

**Report of the**

**2012 Commission on Financial Aid**

**Consolidation and Modernization**

**November 2012**



**State of Wisconsin**  
**Higher Educational Aids Board**



## State of Wisconsin Higher Educational Aids Board

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**Scott Walker**  
Governor

**John Reinemann**  
Executive Secretary

November 30, 2012

Members, Wisconsin Legislature  
Members, Higher Educational Aids Board (HEAB)

Honorable Legislators and Board Members:

2011 Act 2011 created the 2012 Commission on Financial Aid Consolidation and Modernization within the Higher Educational Aids Board (HEAB) and required a report from the Commission. This document is that report on the work of the Commission.

The Commission was very fortunate to have the participation and support of the four academic sectors served by HEAB's grant programs: the University of Wisconsin System, the Wisconsin Technical College System, the Wisconsin Association of Independent Colleges and Universities, and the Tribal Colleges of Wisconsin.

The work of the Commission is summarized in this report to the Legislature and the HEAB Board. In addition, the major recommendations of the Commission have been submitted by the Higher Educational Aids Board (HEAB) as part of its biennial budget recommendations for 2013-2015. This report is being shared with Governor Scott Walker and the Wisconsin Department of Administration.

We appreciate the opportunity to discuss the important issues addressed by the Commission and the opportunity to make this report on the Commission's recommendations.

HEAB staff and representatives of the academic sectors worked together closely to produce these recommendations. We look forward to working together to answer your questions about our work as a Commission and our work with Wisconsin's students.

Sincerely,

John Reinemann, Executive Secretary  
Wisconsin Higher Educational Aids Board

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## EXECUTIVE SUMMARY OF RECOMMENDATIONS

### Commission Findings:

1. The Commission appreciates the support of the Governor and the Legislature in maintaining funding levels for the HEAB grant programs for 2011-2013 at levels unchanged from 2009-2011.

However, the Commission believes that funding for these programs should be increased. It arrives at this conclusion after an analysis of unmet financial need or unmet educational need among Wisconsin students.

The Commission recommends that policymakers examine unfunded demand of Wisconsin students in higher education to help arrive at funding levels for the HEAB grant programs, in the coming biennium and into the future.

HEAB has recommended increased funding in its submission to the Department of Administration as part of the biennial budget process for 2013-2015. (Appendix V)

2. The Commission recommends that the Governor and the Legislature in enacting Wisconsin's biennial budget consider the thousands of Wisconsin's students eligible to enroll in Wisconsin's colleges and universities and to participate in state aid programs but who are turned away every year because of insufficient funding.

3. The Commission recommends that the appropriations supporting the major HEAB grant programs (WHEG and WTG) be made sum-sufficient, in an effort to allow all qualifying students to obtain a grant regardless of the date on which they complete their FAFSA and thereby apply for the grant.

This recommendation is included in a submission by HEAB to the Department of Administration as part of the biennial budget process for 2013-2015.

4. In an effort to assure higher education access is maintained for Wisconsin's most disadvantaged residents, the Commission recommends adoption into statute of a link between tuition and appropriations for HEAB grant programs.

The Commission recommends that the link for WHEG-UW, WHEG-Tribal, and WTG be an average of the tuition increases at the various UW institutions; for WHEG-WTC it is to be the tuition increase at the WTC institutions.

This recommendation is included in a submission by HEAB to the Department of Administration as part of the biennial budget process for 2013-2015.

5. In a further effort to increase lawmakers' understanding of the complexities and importance of higher-education funding issues, the Commission recommends that HEAB and the academic sectors (UW, WTCS, and WAICU) commence a regular outreach effort to the legislature explaining the avenues and options for financial aid, and for financial literacy generally in making college decisions; and that this effort should include an information session in the Capitol for legislative offices, as well as ongoing efforts at communication.

6. The Commission recommends re-naming the WTG and WHEG programs so that these grant programs share the same name; that an acronymic suffix be retained to designate which sector is being referred to as Wisconsin Grant-UW, Wisconsin Grant-WTCS, Wisconsin Grant-WAICU, and Wisconsin Grant-Tribal Colleges; and that the current system of separate formulae and appropriations should be retained.

The Commission also supports continuation of the current process of establishing formulae for each sector's grant program, with UW, WTCS, WAICU, and Tribal Colleges making an annual recommendation to the HEAB Board and the HEAB Board making the decision on formula construction for each sector's grants.

7. The Commission recommends no consolidation of the Academic Excellence Scholarship and the targeted loan-forgiveness programs administered by HEAB, with the major HEAB grant programs (WTG and WHEG).

8. The Commission recommends maintaining the current WHEG and Tuition Grant eligibility requirement of at least half-time enrollment.

The Commission recommends that HEAB pursue statutory and administrative changes that would extend WHEG and Tuition Grant eligibility to students enrolled less than half-time only if all of the following conditions occur:

- The University of Wisconsin System, the Wisconsin Technical College System, the Wisconsin Association of Independent Colleges and Universities and Wisconsin's Tribal Colleges recommend eligibility for students enrolled less than half time for their respective sector's grant programs.
- HEAB concludes that sufficient state appropriations are available to provide grants to eligible applicants enrolled at least half-time and such that extending eligibility to students enrolled less than half-time could be undertaken without a decrease in the grant amounts or in the number of grants awarded to students enrolled at least half-time.
- HEAB has the staff and technology capacity to monitor and enforce grant eligibility requirements of a less than half-time participant population.

9. The Commission recommends that, if the tie between tuition levels and a sum-sufficient appropriation for the WHEG program is not made, or is put aside by temporary statutory provision, that the appropriation be converted from its current status as an annual appropriation, to a biennial appropriation.

This recommendation is included in a submission by HEAB to the Department of Administration as part of the biennial budget process for 2013-2015.

10. The Commission recommends a change to the Wisconsin Covenant: an amendment to the administrative code that would allow HEAB staff to waive the April 1 deadline for senior confirmation in a manner similar to what it can do for the FAFSA and for applications for other HEAB programs.

11. The Commission recommends a change to the Satisfactory Academic Performance (SAP) component of the Wisconsin Covenant program under HEA 15.05 (3) that would conform the SAP requirement for the Wisconsin Covenant to the SAP requirements for other HEAB programs: SAP eligibility would be able to be recovered if lost, and SAP eligibility would be determined by each institution for its own students.

12. The Commission endorses passage of legislation comparable to 2011 Assembly Bill 142, a product of the 2010 interim study committee, which would allow student recipients of the Talent Incentive Grant to continue receiving the grant through a discontinuous enrollment as is done for other HEAB grant programs.

The discussions of the Commission covered many aspects of higher education, higher education finance, state policymaking, and the role of education and higher education credentials in state economic development.

- a. The Commission affirmed its belief in the importance of higher education in economic development within the state, as well as in its potential to improve income and other life outcomes. The Commission affirmed that while completion of a higher education credential such as a degree, a certificate, or other credential is one measure of this potential, the potential is present and important for all who receive some measure of higher education.
- b. The Commission recommends that post-secondary financial aid be considered by policymakers as separate from job-training aid. On this basis the Commission urges that all state programs in the area of financial aid remain within the administration of

HEAB as an independent, neutral state agency; further, that HEAB remain the location of financial aid information and access in Wisconsin.

- c. The Commission notes the importance of technology in financial aid programs, and endorses the need for HEAB to have sufficient resources to obtain and use updated technology to administer its programs. (This recommendation echoes a request made by HEAB in its budget request submission to the Department of Administration as part of the biennial budget process for 2013-2015.)



## INTRODUCTION

The Commission on Financial Aid Consolidation and Modernization was created by 2011 Act 176, which was signed into law on April 2, 2012.

2011 Wisconsin Act 176 created the Commission within HEAB (the State of Wisconsin Higher Educational Aids Board) and charged the Commission with studying

- (A) The potential for consolidating all grant programs administered by the higher educational aids board into a single, comprehensive, need-based grant program, and
- (B) Options for providing grant aid for students who are attending Wisconsin institutions of higher education at less than full-time credit loads.

Act 176 required that the Commission report its findings to the HEAB Board and the legislature by December 1, 2012. The Act also provided for the membership of the Commission, in part by naming specific members and in part by designating appointments to the body.

- *A copy of Act 176 appears as Appendix I to this report.*

After appointments were made and Commission members consulted, the Commission met on May 18, 2012 to discuss its mission. Subsequent meetings were held on June 27, July 24, August 7, and August 29.

- *A list of Commission members (and their appointing authorities, when relevant) appears as Appendix II to this report.* Members were selected as specified by Act 176.

Commission meetings were open to the public and were announced via news outlets and via the HEAB web site. A list serve was organized to provide interested parties with information via email. Agendas, meeting summaries, and other documents were made available on the HEAB web site and were shared with requestors via email. At every step, an effort was made to be open and inclusive in the work of the Commission.

