

DISCUSSION/ACTION
November 1, 2019

HIGHER EDUCATIONAL AIDS BOARD

BOARD REPORT #20-12

2019-20 WG-UW PROGRAM FORMULA CHANGE
2020-21 WG-UW PROGRAM FORMULA



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November 1, 2019

Connie Hutchison, Ph.D., Executive Secretary
Higher Educational Aids Board
4822 Madison Yards Way, Seventh Floor
PO Box 7885
Madison, WI 53707-7885

Via Electronic Mail

Dear Executive Secretary Hutchison:

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 2019-20 formula and the 2020-21 funding formula for my approval.

We seek a change to the formula for 2019-20 as we anticipate a remaining balance due to a declining number of students eligible for the Wisconsin Grant based on current statutory criteria. My recommendation is that the 2019-20 formula be changed to increase the budget of \$7,150 to \$7,500, increase the maximum expected family contribution of \$5,296 to \$5,600, with the rationing factor remaining at 42%. The maximum award will increase from \$3,003 to \$3,150, with a minimum award increasing from \$779 to \$798. My recommendation would also include a second tier, if funds are available, to expand the maximum EFC to \$8,500 with the students in the second tier awarded the minimum UW Wisconsin Grant of \$798. The goal of these adjustments will be to maximize funds distributed to students with financial need.

My recommendation for the 2020-21 formula is that the formula distribute grants using this same updated 2019-20 formula. The 2020-21 formula uses a budget of \$7,500 and a rationing factor of 42%, with a maximum expected family contribution of \$5,600. The maximum award will remain at \$3,150, with a minimum award of \$798. My recommendation would also include a second tier, if funds are available, to expand the maximum EFC to \$8,500 with the students in the second tier awarded the minimum UW Wisconsin Grant of \$798.

Historically, the Wisconsin Grant was able to cover 50% of tuition for students with the most financial need. While this updated approach attempts to increase the amount of distributed aid to students with financial aid and eliminate the possibility of a remaining balance, the approach may still fall short in serving our students. The student population these grants serve has altered due to enrollments, and the amounts to be distributed will no longer cover 50% of tuition of students with the greatest financial need due to statutory constraints. However, this recommendation takes a step in reaching the goal of distributing more of the necessary

financial aid to our students with the most financial need.

We continue the institutional allocation approach that was initially implemented during 2011-12. For 2019-20, allocations will be based on existing awards adjusted for the increase in the formula.

For 2020-21, we are proposing that grants continue to be provided to students at UW System institutions in proportion to the latest year (2017-18) of Pell Grants received for \$5,920 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 revised formula uses the scarce resources in the most effective manner given the existing constraints.

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 1, 2019.

Sincerely,

A handwritten signature in black ink, appearing to read "Ray Cross".

Ray Cross
President

CC: Regents
Chancellors
Cabinet
Financial Aid Officers
Logan Kossel, Student Representative on HEAB Board

**PROPOSED 2019-2020 FORMULA CHANGE
WISCONSIN GRANT
UNIVERSITY OF WISCONSIN SYSTEM**

**November 1, 2019
BOARD REPORT #20-12**

Recommendation of the University of Wisconsin System President Ray Cross:

$(\$7,500 - \text{EFC}) \times 42\% = \text{Award}$

$(\text{Student Budget} - \text{Expected Family Contribution (max. EFC \$5,600)}) \times \text{Student Award Percentage} = \text{Award}$

Maximum Award: \$3,150 Minimum Award: \$798

Other Information:

2019-2020 Appropriation: \$61,894,100

2018-2019 Appropriation: \$61,894,100

2017-2018 Appropriation: \$60,487,500

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

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

Current Formula - 1920:

$(\$7,150 - \text{EFC}) \times 42\% = \text{Award}$

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

Maximum Award: \$3,003 Minimum Award: \$779

**PROPOSED 2020-2021 FORMULA
WISCONSIN GRANT
UNIVERSITY OF WISCONSIN SYSTEM**

**November 1, 2019
BOARD REPORT #20-12**

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