

DISCUSSION/ACTION
July 30, 2014

HIGHER EDUCATIONAL AIDS BOARD

BOARD REPORT #15-04

2015-2017 BIENNIAL BUDGET ISSUES

UNIVERSITY OF WISCONSIN SYSTEM



Office of the President

1700 Van Hise Hall
1220 Linden Drive
Madison, Wisconsin 53706-1559
(608) 262-2321
(608) 262-3985 Fax

e-mail: rcross@uwsa.edu
website: www.wisconsin.edu

June 24, 2014

Mary Jo Green, Chair
John Reinemann, Executive Secretary
Higher Educational Aids Board
PO Box 7885
Madison, WI 53707-7885

Via Electronic Mail

Dear Board Chair Green and Executive Secretary Reinemann:

Enclosed with this letter please find a resolution adopted by the Board of Regents of the University of Wisconsin System at their June 2014 meeting, along with the supporting materials that were provided. This resolution contains the recommendations for the Wisconsin Higher Education Grant (WHEG-UW) program that the Board has requested be included in the Higher Educational Aids Board's (HEAB) 2015-17 Biennial Budget submission.

As you know, the 2011-13 and 2013-15 budgets provided no funding increases for WHEG-UW, and there remains significant demand for need-based financial aid by University of Wisconsin System students. In 2013-14, the combination of level funding and increased student financial need resulted in an estimated 3,581 eligible students not receiving a WHEG-UW award (estimated cost of more than \$6.82 million to fully fund the need). In addition, since 2010-11 the UW System has decreased the amount of awards in order to increase the number of grants provided to WHEG-UW eligible students. This has resulted in the average award decreasing from \$2,161 2009-10 to \$1,776 in 2013-14.

Therefore, the Board recommends additional funding to provide grants to the current wait list of eligible students and to return the average award level for all eligible students to the 2012-13 level of \$1,837 in 2016-17.

The requested 2015-17 funding for the WHEG-UW program will help more students to access and complete a quality higher education, producing a more highly skilled and educated workforce. Additional college degrees, especially in the science, technology, engineering, and math (STEM) fields, are crucial for spurring innovation and entrepreneurial activity, both of which are critical for the future of Wisconsin. Ensuring that lower- and middle-income students can attain a college education is a key component in achieving this future.

Thank you for considering these proposals for inclusion in HEAB's 2015-17 biennial budget request. If you have any questions regarding this request, please do not hesitate to contact my office.

Sincerely,

A handwritten signature in black ink that reads "Ray Cross".

Ray Cross
President

UW SYSTEM BOARD OF REGENTS

Resolution 9:

That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents submits the following 2015-17 WHEG-UW funding request to the Wisconsin Higher Educational Aids Board (HEAB), for inclusion in HEAB's 2015-17 Biennial Budget request:

“That the funding for the WHEG-UW program increase by \$6,382,696 in 2015-16 to provide grants to the current wait list of eligible students, and by an additional \$2,223,206 in 2016-17 to return the average award level for all eligible students to the 2012-13 level of \$1,837, providing a biennial increase of \$14,988,598.”

RECOMMENDATION ON FINANCIAL AID FOR THE 2015-17 BIENNIUM

BACKGROUND

The Wisconsin Higher Education Grant Program for students attending University of Wisconsin institutions (WHEG-UW), Wisconsin's largest financial aid program, has been flat funded in recent budgets. WHEG-UW provides state-funded grants to undergraduate resident students who demonstrate financial need and are enrolled at least half-time. Award amounts are determined by a formula, which is revised annually with input from UW financial aid directors.

The budget request for WHEG-UW is approved in even-numbered years by the Board of Regents and then forwarded to the Higher Educational Aids Board (HEAB) for inclusion in that agency's biennial budget submission to the Department of Administration.

A resolution has been developed for submission to the Higher Educational Aids Board, supporting a request to increase the Wisconsin Higher Education Grant for UW Students (WHEG-UW) program to support the current number of students plus an additional 3,581 students who were on a wait list for the 2013-14 year. A resolution needs to be acted upon to meet the budget development timeline of the Higher Educational Aids Board. It has normally asked that the Board of Regents submit its WHEG-UW recommendations by the end of June.