## SUMMARY OF HEAB PROGRAMS

HEAB administers a variety of programs which can be categorized as grants, scholarships, loans, tuition reciprocity agreements, and tuition capitation contracts.

- Grants are "gift" aid; they do not have to be repaid. Eligibility for grants is based primarily on financial need, and each grant program has specific eligibility requirements.
- Scholarships are "gift" aid; they do not have to be repaid. Unlike grants, eligibility for scholarships is usually based on merit or achievement, rather than financial need.
- Loans are financial aid that must be repaid. The current state loan programs were created to address specific needs. Some or all of the debt from the loans administered by HEAB may be forgiven if the student works in Wisconsin in the specified field after completing their degree. HEAB is able to forgive only loans that originate from HEAB programs; the agency cannot forgive federal student loans or private student loans.
- Tuition reciprocity agreements reduce the cost of out-of-state tuition for Wisconsin residents attending specific schools in other states. HEAB administers a comprehensive tuition reciprocity agreement between the States of Wisconsin and Minnesota. HEAB also has reciprocity agreements with specific schools in Michigan, Illinois and Iowa.
- Tuition capitation contracts provide fixed tuition subsidies for limited numbers of Wisconsin residents at specific graduate-level professional schools. HEAB administers capitation payment programs for the Marquette University School of Dentistry and for the Medical College of Wisconsin.

### WISCONSIN HIGHER EDUCATION GRANT (WHEG)

The Wisconsin Higher Education Grant Program provides grant assistance to undergraduate, Wisconsin residents enrolled at least half-time in degree or certificate programs at University of Wisconsin, Wisconsin Technical College, and Tribal Colleges. Awards are based on financial need. Eligibility cannot exceed ten semesters.

PROGRAM	2009-2010		2010-2011	
	DOLLARS SPENT	AWARDS	DOLLARS SPENT	AWARDS
Wisconsin Higher Education Grant - UW System	\$54,977,370	25,423	\$59,579,159	30,364
Wisconsin Higher Education Grant - WTC System	\$16,686,129	18,207	\$20,301,301	21,257
Wisconsin Higher Education Grant - WI Tribal Colleges	\$416,675	310	\$468,918	350

### WISCONSIN TUITION GRANT (WTG)

The Wisconsin Tuition Grant Program provides grant assistance to undergraduate, Wisconsin residents enrolled at least half-time in degree or certificate programs at non-profit Independent Colleges or Universities based in Wisconsin. Awards are based on financial need and partially based on that portion of tuition in excess of UW - Madison tuition. The maximum award amount is established annually by HEAB. Eligibility cannot exceed ten semesters.

PROGRAM	2009-2010		2010-2011	
	DOLLARS SPENT	AWARDS	DOLLARS SPENT	AWARDS
Wisconsin Tuition Grant	\$25,909,981	10,300	\$27,864,140	11,020

### WISCONSIN COVENANT GRANT

The Wisconsin Covenant scholars grant program provides grants to eligible students beginning in the 2011-12 academic year. To be eligible, a student must be designated as a Wisconsin covenant scholar by the Higher Educational Aids Board. No student may enroll in the Wisconsin covenant scholars program after September 30, 2011. Students who enroll in the program in 2011 will be graduating from high school in spring 2015. The student must be enrolled at least half time and registered as a freshman, sophomore, junior, or senior at a public or private nonprofit, accredited institution of higher education or in a tribally-controlled college in this state. (NOTE: The first year in which Covenant grants are being made is 2011-12; the table below shows no grants for 2009-10 or 2010-11. In 2011-12, the program will award 5628 grants totaling \$4,413,918. Of that amount, GPR provides \$3.6 million and the Wisconsin Covenant Foundation provides \$763,159. For more about the Foundation, see page xx of this report.)

PROGRAM	2009-2010		2010-2011	
	DOLLARS SPENT	AWARDS	DOLLARS SPENT	AWARDS
Wisconsin Covenant Grant	NA		NA	

### TALENT INCENTIVE PROGRAM GRANT

The Talent Incentive Program (TIP) Grant provides grant assistance to the most financially needy and educationally disadvantaged Wisconsin resident students attending colleges and universities in the State of Wisconsin. First-time freshmen students are nominated for the TIP Grant by the school financial aid offices or by counselors of the Wisconsin Educational Opportunities Program (WEOP).

PROGRAM	2009-2010		2010-2011	
	DOLLARS SPENT	AWARDS	DOLLARS SPENT	AWARDS
Talent Incentive Program Grant	\$4,419,019	4,311	\$6,720,762	4,534

### INDIAN STUDENT ASSISTANCE GRANT

Awards under this program are made to Wisconsin residents who are at least 25% Native American and are undergraduate or graduate students enrolled in degree or certificate programs at University of Wisconsin, Wisconsin Technical College, Independent Colleges and Universities or Proprietary Institutions based in Wisconsin. Awards are based on financial need with a limit of ten semesters of eligibility. HEAB has an informal matching arrangement with grant funds awarded by the Federal Bureau of Indian Affairs and Wisconsin Tribal governments.

PROGRAM	2009-2010		2010-2011	
	DOLLARS SPENT	AWARDS	DOLLARS SPENT	AWARDS
Indian Student Assistance Grant	\$763,324	823	\$650,555	683

### MINORITY UNDERGRADUATE RETENTION GRANT

This grant is for students at Independent Colleges/Universities and the Technical Colleges. (UW Students can apply for the Lawton Grant which is administered by the UW System.) Awards under this program are made to Wisconsin resident minority undergraduates, excluding first year students, enrolled at least half-time in Independent Institutions or Wisconsin Technical Colleges. According to the statutes, a minority student is defined as a student who is either an African American; American Indian; Hispanic; or Southeast Asian from Laos, Cambodia, or Vietnam admitted to the U. S. after December 31, 1975. Awards are based on financial need with a maximum grant of \$2,500 per year for up to eight semesters or twelve quarters. The University of Wisconsin System has a similar program for students attending those institutions.

PROGRAM	2009-2010		2010-2011	
	DOLLARS SPENT	AWARDS	DOLLARS SPENT	AWARDS
Minority Retention Grant - WTC System	\$400,550	487	\$387,125	514
Minority Retention Grant - Independent and Tribal Colleges	\$385,747	310	\$415,459	335

### HEARING & VISUALLY HANDICAPPED STUDENT GRANT

The Handicapped Student Grant Program was established to provide funding for undergraduate Wisconsin residents, enrolled at in-state or eligible out-of-state public or independent institutions who show financial need and have a severe or profound hearing or visual impairment. Students are eligible to receive up to \$1,800 per year for up to ten semesters.

PROGRAM	2009-2010		2010-2011	
	DOLLARS SPENT	AWARDS	DOLLARS SPENT	AWARDS
Handicapped Student Grant	\$103,191	65	\$121,860	78

### ACADEMIC EXCELLENCE SCHOLARSHIP

Academic Excellence Scholarships are awarded to Wisconsin high school seniors who have the highest grade point average in each public and private high school throughout the state. The number of scholarships each high school is eligible for is based on total student enrollment. In order to receive a scholarship, a student must be enrolled on a full-time basis by September 30th of the academic year following the academic year in which he or she was designated as a scholar, at a participating University of Wisconsin, Wisconsin Technical College, or Independent Institution in the state. The value of the scholarship is \$2,250 per year, to be applied towards tuition. Half of the scholarship is funded by the state; the other half is matched by the institution.

PROGRAM	2009-2010		2010-2011	
	DOLLARS SPENT	AWARDS	DOLLARS SPENT	AWARDS
Academic Excellence Scholarship	\$3,126,180	2,853	\$3,106,247	2,910

### NURSING STUDENT LOAN

The Nursing Student Loan Program provides loans to Wisconsin residents who are enrolled at least half-time at an eligible in-state institution that prepares them to be licensed as nurses, either RN or LPN. The maximum award per year is \$3,000 with an overall maximum of \$15,000. The student who participates in this program must agree to be employed as a licensed nurse in Wisconsin. For each of the first two years the student nurses and meets the eligibility criteria, 25% of the loan is forgiven. The balance remaining after forgiveness must be repaid at an interest rate of 5%. If the student does not practice nursing and meet the eligibility criteria, the loan must be repaid at an interest rate of 5%.

