

DISCUSSION/ACTION
February 26, 2010

HIGHER EDUCATIONAL AIDS BOARD

BOARD REPORT #10-14

2010-11 WHEG - UWS PROGRAM FORMULA

**PROPOSED 2010-2011 FORMULA
WISCONSIN HIGHER EDUCATION GRANT
UNIVERSITY OF WISCONSIN SYSTEM**

**February 26, 2010
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Recommendation of the University of Wisconsin System President Kevin Reilly:

(\$5960 – EFC) x 43% = Award

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

Maximum Award: **\$2563** Minimum Award: **\$843**

Other Information

2010-2011 Appropriation: \$58,345,400

2009-2010 Appropriation: \$55,000,000

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

2007-2008 Appropriation: \$50,000,000

2006-2007 Appropriation: \$39,280,600

Current Formula - 0910:

(\$5,960 – EFC) x 50% = Award

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

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

Current Year Spending: All of the 2009-2010 funds will be spent. Awards were suspended July 2, 2009 when all funds were fully committed.

Applicants: As of February 9, 2010 there were 98,017 applicants compared to 89,476 at the same time last year.



Academic & Student Services

1640 Van Hise Hall
1220 Linden Drive
Madison, Wisconsin 53706-1559
(608) 262-8778
(608) 263-2046 FAX

e-mail: acss@uwsa.edu
website: www.uwsa.edu/acadaff/

February 12, 2010

TO: President Reilly

FROM: Larry Rubin

RE: 2010-11 WHEG Formula Recommendation

The WHEG Advisory Committee met several times over the last month to discuss its recommendation to you regarding the 2010-11 WHEG award formula. The Committee is making its recommendation to you at this time because the Higher Educational Aids Board (HEAB) is meeting February 26th and the 2010-11 WHEG formulas will be discussed at that meeting.

This was a very difficult year to set the WHEG Award Formula. As you know, the 2009-10 formula resulted in the implementation of a WHEG waiting list on July 2, 2009. Therefore, one of the major goals for setting the WHEG Award Formula was to have a much later cut-off date. The Advisory Committee also had other goals in setting the formula for 2010-11:

- Avoid dramatic changes in awards relative to 2009-10 because of the impact on continuing students;
- Provide awards at a level to make a meaningful financial difference for students relative to the cost of college attendance;
- Address the students with the most financial need, while noting that all WHEG eligible students have substantial financial need;
- Consider the historic goal of having WHEG grants cover 50% of students' tuition; and,
- Provide awards to at least the same number of student recipients as in 2008-09 (27,162).

With these goals as background, you will not be surprised to hear that the Advisory Committee needed to take a middle of the road approach in their final recommendation for the 2010-11 WHEG funding, which will increase from \$55 million to \$58.3 million:

- The recommendation decreases the maximum award from \$2,980 to \$2,563 to cover more students;
- The minimum award is increased from \$674 to \$843 and the maximum EFC is reduced from \$4,612 to \$4,000 – dropping students with higher EFC from WHEG awards, thereby allocating a greater proportion of WHEG funds to students with the highest financial need;
- All student awards decrease proportionately (by 14%) to provide awards to more students;

- The number of projected student recipients will increase from 25,000 in 2009-10 to 27,207 in 2010-11 (reaching the 2008-09 level);
- The projected cut-off (waiting list) date is 11/21/10.

It is important to note that many of the continuing students who will no longer be eligible for WHEG due to the increase in the minimum award should be eligible for a Tuition Increase Grant (TIG). The individual awards available to students under the TIG, however, are significantly smaller than the WHEG minimum award. Therefore, while the TIG will provide some financial assistance to WHEG-eligible students, it is not a substitute for a fully-funded WHEG program.

This proposal seems very reasonable given the data/simulations provided by HEAB that are based on previous WHEG spending patterns and projected student financial need. While these changes will result in lower awards for students, it is anticipated that this formula will extend the cut off (waiting list) date into November, 2010, which will allow more students to receive a WHEG award. Therefore, the changes strike the difficult balance between funding as many eligible students as possible, while still providing meaningful grants that provide access to UW.

Finally, it is important to note that the Advisory Committee sends you this recommendation realizing that there is much uncertainty regarding the needs of UW System students and their families in 2010-11 due to the current state of the economy. We are hopeful that this recommendation best addresses the needs of our students with the resources we have. However, we are faced with impossible choices in adequately addressing student needs without additional resources for this program.

My thanks go out to the members of the WHEG Advisory committee for their work on this issue and especially to the HEAB staff for their numerous simulations and consultation. We look forward to discussing this issue further with you at our meeting on Friday, February 12.

cc: Rebecca Martin, Senior Vice President
WHEG Advisory Committee
Connie Hutchison, Executive Secretary, Higher Educational Aids Board
Sandy Thomas, Higher Educational Aids Board
Sherrie Nelson, Higher Educational Aids Board



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 18, 2010

Connie Hutchison, Executive Secretary
Higher Educational Aids Board
131 W. Wilson Street, Suite 902
PO Box 7885
Madison, WI 53707-7885

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 2010-11 funding formula for my approval.

Based on the Committee's advice and the 2010-11 Budget, my recommendation is that the 2010-11 formula distribute the grants using a budget of \$5,960 and a rationing factor of 43%, with a maximum expected family contribution of \$4,000. The maximum award will decrease from \$2,980 to \$2,563, with a minimum award of \$843. This is a decrease in the rationing factor from 50% used during most recent years, and reduces all awards. The minimum award under the proposed formula reflects an increase from \$674 in 2009-10.

While never an easy task, the decision regarding a formula recommendation was especially difficult this year, as UW sought to balance the need to provide more grants to eligible students with the need to provide grants that are meaningful in value compared to the cost of college attendance. The proposed formula will provide awards to more students than in 2009-10 and allocate more aggregate WHEG dollars to those students with the most financial need. In addition, it is anticipated that this formula will move the date that awards are suspended and a waiting list implemented to approximately November 21st for 2010-11, which will allow students who apply for financial aid later in the process to receive a WHEG. I believe that the proposed formula strikes the difficult balance between funding as many eligible students as possible, while still providing grants in meaningful amounts that will allow access to UW for low-income students.

I would also like to highlight for the Board members the challenges that the current economy has presented to all Wisconsin students attending institutions of higher education. It comes as no surprise that students and their families have confronted job

losses, decreases in college savings, and numerous other challenges to financing their college education. These factors have combined to increase the need and demand for all financial aid programs, but especially those programs such as WHEG that provide aid to students with severe financial need. I look forward to working with the Board during the 2011-13 Budget process to secure additional funding for need-based financial aid.

Finally, I want to offer my appreciation to you and your staff for working with us to develop this recommendation. I look forward to hearing your final decision following the meeting of the Higher Educational Aids Board on February 26, 2010.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kevin', written in a cursive style.

Kevin P. Reilly
President

Copy: Regent Bartell
Chancellors
Cabinet