

DISCUSSION/ACTION
November 9, 2016

HIGHER EDUCATIONAL AIDS BOARD

BOARD REPORT #17-14

2016-17 WISCONSIN GRANT - UWS PROGRAM FORMULA CHANGE

**CHANGE TO 2016-2017 FORMULA
WISCONSIN GRANT
UNIVERSITY OF WISCONSIN SYSTEM**

**November 9, 2016
BOARD REPORT #17-14**

Recommendation of the University of Wisconsin System President Ray Cross:

(\$6,785– EFC) x 40% = Award

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

Maximum Award: **\$2,714** Minimum Award: **\$914**

Other Information:

2016-2017 Appropriation: \$58,345,400

2015-2016 Appropriation: \$58,345,400

2014-2015 Appropriation: \$58,345,400

2013-2014 Appropriation: \$58,345,400

2012-2013 Appropriation: \$58,345,400

Current Formula - 1617:

(\$5,960 – EFC) x 40% = Award

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

Maximum Award: \$2,384 Minimum Award: \$584

Current Year Spending: All of the 2016-2017 funds will be spent.



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November 2, 2016

John Reinemann, Executive Secretary *Via Electronic Mail*
Higher Educational Aids Board
131 W. Wilson Street, Suite 902
PO Box 7885
Madison, WI 53707-7885

Dear Executive Secretary Reinemann:

Thank you for the opportunity to forward the University of Wisconsin System's recommendation on the Wisconsin Grant formula. UW System Financial Aid Directors have submitted a recommendation for a change in the 2016-17 formula and the 2017-18 funding formula for my approval.

The change in the formula for 2016-17 addresses funding remaining for 2016-17 for the UW System Wisconsin Grant. This balance reflects decreased number of students eligible for the Wisconsin Grant and lower EFCs for this population of students. My recommendation is that the 2016-17 formula be changed to increase the budget of \$5,960 to \$6,785, with the rationing factor remaining at 40%, and the maximum expected family contribution of \$4,500. The maximum award will increase from \$2,384 to \$2,714, with a minimum award increasing from \$584 to \$914. My recommendation would also include a second tier, if funds are available, to expand the maximum EFC to the Pell maximum with the students in the second tier awarded the minimum UW Wisconsin Grant of \$914.

My recommendation for the 2017-18 formula is that the formula distribute grants using this same updated 2016-17 formula. The 2017-18 formula uses a budget of \$6,785 and a rationing factor of 40%, with a maximum expected family contribution of \$4,500. The maximum award will remain at \$2,714, with a minimum award of \$914. My recommendation would also include a second tier, if funds are available, to expand the maximum EFC to the Pell maximum, with the students in the second tier awarded the minimum UW Wisconsin Grant of \$914.

This approach continues to fall short of the historic approach of the Wisconsin Grant award covering 50% of tuition for students with the most financial need. However, this recommendation takes a step in reaching this goal.

We continue the institutional allocation approach that was initially implemented during 2011-12. For 2016-17, allocations will be based on existing awards adjusted for the increase the formula.

For 2017-18, we are proposing that grants continue to be provided to students at UW System institutions in proportion to the latest year (2015-16) of Pell Grants received for \$4,500 EFC and below at each UW institution.

The Wisconsin Grant formula continues to strike the difficult balance between funding as many eligible students as possible while still providing grants in meaningful amounts that will help low-income students access a UW education. We believe the current formula uses the scarce resources in the most effective manner.

I must point out that the recommended 2016-17 and 2017-18 formula reflects the continuing insufficient funding for the state need-based financial aid program. I look forward to working with the HEAB Board as we prepare for the 2017-19 Budget process to secure the additional, critically needed funding for need-based financial aid that is required in order to fully fund the commitment that the state has made to low-income students.

Finally, I want to offer my appreciation to the HEAB staff for their hard work and support of the Wisconsin Grant Program. I look forward to hearing your final decision following the meeting of the Higher Educational Aids Board on November 9, 2016.

Sincerely,



Ray Cross
President

CC: Regents
Chancellors
Cabinet
Financial Aid Officers
Jacob Lubenow, Student Representative on HEAB Board