PROGRAM	2009-2010		2010-2011	
	DOLLARS SPENT	AWARDS	DOLLARS SPENT	AWARDS
Nursing Student Loan	\$424,702	229	\$440,558	225

### MINORITY TEACHER LOAN

The Minority Teacher Loan Program provides loans to Wisconsin resident, minority, undergraduate juniors or seniors or graduate students who are enrolled at least half-time in programs leading to teacher licensure at an Independent or University of Wisconsin Institution. The maximum award per year is \$2,500 with an overall maximum of \$5,000. Statutes define a minority student as a student who is either an African American; American Indian; Hispanic; or Southeast Asian from Laos, Cambodia, or Vietnam admitted to the U. S. after December 31, 1975. Students who participate in this program must agree to teach in a Wisconsin school district in which minority students constitute at least 29% of total enrollment or in a school district participating in the inter-district pupil transfer (Chapter 220) program. For each year the student teaches in an eligible school district, 25% of the loan is forgiven. If the student does not teach in an eligible district, the loan must be repaid at an interest rate of 5%.

PROGRAM	2009-2010		2010-2011	
	DOLLARS SPENT	AWARDS	DOLLARS SPENT	AWARDS
Minority Teacher Loan	\$190,826	80	\$201,225	95

### TEACHER OF THE VISUALLY IMPAIRED LOAN

The Teacher of the Visually Impaired Loan Program provides loans to Wisconsin residents who are enrolled at least half-time at an in-state or eligible out-of-state institution in a program that prepares them to be licensed as teachers of the visually impaired or as orientation and mobility instructors. The maximum award per year is \$10,000 with an overall maximum of \$40,000. The student who participates in this program must agree to be a licensed teacher or an orientation or mobility instructor in a Wisconsin school district, the Wisconsin Center for the Blind and Visually Impaired or a cooperative educational service agency. For each of the first two years the student teaches and meets the eligibility criteria, 25% of the loan is forgiven. For the third year, 50% is forgiven. If the student does not teach and meet the eligibility criteria, the loan must be repaid at an interest rate of 5%.

PROGRAM	2009-2010		2010-2011	
	DOLLARS SPENT	AWARDS	DOLLARS SPENT	AWARDS
Teacher of the Visually Impaired Loan	\$60,000	6	\$63,352	9

## TEACHER EDUCATION LOAN

### Milwaukee Teacher Education Center

The Teacher Education Loan Program provides loans to Wisconsin residents enrolled in the teacher education programs at the Milwaukee Teacher Education Center (MTEC). The student who receives this loan must agree to teach in the Wisconsin school district operating under Chapter 119 of the Wisconsin State Statutes, First Class City School System (currently only the Milwaukee Public Schools). For each year the student teaches in the eligible school district, 50% of the loan is forgiven. If the student does not teach in the eligible district, the loan must be repaid at an interest rate of 5%.

PROGRAM	2009-2010		2010-2011	
	DOLLARS SPENT	AWARDS	DOLLARS SPENT	AWARDS
Teacher Education Loan	\$64,125	23	\$79,083	28

## JOHN R. JUSTICE LOAN FORGIVENESS PROGRAM

Wisconsin has been approved to receive funds for the John R. Justice Grant. In 2010, Congress enacted this law, named for the late John Reid Justice of South Carolina, to encourage qualified attorneys to choose careers as prosecutors and public defenders and to continue in that service. The John R. Justice Program provides loan repayment assistance for state and federal public defenders and state prosecutors who agree to remain employed as public defenders and prosecutors for at least three years.

PROGRAM	2009-2010		2010-2011	
	DOLLARS SPENT	AWARDS	DOLLARS SPENT	AWARDS
John R. Justice Loan Forgiveness Program	NA		\$144,400	61

### MINNESOTA-WISCONSIN RECIPROCITY PROGRAM

The MN-WI Reciprocity Program provides tuition reciprocity for Wisconsin residents who enroll in an eligible Minnesota public institution program on a space available basis. Qualifying students pay the established reciprocity fee for coursework available at public institutions in Wisconsin. Students enrolling in a Doctor of Medicine, a Doctor of Dental Sciences, or a Doctor of Veterinary Medicine program are not eligible for tuition reciprocity under this program.

PROGRAM	2009-2010		2010-2011	
	DOLLARS SPENT	AWARDS	DOLLARS SPENT	AWARDS
MN-WI Reciprocity Program	\$13,062,671	15,070	\$14,421,854	15,283

### CAPITATION CONTRACT FOR DENTAL EDUCATION

Marquette University School of Dentistry

The Contract for Dental Education allows a finite number of Wisconsin residents to attend the Marquette University School of Dentistry at a "resident" tuition rate. Currently 160 students are able to participate each academic year. Students who meet the program criteria are awarded \$8,753 in tuition subsidization.

PROGRAM	2009-2010		2010-2011	
	DOLLARS SPENT	AWARDS	DOLLARS SPENT	AWARDS
Marquette University School of Dentistry	\$1,386,400	160	\$1,386,400	160

### CAPITATION PROGRAM, MEDICAL COLLEGE OF WISCONSIN

Medical College of Wisconsin

The Medical College of Wisconsin Capitation Program provides tuition assistance to a finite number of Wisconsin residents enrolled full-time in the Doctor of Medicine (M.D.) program at the Medical College of Wisconsin.

PROGRAM	2009-2010		2010-2011	
	DOLLARS SPENT	AWARDS	DOLLARS SPENT	AWARDS
Medical College of Wisconsin	\$1,926,600	345	\$1,926,600	322



ALL PROGRAMS	2009-2010		2010-2011	
	DOLLARS SPENT	AWARDS	DOLLARS SPENT	AWARDS
<b>GRANTS</b>				
Wisconsin Higher Education Grant (WHEG) - UW System	\$54,977,370	25,423	\$59,579,159	30,364
Wisconsin Higher Education Grant (WHEG)- WTC System	\$16,686,129	18,207	\$20,301,301	21,257
Wisconsin Higher Education Grant (WHEG) - WI Tribal Colleges	\$416,675	310	\$468,918	350
Wisconsin Tuition Grant (WTG)	\$25,909,981	10,300	\$27,864,140	11,020
Wisconsin Covenant Grant (For 2011-2012 data see page 3 of report)	NA		NA	
Talent Incentive Program Grant	\$4,419,019	4,311	\$6,720,762	4,534
Indian Student Assistance Grant	\$763,324	823	\$650,555	683
Minority Retention Grant - WTC System	\$400,550	487	\$387,125	514
Minority Retention Grant - Independent and Tribal Colleges	\$385,747	310	\$415,459	335
Handicapped Student Grant	\$103,191	65	\$121,860	78
<b>Scholarships</b>				
Academic Excellence Scholarship	\$3,126,180	2,853	\$3,106,247	2,910
<b>LOANS</b>				
Nursing Student Loan	\$424,702	229	\$440,558	225
Minority Teacher Loan	\$190,826	80	\$201,225	95
Teacher of the Visually Impaired Loan	\$60,000	6	\$63,352	9
Teacher Education Loan	\$64,125	23	\$79,083	28
John R. Justice Loan Forgiveness Program	NA		\$144,400	61
<b>RECIPROCITY</b>				
MN-WI Reciprocity Program	\$13,062,671	15,070	\$14,421,854	15,283
<b>CAPITATION</b>				
Marquette University School of Dentistry	\$1,386,400	160	\$1,386,400	160
Medical College of Wisconsin	\$1,926,600	345	\$1,926,600	322
<b>TOTALS</b>	<b>\$107,927,819</b>	<b>63,427</b>	<b>\$117,437,897</b>	<b>72,463</b>

\*These figures include refunds from the previous year received after the books were closed as well as partial or whole refunds received after the end of vouchering for that academic year.

## **SCOPE OF THE COMMISSION**

Commission members used Act 176 as their main guide in determining what issues the Commission would (and would not) address.

### **Major HEAB grant programs – background**

Act 176 refers to the grant programs administered by HEAB. Of these programs, two are of greatest size and scope:

- The Wisconsin Tuition Grant or WTG is available to qualifying Wisconsin students attending private, nonprofit post-secondary schools headquartered in Wisconsin. This group of schools is commonly referred to as the Wisconsin Association of Independent Colleges and Universities, or WAICU.
- The Wisconsin Higher Education WHEG is available to qualifying students attending schools within the University of Wisconsin System (UW), the Wisconsin Technical College System (WTCS), and the state's two Tribal colleges (the College of the Menominee Nation in Keshena and the Lac Courte Oreilles Ojibwa Community College in Hayward). WHEG at these three sectors is usually designated WHEG-UW, WHEG-WTCS and WHEG-Tribal.

Data on funding and participation in WTG and WHEG can be found earlier in this report.

### **Discussions of scope by the Commission**

The Commission concluded that existing state law which excludes for-profit institutions from eligibility for HEAB grants should be supported. These for-profit schools are also known as “proprietary” schools and career colleges.