REQUESTED ACTION

Approval of Resolution 9. That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents submits the following 2015-17 WHEG-UW funding request to the Wisconsin Higher Educational Aids Board (HEAB), for inclusion in HEAB's 2015-17 Biennial Budget request:

"That the funding for the WHEG-UW program increase by \$6,382,696 in 2015-16 to provide grants to the current wait list of eligible students, and by an additional \$2,223,206 in 2016-17 to return the average award level for all eligible students to the 2012-13 level of \$1,837."

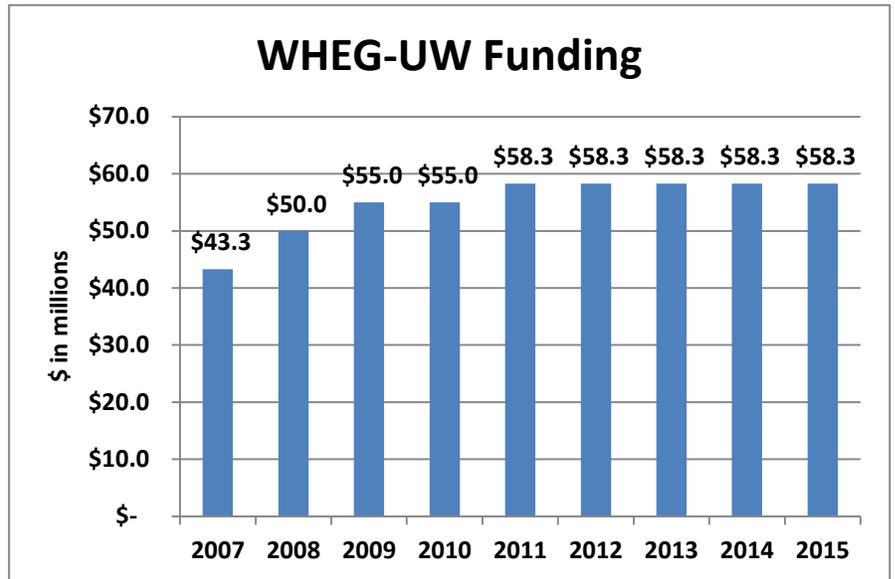
RELATED REGENT POLICIES

Not applicable.

