 1, 2008

HIGHER EDUCATIONAL AIDS BOARD

BOARD REPORT #08-09

2008-09 WHEG - UWS 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:

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

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 expected 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** (less **EFC**) 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 (Tribal Colleges, Wisconsin Technical Colleges and University of Wisconsin Institutions) 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:

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

To calculate the maximum award in any of the WHEG programs:

$$\text{Student Budget} \times \text{Student Award Percentage} = \text{Maximum Award}$$

Factors That Affect the WHEG Programs

Appropriation: There are separate appropriations for each of the WHEG programs – Tribal Colleges, Wisconsin Technical Colleges and University of Wisconsin Campuses. These appropriations are determined during the state's biennial budget process. The appropriations are not sum sufficient, meaning that when all funds are obligated to the remaining eligible students do not receive awards. The date the application is received by HEAB determines which eligible students will or will not receive awards.

Changing the Student Budget: If increased, the grant awarded to each student is increased

Changing the Student Award Percentage: If increased, the amount awarded to each student increases

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.

**PROPOSED 2008-2009 FORMULA
WISCONSIN HIGHER EDUCATION GRANT
UNIVERSITY OF WISCONSIN SYSTEM**

**February 1, 2008
BOARD REPORT #08-09**

Recommendation of the University of Wisconsin System President Kevin Reilly:

(\$5,960 – EFC) x 50% = Award

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

Maximum Award: **\$2,980** Minimum Award: **\$674**

Recommendation of Executive Secretary Connie Hutchison:

Agrees with recommendation of President Reilly

Other Information

2008-2009 Appropriation: \$55,000,000

Current Formula - 0708:

(\$5,588 – EFC) x 50% = Award

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

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

0708 Appropriation: \$50,000,000

Current Year Spending: All of the 2007-2008 funds will be spent.

Applicants: As of January 15, 2008 there were 85,805 applicants compared to 84,471 at this time last year.



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January 30, 2008

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 2008-09 funding formula for my approval.

Based on the Committee's advice, my recommendation is that the 2008-09 formula distribute the grants using the average UW System resident undergraduate tuition of \$5,960 as the equity level, and a rationing factor of 50%. In addition, the maximum award amount would increase from \$2,730 to \$2,980, with the minimum award level remaining at \$674. Since this maximum grant of \$2,980 is very close to the statutory maximum for the program of \$3,000, it will be essential that the statutory maximum be increased in this coming year.

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 February 1, 2008.

Sincerely,

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

Kevin P. Reilly
President