The Commission reached this conclusion based on reputable, independent national studies. A sampling of the findings of these studies follows:

- The US Senate Committee on Health, Education, Labor and Pensions reports that for-profit institutions spend only about 17 percent of their total revenue on instruction. In addition the Senate Committee found that of the 1.1 million students who enrolled in a for-profit school in 2008-09, half had dropped out by mid-2010.
- A 2010 Education Trust study noted that the six-year graduation rate at for-profit schools was just 11 percent.

- US Department of Education statistics show that students at for-profit colleges represent about 10 percent of the nation's college enrollment but those students account for approximately 25 percent of all student loans and grants, and they make up 50 percent of the students across the country who default on those loans.
  - The US Senate Committee report notes that 96 percent of students who enroll in for-profit colleges require loans, and that 57 percent of bachelor's degrees students who graduated from a for-profit college owed \$30,000 or more.
  - The Senate report also cited a national study that found that 23 percent of students who attended for-profit schools in 2008-09 were unemployed and seeking work.
- A 2012 Harvard study in the *Journal of Economic Perspectives* found that six years after they enter college, students at for-profit schools are employed at lower rates and earn less than their peers.

Despite these challenging statistics on graduation and employment, the for-profit sector continues to absorb ever larger amounts of governmental aid.

- These schools received the largest share of military educational benefit programs. Since the Post-9/11 GI Bill went into effect in 2009, eight of the ten schools amassing the most money from the program are for-profits.
- For-profit schools captured 86 percent of their revenue from taxpayer dollars in 2009, with the top 20 for-profit schools receiving \$521 million in veterans education funds in 2010.
- The US Senate Committee report notes that total federal student aid to for-profit schools in 2009-2010 was \$32 billion.
- The Education Trust (funded by the Lumina Foundation) found that the number and percentage of Pell Grant dollars spent at for-profit schools has increased dramatically. In 1998-99, \$910 million or 13 percent of all Pell Grant dollars were spent at for-profit schools. By 2008-09, that figure was \$4.31 billion or 24 percent of the total.

With these facts and trends in mind, the Commission concluded that existing state law which excludes for-profit institutions from eligibility for HEAB grants should be supported.

Commission members concluded quickly and unanimously that a comprehensive and useful discussion of the HEAB grant programs needed to include consideration of the **level of funding** provided to the grant programs.

Act 176 prescribed that the Commission review the potential for consolidation and modernization of the HEAB grant programs. **Consolidation** was further defined in the Act and the Commission felt that it had sufficient direction on this matter from language in the Act.

**“Modernization”** is part of the name of the Commission as created by Act 176 but the term was

not defined in Act 176 to the same degree as was “consolidation”. After discussion, Commission members determined that they would consider potential improvements to the existing grant programs that would improve the effectiveness of the programs; such proposals, it was felt, represented “**modernization**” which is part of the name and the charge of the Commission.

Act 176 also required the Commission to study the issue of providing **grant aid for students attending school at less than full-time credit loads**. As with consolidation, this issue was further defined in the Act and the Commission felt that it had sufficient direction on this matter from language in the Act. This issue was referred to by Commission members as “proration” of the grants. The Commission’s discussion of **proration** is reported in a separate section of this report, below.

A recurring theme in Commission discussions was the “**effectiveness**” of the grant programs. There was wide agreement that higher education improves lives through the provision of skills and an increase in earning potential; and that this improvement is strongest when an educational credential (such as a degree or a certificate) is actually completed.

The Commission also agreed that effectiveness includes providing benefit to students as well as the citizens of the state. The Commission notes that higher education fuels economic growth. Wisconsin ranks 26<sup>th</sup> in the percentage of its population with a baccalaureate degree and 26th in per capita income while our neighbor Minnesota ranks 11th in the percentage of its population with a baccalaureate degree and 11th in per capita income.

The Commission’s recommendations on “effectiveness” are listed later in this report.

Another vein of discussion was the idea that the grant programs should be “**responsive**” to student needs and to changing circumstances in individual students’ lives.

Related to this was the goal that the HEAB grants remain “**transformational**” in size, i.e. that the grants continue to be large enough that receiving the full amount of a WHEG or WTG grant would seriously improve a student’s financial situation and make post-secondary education genuinely more likely for the students receiving the grants.

Another recurring theme of discussions was a goal of “**doing no harm.**” This concept might be summarized as a belief that whatever changes might be considered and made to the grant programs, current grant recipients should see no disruption in their educations.

One outcome of the “do no harm” discussions was a consensus agreement by Commission members that the Commission had no interest in exploring the expansion of eligibility for HEAB grant programs beyond currently eligible institutions to include for-profit educational

institutions. (Students at these schools are not currently eligible to receive HEAB grants.)

This belief was based largely on the finite nature of funding for the grant programs to date, and the knowledge that expanding the list of eligible schools without assurance of increased funding would result in greatly reduced grants to current grant recipients. Commission members agreed that such reductions would constitute the sort of disruptions to education that it sought to avoid.

A separate but related question related to the goal of “do no harm” was whether eligibility for grants should be expanded based on student enrollment status. This of course includes one of the points included in Act 176: the issue of providing grant aid for students who are attending Wisconsin institutions of higher education at less than full-time credit loads.

As noted above, this issue was referred to by Commission members as “proration” of the grants. The Commission’s discussion of proration is reported in a separate section of this report, below.

The Commission also discussed **which of HEAB’s grant programs would be considered** by the body.

- There was wide and immediate agreement that the main focus of Act 176 is the Wisconsin Tuition Grant (WTG) and the Wisconsin Higher Education Grant (WHEG), HEAB’s two largest grant programs. However, some on the Commission also wanted to examine the potential for consolidation involving HEAB’s Academic Excellence Scholarship program. In addition, some Commission members wanted to discuss potential consolidation of the various loan programs administered by HEAB. These topics were subsequently addressed in Commission discussions.
- The Commission confirmed that its charge in Act 176 did not extend to the current capitation programs (to the Marquette Dental School and the Medical College of Wisconsin) and that those programs should remain “off the table.”
- The Commission made a decision not to examine tuition reciprocity, noting that reciprocity is not a “grant” program and noting that reciprocity seemed to be separate and distinct from issues of consolidating HEAB grant programs. This decision largely removed this program from further discussion.

Finally, the Commission decided that some issues of current general interest in post-secondary education were beyond its scope. This conclusion was largely driven by the narrowness of the language in Act 176, coupled with short timeframe allowed to complete the work of the Commission. **Topics determined by the Commission to be beyond its scope included:**

- The need for higher education and for credentialed graduates in Wisconsin
- Issues of education affordability generally
- Federal student aid programs, including loans and including current discussions in Washington about the appropriate rate of interest to be charged on federal loans.
- Issues of access to higher education not tied directly to financial concerns
- Student debt discharge (debt forgiveness and the treatment of debt in bankruptcies)
- The need to encourage planning, saving, and other measures that students and families can take to become better prepared to meet education costs; and issues of dealing with high student debt, including increased options for debt consolidation and refinancing

While the Commission did determine that these issues were beyond the immediate scope of the Commission's discussions, the Commission acknowledged the importance of this topic in higher education. As a result, the Commission recommended that HEAB work on these issues in the longer term, and specifically called for HEAB to organize an outreach effort to policymakers that would highlight these issues while it acquainted policymakers with the programs currently offered to assist students. This effort would include advocacy regarding funding levels for the HEAB grant programs. (This recommendation appears on page 18 of this report.)

## **FUNDING OF HIGHER EDUCATION GRANT PROGRAMS IN WISCONSIN**

While HEAB grant programs are the agency's largest programs, the agency also administers several loan programs and an academic scholarship program. In addition, it administers capitation payments to certain higher educational institutions, and it administers tuition reciprocity agreements between Wisconsin and certain educational institutions in adjacent states.

As previously stated, Commission members unanimously concluded that a comprehensive and useful discussion of these topics needed to also include consideration of the funding level provided to the grant programs.

1. The Commission appreciates the support of the Governor and the Legislature in maintaining funding levels for the HEAB grant programs for 2011-2013 at levels unchanged from 2009-2011.

However, the Commission believes that funding for these programs should be increased. It arrives at this conclusion after an analysis of unmet financial need or unmet educational need among Wisconsin students.

The Commission recommends that policymakers examine unfunded demand of Wisconsin students in higher education to help arrive at funding levels for the HEAB grant programs, in the coming biennium and into the future.

HEAB has recommended increased funding in its submission to the Department of Administration as part of the biennial budget process for 2013-2015. (Appendix V)

In looking at questions of spending and budgeting, policymakers often seek to compare gross appropriation levels for similar programs across several states, as well as to compare programs details such as eligibility criteria and service levels.