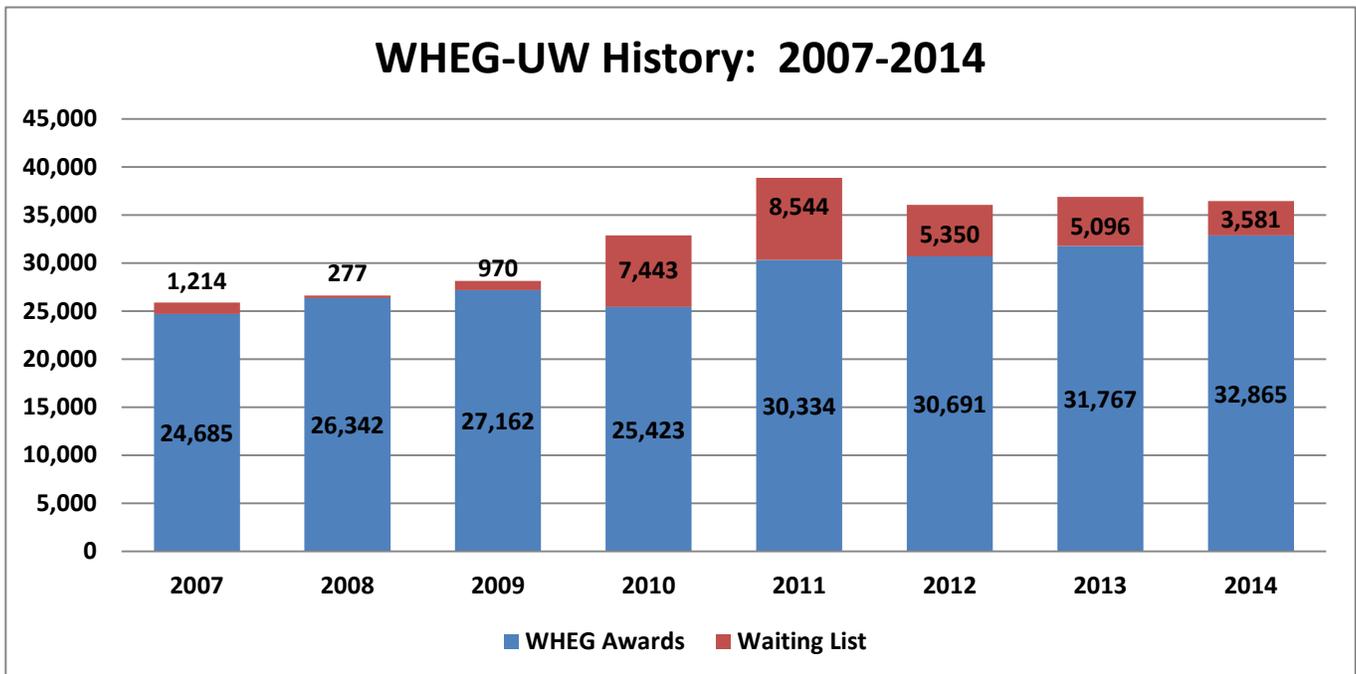
2015-17 WHEG-UW Funding Request

Impacts of Flat Funding

WHEG-UW funding for the UW System has remained at \$58,345,400 since 2010-11. This has had significant impacts on grant sizes and the waiting list of eligible students who do not receive awards due to insufficient funding. Flat funding coupled with the economic recession resulted in a significant waiting list starting in 2009-10. Without additional funding, the UW System began making changes to the funding formula starting in 2010-11 to reduce the wait-list and make awards to a greater number of needy students.



The funding formula used to award grants to students has remained unchanged since 2012-13. Changes to the funding formula have reduced the waiting list; however, this has resulted in a gradual decrease in the size of WHEG-UW awards. The average WHEG-UW award decreased from approximately \$1,901 in 2011-12 to \$1,776 in 2013-14. While more students with financial need are receiving aid through this program, the size of these awards has not increased to help address rising costs. Even with the 2013-15 tuition freeze, the other costs associated with college attendance (housing, food, books, travel, etc.) have all increased.



WHEG-UW Funding Request - Eliminate Waiting List and Gradual Award Increases

The following 2015-17 WHEG funding request strikes a delicate balance between eliminating the waiting list and gradually increasing average award sizes.

- The request eliminates the projected 2013-14 waiting list of 3,581, thereby funding all WHEG-UW eligible students.
- The average award is projected to remain at the 2013-14 level of \$1,776 in 2015-16.
- Awards are projected to then return to the 2012-13 level of \$1,837 in 2016-17.

	2014-15	2015-16 Increase	Final 2015-16	2016-17 Increase	Final 2016-17	Biennial Request
WHEG	\$58,345,400	\$6,382,696	\$64,728,096	\$2,223,206	\$66,951,302	\$14,988,598

Funding Request Considerations

UW System Administration considered multiple WHEG-UW funding request options. These options were shared and discussed with financial aid directors at UW institutions and with UW System staff. Below is a brief summary of two of the options that were considered.

One option that was considered would have eliminated the projected 2013-14 waiting list of 3,581 students and funded all WHEG-UW eligible students. This option would have kept the average award at the 2013-14 level of \$1,776. This would have required a WHEG-UW program funding increase of \$6,382,696 in both 2015-16 and 2016-17, for a total biennial request of \$12,765,392. This option would not have provided funding to return average award levels to those seen in previous years. The recommended request builds upon this option and starts to return award levels to the 2012-13 average instead of holding them at the lower 2013-14 level.

The UW System also considered an option that would have eliminated the projected 2013-14 waiting list of 3,581 students and raised awards to the 2009-10 average of \$2,161. It would reverse the trend of lower WHEG-UW average award sizes and return to the 2009-10 average award level; however, it would also require a WHEG-UW program funding increase of \$20,414,406 in both 2015-16 and 2016-17, for a total biennial request of \$40,828,812. The funding required to accomplish both of these goals in one biennium was thought to be prohibitive.