In the area of state supported higher-education grants, such comparisons become difficult due to the varied nature of the states' grant programs. Further, such comparisons are in some ways of limited value, as they tell an incomplete story about overall public support of higher education. Such support includes state and local government spending on institutions' budgets, support of capital needs, and many other considerations both financial and administrative.

The Commission believes that it is immediately useful to examine funding levels for HEAB grant programs over time, and in the context of trends within Wisconsin. The grant programs administered by HEAB have all been funded at levels essentially unchanged since 2009. These unchanged funding levels were not reduced in the 2011-2013 biennial state budget, a budget that brought reductions for many other state programs; however, neither were funds increased for the programs.

The Commission acknowledges and appreciates the support for higher education shown by the Governor and the Legislature in this budget outcome for 2011-2013.

The Commission also acknowledges that budget decisions are not made in isolation, and that funding for all state programs is arrived at via a process that includes (as it must) considerations of available revenue and of competing demands of other programs.

However, when funding levels for the HEAB grant programs are compared to data about financial need of Wisconsin students and their families, student participation in the grant programs, early imposition of wait lists, and growing numbers of students turned away because of inadequate funding, a conclusion quickly emerges: funding levels for HEAB grant programs have not kept pace with growing student financial need.

## UNMET NEED / UNMET DEMAND

Unfunded demand – or, alternatively, unmet demand for educational resources – is calculated using many sources of information. Tuition and expenses play a role, as does the income and asset base of the students and their families.

Unfunded demand is determined by the federal government: the US Department of Education (USDE) uses information from the FAFSA (the Free Application for Federal Student Aid) to calculate a figure for each student showing the student's unfunded demand. Taken together, these figures provide insight into unmet need or unmet demand on a collective or aggregate level. Such data are the source of the figures found in Appendix III.

- *Appendix III to this report contains data about the amount of unmet need / unmet demand seen in the WHEG and WTG programs.*

The various federal financial assistance programs available to students in higher education play a role in reducing unmet financial need. Such programs are beyond the immediate scope of the Commission. However, to provide some context, funding levels of the Pell Grant (the largest federal grant) are mentioned in Appendix IV to this report.

- *Appendix IV to this report contains data about the amount Pell Grant funding available nationally since 1973.*

The Commission noted that documentation exists of the amount of unmet student financial need for higher education in Wisconsin. These figures are clear and illustrative. They show steady or rising levels of unfunded demand among Wisconsin students.

The availability of such measurements and the clear trends seen in the data led the Commission to conclude that unmet student need is be a useful measure for establishing targeted funding



levels for grant programs such as those administered by HEAB.

2. The Commission recommends that the Governor and the Legislature in enacting Wisconsin's biennial budget consider the thousands of Wisconsin's students eligible to enroll in Wisconsin's colleges and universities and to participate in state aid programs but who are turned away every year because of insufficient funding.

The Commission defers to the Legislature and the Governor on the exact level of support, as measured in unfunded demand that should be provided for these programs. However, the Commission notes that the academic sectors in the state each provided specific requests for increases to the HEAB grant programs which service their students; these requests were made as part of the budgeting process for the 2013-2015 biennial budget.

- ***Appendix V to this report provides a list of HEAB's requests submitted to DOA as part of the biennial budget process for 2013-2015.***

The Commission knows that in the near term, the budget requests of the academic sectors provide the Governor and the Legislature with immediate suggestions for support of the grant programs. In the longer term, the Commission points again to the demonstrated level of unfunded demand in the state, and suggests that unfunded demand be used by policymakers as a benchmark for planning support levels for HEAB grants in future budgets.

It is important to note that a different formula is used by each sector to award HEAB grants to their students. Therefore, it is difficult to make relative comparisons of unmet need across sectors. It is also important to note that there are additional students with financial need who are not eligible for HEAB grants. Information on total unmet need for all students can be provided by the individual academic sectors.

An examination of the data in Appendix III show un-funded need by Wisconsin students: these students applied for HEAB grants, and met the requirements to receive HEAB grants, but because they applied after funds had been expended, they received no grant from HEAB and their unfunded demand was higher as a result.

Every year, HEAB ceases to provide grant funds to qualified applicants when its appropriated grant funds are expended. As demand rises and funding has remained stagnant, the date in the school year at which grantmaking ceases, tends to come earlier, and the number of unfunded applicants tends to increase.

Obviously, unfunded demand is an obstacle to students obtaining an education. Unfunded demand must be met by the student through employment or loans; some students are able to obtain assistance from family, who in turn are burdened. Some students simply “hit the wall” and end their post-secondary educational careers for lack of resources.

3. The Commission recommends that the appropriations supporting the major HEAB grant programs (WHEG and WTG) be made sum-sufficient, in an effort to allow all qualifying students to obtain a grant regardless of the date on which they complete their FAFSA and thereby apply for the grant.

This recommendation is included in a submission by HEAB to the Department of Administration as part of the biennial budget process for 2013-2015. (Appendix V)

The Commission noted that tuition is a major component of the cost of (college) attendance. Tuition at the state's public institutions is set by public policymakers including the Board of Regents, the Wisconsin Technical College System Board, the Governor, and the Legislature. Among the greatest factors influencing recent tuition increases is the decline of public support, which has shifted a greater share of higher education costs to students. In order to limit the impact of this shift on students from families least able to cover the resulting increased tuition, the Commission recommends the creation of a statutory link between the percentage increase in appropriations for the major HEAB grants.

4. In an effort to assure higher education access is maintained for Wisconsin's most disadvantaged residents, the Commission recommends adoption into statute of a link between tuition and appropriations for HEAB grant programs.

The Commission recommends that the link for WHEG-UW, WHEG-Tribal, and WTG be an average of the tuition increases at the various UW institutions; for WHEG-WTC it is to be the tuition increase at the WTC institutions.

This recommendation is included in a submission by HEAB to the Department of Administration as part of the biennial budget process for 2013-2015. (Appendix V)

Paying for post-secondary education is expensive and complicated. HEAB grant programs interact with federal grant and loan programs, financial assistance to student by the educational institutions, and with other grants, loans, and scholarships to determine students' financial aid packaged. Student work and savings also play a role. The Commission feels strongly that the state would benefit from greater awareness of these considerations.

5. In a further effort to increase lawmakers' understanding of the complexities and importance of higher-education funding issues, the Commission recommends that HEAB and the academic sectors (UW, WTCS, and WAICU) commence a regular outreach effort to the legislature explaining the avenues and options for financial aid, and for financial literacy generally in making college decisions; and that this effort should include an information session in the Capitol for legislative offices, as well as ongoing efforts at communication.

- *Appendix VI to this report provides brief information on the Fund for Wisconsin Scholars and the Wisconsin Covenant Foundation, as well as the efforts of Great Lakes Higher Education Corporation in this area.*

## **EFFECTIVENESS AND RESPONSIVENESS OF HIGHER EDUCATION GRANT FUNDING IN WISCONSIN**

Throughout the meetings of the Commission, a central issue for Commission members was the “effectiveness” of the grant programs. HEAB grant programs are intended to advance and encourage individual educational achievement; however, measuring how effective the programs have been at achieving this goal – and what that goal might mean – lead the Commission to discuss variance in how “effectiveness” could be defined and measured.

Related to this discussion was a goal that the grant programs should continue to remain somewhat flexible and able to accommodate potential changes in students' plans as their educations progressed – a concept described by Commission members as “responsiveness.”

Central to these discussions were the idea that the grants should remain “transformational,” i.e. large enough to make a significant difference in a recipient's chances of completing an educational goal. Commission members felt strongly that the grants need to remain large enough

to make such a difference; however, the finite nature of grant funding and the grant formulae used for the programs imply a trade-off between the size of available grants and the number of potential grant recipients.

This trade-off is part of the discussion of “effectiveness” of the grant programs, but the Commission noted that absolute standards or thresholds of “effectiveness” do not exist - or, at least, are not widely agreed to within higher education.

While data on program participation are available, data on outcomes for program alumni have historically been less accessible.

A major effort to study outcomes of private, need-based financial assistance for higher education is being conducted by the **Wisconsin Scholars Longitudinal Study (WSLS)**. The study is the first statewide longitudinal study of the impact of private need-based financial aid on college persistence and graduation. The WSLS is directed by Professor Sara Goldrick-Rab of the University of Wisconsin – Madison; information about the study is available online at <http://www.finaidstudy.org>

## CONSOLIDATION OF GRANT PROGRAMS

One of the three topics prescribed for study by the Commission in Act 176 are the potential for consolidating all grant programs administered by the higher educational aids board into a single, comprehensive, need-based grant program.

The Commission discussed possible advantages and disadvantages of various degrees of consolidation. On reorganizing and consolidating the grant programs (WTG and WHEG), it was concluded that since the two programs work in very similar ways, fund similar sorts of students, and see their formulae set in the same manner, there would be merit in the programs sharing a common name.

The Commission also concluded, however, that the grant programs for each academic sector are sufficiently different that consolidation would result in disruption to current, mid-career students. The Commission, determined to “do no harm,” therefore urges continuation of separate appropriations and formulae; and that urges that UW, WTCS, WAICU, and Tribal Colleges retain their current ability to make their own separate recommendations to the HEAB Board about each year’s grant formulae and each biennial appropriation. As long as the amounts appropriated continue to be inadequate to meet demand, the importance of each sector having

input over its own formulae is all the more important because the sectors serve diverse student populations with diverse needs.

Finally, the Commission strongly endorsed continuation of the current process of formula setting, with recommendations from each academic sector being reviewed and approved by the HEAB Board for consideration by the Governor in his biennial Executive Budget.

6. The Commission recommends re-naming the WTG and WHEG programs so that these grant programs share the same name; that an acronymic suffix be retained to designate which sector is being referred to as Wisconsin Grant-UW, Wisconsin Grant-WTCS, Wisconsin Grant-WAICU, and Wisconsin Grant-Tribal Colleges; and that the current system of separate formulae and appropriations should be retained.

The Commission also supports continuation of the current process of establishing formulae for each sector's grant program, with UW, WTCS, WAICU, and Tribal Colleges making an annual recommendation to the HEAB Board and the HEAB Board making the decision on formula construction for each sector's grants.

As noted above, during early discussions of its scope and the charge in Act 176, the Commission confirmed that the current capitation programs (Marquette Dental School and Medical College of Wisconsin) do not fall under its purview. The Commission noted that these capitation programs are not grants to individuals such as WTGE and WHEG; nothing in the funding or administration of the capitation programs conflicted with the capitation programs or interfered in their operation. Accordingly the Commission unanimously gave no further consideration to changes of any kind to the capitation programs.

The Commission agreed that the larger HEAB grant programs (WTG and WHEG) seemed to be the focus of Act 176, but it also discussed the idea that the Academic Excellence Scholarship and / or the various targeted loan-forgiveness programs administered by HEAB could be subsumed into the larger grant programs (WTG and WHEG).

The Commission noted that while the Academic Excellence Scholarship and the targeted loan-forgiveness programs are grant programs of a sort, the mission and focus of these programs differed significantly from that of WTG and WHEG. The Commission also noted that these programs experience steady student demand. Accordingly, the Commission decided that it would not recommend consolidation of these programs into the larger HEAB grant programs.

7. The Commission recommends no consolidation of the Academic Excellence Scholarship and the targeted loan-forgiveness programs administered by HEAB, with the major HEAB grant programs (WTG and WHEG).

The Commission noted that the targeted loan-forgiveness programs are all narrower in scope than WTG and WHEG, as they are earmarked for particular professions. Again, the Commission noted that these programs enjoy steady student interest and participation. However, the Commission also noted that there is a lack of hard evidence on the effects of these programs in changing student plans and in reacting to changing needs in the economy.

Some on the Commission opined that the profession-specific, targeted nature of these loan-forgiveness programs may be at odds with an “effectiveness” goal for educational grants (as discussed above) that might seem to imply, at least to some, that available new funding would best be directed to the more “open” WTG and WHEG programs. This conclusion was not unanimous but was stated by several Commission members.

The Commission did also consider a possible recommendation discouraging creation of new targeted loan-forgiveness programs. There was no agreement to recommend such an action, because the Commission concluded that its priority would be put into supporting the two largest need-based grant programs under HEAB (the WTG and the WHEG).

## **GRANT OPTIONS FOR STUDENTS ENROLLED AT LESS-THAN-FULL-TIME**

The second of the three topics prescribed for study by the Commission in Act 176 is options for providing grant aid for students who are attending Wisconsin institutions of higher education at less than full-time credit loads. For the purposes of financial aid awards, the definition of a “full-time” credit load is 12 or more credits in a given semester. Any student taking less than 12 credits during a given semester is a “less than full-time” student. Within the population of less than full-time students are subsets based on credit load. For example, students taking 6 credits a semester are considered “half-time” and students taking less than 1 to 5 credits a semester are considered “less than half-time.”

A student's enrollment status affects their eligibility for financial aid. Eligibility for the Wisconsin Tuition Grant (WTG) and the Wisconsin Higher Education Grant (WHEG) is limited by state statute to students enrolled half-time, or at least 6 credits in a semester. The federal Pell grant is the only state or federal student financial aid available to Wisconsin students enrolled less than half-time.

A student's enrollment status may also affect the amount of a grant award received. For example, Wisconsin Tuition Grants are prorated based on credit load "tiers. Students are "full-time" if enrolled in 12 or more credits, "three-quarter-time" if enrolled in 9 to 11 credits, and "half-time" if enrolled in 6 to 8 credits. The Wisconsin Association of Independent Colleges and Universities established this proration as part of the WTG award formula in response to HEAB administrative code requirements that require proration of WTG eligibility for students in summer and accelerated programs. There are no parallel WHEG proration requirements for students in accelerated programs and WHEG awards are not prorated based on enrollment status.

The majority of the Commission's discussion regarding options for aiding students enrolled less than full-time revolved around benefits and implications of extending eligibility for WHEG and Tuition Grants to students enrolled less than half-time (less than 6 credits). It was the consensus of the Commission that extending eligibility for state grant programs to less than half-time students could encourage more Wisconsinites to pursue postsecondary education and would increase the responsiveness of these programs to adult learners who are more likely to enroll less than half-time.

The Commission also discussed the effectiveness of student financial aid programs as a means of encouraging retention and completion of students enrolled less than half-time. Experiences in Washington and Illinois suggest that allowing students to retain their financial aid eligibility if they enroll less than half-time may help ensure that low income students eventually earn a credential. Studies of student aid programs in these two states found that less than half-time enrollment among low-income students was usually sporadic and that continuing to provide financial aid during periods of less than half-time enrollment improved the likelihood that these students would later increase their credit load and earn a credential.

The Commission also discussed the concern that requiring students to be enrolled at least half-time might contribute to them taking credits that are not needed as part of their educational program simply to help maintain their financial aid eligibility. This means students may spend time earning unnecessary credits that do not apply to their degree, which also can affect other students who find space shortages in classes they need to complete as part of their programs.

Commission members also discussed several issues related to semester limitations on student

financial aid that argue against extending eligibility for WHEG or Tuition Grants to less than half-time students. Starting with the Fall 2012 semester, students are subject to a lifetime maximum of 12 full-time equivalent semesters of eligibility for Pell grants. In Wisconsin, state statutes establish a maximum of 10 semesters of eligibility for WHEG and Tuition Grants regardless of the number of credits for which a student is enrolled in each semester.

Awarding WHEG or Tuition Grants to students who enroll less than half-time increases the likelihood that students could use up their WHEG or Tuition Grant eligibility before earning a credential. In addition, assuming grant awards to less than half-time students were prorated based on costs and credit load, the overall value of the grant awards would be decreased as students used up their semester eligibility while acquiring fewer credits. Moreover, while the state limit on semester eligibility could be modified to account for less than half-time enrollment, doing so would increase grant administration and enforcement costs. Significant investments in new technology would be necessary to enable the Higher Educational Aids Board to monitor credit and semester use for WHEG and Tuition Grant recipients beyond the current ten-semester eligibility period.

The determining factor in the Commission's recommendation regarding extending eligibility to less than half-time students was the availability of funds. As discussed elsewhere in this report, WHEG and the Tuition Grant funding is insufficient to address the full financial need of current grant-eligible students. Thousands of WHEG and Tuition Grant recipients must work or borrow money from family or private lenders to pay for college costs not covered by financial aid. Each year, thousands more WHEG and Tuition Grant-eligible students do not receive grant awards because of insufficient funds. For example, in 2011-12 there were more than double the number of WTCS-WHEG recipients who were eligible for a WTCS WHEG but did not receive a grant because of a lack of funding than students who received an award. As shown in Appendix III, in each of the last four years, all four sectors (UWS, WTCS, Wisconsin tribal colleges, and Wisconsin independent colleges and universities) had students who applied for and were determined as eligible for a WHEG or Tuition Grant award but who did not receive a grant award because of insufficient state funding.

- ***Appendix III to this report contains data about the amount of unmet need / unmet demand seen in the WHEG and WTG programs.***

Significant new resources would be required to hold current WHEG and Tuition Grant students harmless while expanding the population eligible for these grants, significant new resources would be required. As shown in Appendix III, for example, Washington and Illinois states that have promoted extending state aid to less than half-time students, commit significantly greater aid per FTE/student than does Wisconsin.



*State Student Financial Aid, sample states:*

State	Total Grants (in millions)	Students served	Maximum Award	Average Award	Grant/state Resident
Illinois	\$404.5	147,210	\$5,000	\$2,748	\$31.83
Washington	\$230.5	72,338	\$7,700	\$3,186	\$34.83
Wisconsin	\$116.5	62,991	\$3,000	\$1,849	\$21.03

In a scenario of static WHEG and Tuition Grant appropriation levels, expanding grant eligibility to include students enrolled less than half-time could increase the number of grants awarded (if all awards were prorated based on costs and credit load), but it also would decrease the award amount received by current grant recipients and increase students unmet financial need. Current grant funds are insufficient to meet the financial need as demonstrated by currently eligible students through the federal financial need calculation and after federal aid is awarded. As the Commission referenced previously in this report, HEAB grant programs have not kept pace with the growing student financial need. As a result of expanding the grant eligible population, some students will see the reduction or loss of current grant aid, forcing them to reduce their credit loads or drop out altogether. In addition, expanding the grant-eligible population will increase the number of students who apply for and are eligible to receive a WHEG or Tuition Grant but denied aid because of insufficient state funding.

8. The Commission recommends maintaining the current WHEG and Tuition Grant eligibility requirement of at least half-time enrollment.

The Commission recommends that HEAB pursue statutory and administrative changes that would extend WHEG and Tuition Grant eligibility to students enrolled less than half-time only if all of the following conditions occur:

- The University of Wisconsin System, the Wisconsin Technical College System, the Wisconsin Association of Independent Colleges and Universities and Wisconsin's Tribal Colleges recommend eligibility for students enrolled less than half time for their respective sector's grant programs.
- HEAB concludes that sufficient state appropriations are available to provide grants to eligible applicants enrolled at least half-time and such that extending eligibility to students enrolled less than half-time could be undertaken without a decrease in the grant amounts or in the number of grants awarded to students enrolled at least half-time.
- HEAB has the staff and technology capacity to monitor and enforce grant eligibility requirements of a less than half-time participant population.

- *Appendix VII to this report provides an overview of administrative issues pertaining to LTH proration of WHEG.*
- *Appendix VIII provides a comparison (in chart form) of the mechanics of the WHEG and WTG programs. (This information will assist in discussion of proration.)*

## DISCUSSIONS OF MODERNIZATION

The third of the three topics prescribed for study by the Commission in Act 176 is found in the Commission's title: Modernization. Act 176 did not define "modernization" even as it included the term in the title of the Commission.

As noted earlier, the Commission concluded early in its work that it would consider potential improvements to the existing grant programs that would improve the effectiveness of the programs; such proposals, it was felt, represented "modernization" which is part of the name and the charge of the Commission.

Commission members and HEAB staff discussed possible administrative changes to the various HEAB grant programs. The Commission recommends several changes that it believes would improve HEAB programs, making the programs more responsive to student need and easier for the state to administer.

9. The Commission recommends that, if the tie between tuition levels and a sum-sufficient appropriation for the WHEG program is not made, or is put aside by temporary statutory provision, that the appropriation be converted from its current status as an annual appropriation, to a biennial appropriation.

This recommendation is included in a submission by HEAB to the Department of Administration as part of the biennial budget process for 2013-2015.

This change would allow HEAB to manage funds across individual years of the biennium, better enabling the agency to fund as many grants to as many students as possible while not exceeding its funding.

10. The Commission recommends a change to the Wisconsin Covenant: an amendment to the administrative code that would allow HEAB staff to waive the April 1 deadline for senior confirmation in a manner similar to what it can do for the FAFSA and for applications for other HEAB programs.

While the Wisconsin Covenant program has been sunset, students who have signed the Wisconsin Covenant Pledge will continue to be eligible for the program and HEAB will thus be administering the program until all these students have completed their eligibility for the program – a period of several more years.

The change recommended to the Wisconsin Covenant would allow HEAB staff to account for exceptional circumstance that prevent a student, through no fault of the student's doing, from filing their senior confirmations timely. As noted, such leeway is currently afforded HEAB for its other programs, and would allow deserving students to participate in the program and receive its benefits for the remaining life of the program.

11. The Commission recommends a change to the Satisfactory Academic Performance (SAP) component of the Wisconsin Covenant program under HEA 15.05 (3) that would conform the SAP requirement for the Wisconsin Covenant to the SAP requirements for other HEAB programs: SAP eligibility would be able to be recovered if lost, and SAP eligibility would be determined by each institution for its own students.

Currently, the Wisconsin Covenant differs from other HEAB programs in that SAP eligibility, if lost through substandard academic performance, cannot be regained via subsequent improvement in academic performance. The Commission notes that this provides a disincentive to academic improvement for Covenant students, and therefore recommends that this change be made.

It has been noted that the Commission reviewed the work of the 2010 Legislative Council Interim Study Committee. A proposal made by the study committee remains to be accomplished at the time of the Commission's report, and the Commission wishes to state its support for that proposal as follows:

12. The Commission endorses passage of legislation comparable to 2011 Assembly Bill 142, a product of the 2010 interim study committee, which would allow student recipients of the Talent Incentive Grant to continue receiving the grant through a discontinuous enrollment as is done for other HEAB grant programs.

## DISCUSSIONS OF OTHER ISSUES

The discussions of the Commission covered many aspects of higher education, higher education finance, state policymaking, and the role of education and higher education credentials in state economic development.

- d. The Commission affirmed its belief in the importance of higher education in economic development within the state, as well as in its potential to improve income and other life outcomes. The Commission affirmed that while completion of a higher education credential such as a degree, a certificate, or other credential is one measure of this potential, the potential is present and important for all who receive some measure of higher education.
  - e. The Commission recommends that post-secondary financial aid be considered by policymakers as separate from job-training aid. On this basis the Commission urges that all state programs in the area of financial aid remain within the administration of HEAB as an independent, neutral state agency; further, that HEAB remain the location of financial aid information and access in Wisconsin.
  - f. The Commission notes the importance of technology in financial aid programs, and endorses the need for HEAB to have sufficient resources to obtain and use updated technology to administer its programs. (This recommendation echoes a request made by HEAB in its budget request submission to the Department of Administration as part of the biennial budget process for 2013-2015. The requests are shown in Appendix V.)
- *Appendix IX provides links to data on the amount of higher-education grant aid offered by each of the 50 states. Wisconsin's ranking on some measures of grant aid is also provided in Appendix IX.*

## SUMMARIES OF COMMISSION MEETINGS

1. At the May 18, 2012 meeting, the Commission introduced members and discussed the mission of the Commission. Members' perceptions and priorities for the Commission were requested for compilation into a document that would be the basis of discussion at the second meeting. The Commission also noted the work of the 2010 Legislative Council Special Committee on Review of Higher Education Financial Aid Programs, and noted that creation of the Commission was a recommendation of the Special Committee. The Commission asked that for the next meeting a briefing be presented on the recommendations of the 2010 Committee.
2. At the June 27, 2012 meeting, the Commission reviewed the work of the 2010 Legislative Council Special Committee on Review of Higher Education Financial Aid Programs. The Commission was briefed on the work of the 2010 Special Committee by staff of the Wisconsin Legislative Council, Scott Grosz and Anna Henning, who prepared a memorandum for the Commission. The report of the Special Committee served as a framework for the agenda of the Commission.

The Commission discussed its charge and work plan, which included a review of all input received from Commission members regarding proposals for the work of the Commission. The Commission was also able to schedule three meetings. It was determined that the work of the Commission would be completed as follows:

- On Tuesday, July 24 the Commission would meet to discuss issues of funding the HEAB grant programs, including funding levels generally (but not specific dollar amounts); the possibility of recommending a statutory link between funding levels for HEAB grants and public sector tuition levels; and recommendations for a process to provide less-than-fulltime students increased opportunities to receive HEAB grants.
- On Tuesday, August 7 the Commission would meet to discuss issues of potential consolidation of the HEAB grant programs, which could include the Academic Excellence Scholarship program and the various loan-forgiveness programs administered by HEAB. The Commission would also discuss possible administrative changes to Wisconsin Covenant pending its scheduled sunset, which it categorized as modernization of the program.

- On Wednesday, August 29 the Commission would meet to discuss “modernization” of the grant programs, including technical and administrative changes to how grant funds are handled (for WHEG, WTG and Covenant); and a review of the academic progress requirements now in place for the grant programs. In addition, the Commission would receive an update on HEAB’s Talent Incentive Program (TIP). Finally, this final meeting would provide an opportunity to address issues not previously covered that the Commission felt had emerged as items for its attention.

The Commission largely adhered to this schedule. Some topics required additional discussion, and it was necessary to defer some items while information was gathered for the use of the Commission. However, the schedule planned by the Commission at its first meeting provided the basic schedule of its proceedings.

3. At the three meetings of July and August (July 24, August 7, and August 29), the Commission proceeded to discuss the topics listed in its work plan and to reach conclusions on many of the issues.

## CONCLUSION

The 2012 Commission on Financial Aid Consolidation and Modernization has been pleased to present this report. We very much appreciate the opportunity to discuss these issues and offer the recommendations included in this report.

Throughout its work, the Commission strove to remember that its first duty is to serve Wisconsin’s students. Members of the Commission worked to create and agree on recommendations that will improve the higher-education aid system for Wisconsin’s students.

The Commission wishes to thank the various schools, agencies, and offices which provided the Commission with members and with staff support during our deliberations.

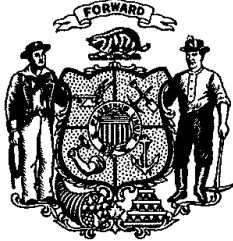
The members of the Commission hope that their recommendations will meet with approval by the administration, the legislature, and the academic sectors.

## APPENDICES

- *Appendix I: 2012 Act 176, creating the Commission on Financial Aid Consolidation and Modernization (page 39)*
- *Appendix II: List of Commission members (page 40)*
- *Appendix III: Examination of unmet financial need by Wisconsin students in institutions of higher education (page 42)*
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- *Appendix VI: Information on the Fund for Wisconsin Scholars, the Wisconsin Covenant Foundation, and other related efforts by Great Lakes Higher Education Corporation (page 51)*
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***Appendix I: 2012 Act 176, creating the Commission on Financial Aid Consolidation and Modernization***

**State of Wisconsin**



2011 Assembly Bill 144

Date of enactment: April 2, 2012  
Date of publication\*: April 16, 2012

**2011 WISCONSIN ACT 176**

**AN ACT** relating to: creating a commission on financial aid consolidation and modernization.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

**SECTION 1. Nonstatutory provisions.**

(1) COMMISSION ON FINANCIAL AID CONSOLIDATION AND MODERNIZATION. There is created in the higher educational aids board a commission on financial aid consolidation and modernization consisting of the following members:

(a) The executive secretary of the higher educational aids board.

(b) The chairperson of the higher educational aids board, the student members of the higher educational aids board specified in section 15.67 (1) (a) 5. and 6. and (b) 3. of the statutes, and one other higher educational aids board member of the chairperson's designation.

(c) Two representatives of the University of Wisconsin System appointed by the executive secretary of the higher educational aids board.

(d) Two representatives of the Wisconsin technical college system appointed by the executive secretary of the higher educational aids board.

(e) Two representatives of the Wisconsin association of independent colleges and universities appointed by the executive secretary of the higher educational aids board.

(f) One member of the assembly appointed by the speaker of the assembly.

(g) One member of the senate appointed by the senate majority leader.

(2) DUTIES OF THE COMMISSION. The commission on financial aid consolidation and modernization shall study all of the following:

(a) The potential for consolidating all grant programs administered by the higher educational aids board into a single, comprehensive, need-based grant program.

(b) Options for providing grant aid for students who are attending Wisconsin institutions of higher education at less than full-time credit loads.

(3) REPORT OF THE COMMISSION. The commission on financial aid consolidation and modernization shall report its recommendations to the higher educational aids board, and to the legislature in the manner provided in section 13.172 (2) of the statutes, by December 1, 2012, after which the commission shall terminate its activities and shall cease to exist.

\* Section 991.11, WISCONSIN STATUTES 2009-10: Effective date of acts. "Every act and every portion of an act enacted by the legislature over the governor's partial veto which does not expressly prescribe the time when it takes effect shall take effect on the day after its date of publication as designated" by the secretary of state [the date of publication may not be more than 10 working days after the date of enactment].



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*Appendix III: Unmet financial need by Wisconsin students in institutions of higher education*

<b>UNFUNDED DEMAND FOR WHEG-UW, WHEG-TECHNICAL AND WHEG-TRIBAL</b>					
<b>2008-2009</b>					
	<b>Eligible</b>	<b>Awarded</b>	<b>Unawarded</b>	<b>\$ Spent</b>	<b>Unfunded</b>
WHEG-UW	33,434	27,162	6,272	\$54,986,218	\$20,947,820
WHEG-Technical	43,017	22,041	20,976	\$18,022,956	\$23,353,058
WHEG-Tribal	884	321	563	\$407,649	\$936,223
WI Tuition Grant (WTG)	13,908	10,613	3,295	\$26,567,410	\$11,583,951
<b>Total</b>	<b>91,243</b>	<b>60,137</b>	<b>31,106</b>	<b>\$99,984,233</b>	<b>\$56,821,052</b>
<b>2009-2010</b>					
	<b>Eligible</b>	<b>Awarded</b>	<b>Unawarded</b>	<b>\$ Spent</b>	<b>Unfunded</b>
WHEG-UW	45,520	25,423	20,097	\$54,977,370	\$55,597,503
WHEG-Technical	70,025	18,207	51,818	\$16,686,129	\$58,411,461
WHEG-Tribal	1,158	310	848	\$416,675	\$1,460,017
WI Tuition Grant (WTG)	18,293	10,300	7,993	\$25,909,978	\$24,982,617
<b>Total</b>	<b>134,996</b>	<b>54,240</b>	<b>80,756</b>	<b>\$97,990,152</b>	<b>\$140,451,598</b>
<b>2010-2011</b>					
	<b>Eligible</b>	<b>Awarded</b>	<b>Unawarded</b>	<b>\$ Spent</b>	<b>Unfunded</b>
WHEG-UW	42,425	30,364	12,061	\$59,579,159	\$32,183,308
WHEG-Technical	69,891	21,257	48,634	\$20,301,301	\$56,511,501
WHEG-Tribal	1,159	350	809	\$468,918	\$1,408,159
WI Tuition Grant (WTG)	18,287	11,020	7,267	\$28,383,549	\$22,332,445
<b>Total</b>	<b>131,762</b>	<b>62,991</b>	<b>68,771</b>	<b>\$108,732,927</b>	<b>\$112,435,413</b>
<b>2011-2012</b>					
	<b>Eligible</b>	<b>Awarded</b>	<b>Unawarded</b>	<b>\$ Spent</b>	<b>Unfunded</b>
WHEG-UW	43,808	30,692	13,116	\$58,321,266	\$32,922,506
WHEG-Technical	74,284	19,472	54,812	\$18,326,312	\$63,835,738
WHEG-Tribal	1,204	313	891	\$441,963	\$1,593,276
WI Tuition Grant (WTG)	17,935	10,510	7,425	\$26,613,208	\$23,291,709
<b>Total</b>	<b>137,231</b>	<b>60,987</b>	<b>76,244</b>	<b>\$103,702,749</b>	<b>\$121,643,229</b>

#### ***Appendix IV: Pell Grant data 1974-2013***

This page provides historical figures relating to the Pell Grant. Inflation figures are based on the June Consumer Price Index of each year (June 1973 constant dollars).

Although the Pell Grant began in 1973-74, all undergraduate students first became eligible in 1976-77.

In 2003-04, 97.7% of Pell Grant recipients had a family AGI of less than \$50,000.

Source: [www.finaid.com](http://www.finaid.org) (<http://www.finaid.org/educators/pellgrant.phtml>)

	<i>Maximum Pell Grant</i>					<i>Maximum Pell Grant Adjusted for Inflation</i>	
<b><i>Award Year</i></b>	<i>Appropriated</i>	<i>Authorized</i>	<i>Average Pell Grant</i>	<i>Number of Recipients</i>	<i>Total Funding</i>	<i>CPI-U</i>	<i>Tuition Inflation</i>
<b><i>1973-74</i></b>	\$452	\$1,400	\$270	176,000	\$47,520,000	\$452	\$452
<b><i>1974-75</i></b>	\$1,050	\$1,400	\$628	567,000	\$356,076,000	\$947	\$991
<b><i>1975-76</i></b>	\$1,400	\$1,400	\$761	1,217,000	\$926,137,000	\$1,154	\$1,233
<b><i>1976-77</i></b>	\$1,400	\$1,400	\$759	1,944,000	\$1,475,496,000	\$1,089	\$1,128
<b><i>1977-78</i></b>	\$1,400	\$1,800	\$758	2,011,000	\$1,524,338,000	\$1,019	\$1,044
<b><i>1978-79</i></b>	\$1,600	\$1,800	\$814	1,893,000	\$1,540,902,000	\$1,085	\$1,111
<b><i>1979-80</i></b>	\$1,800	\$1,800	\$929	2,537,875	\$2,357,685,875	\$1,100	\$1,146
<b><i>1980-81</i></b>	\$1,750	\$1,800	\$882	2,707,932	\$2,388,396,024	\$935	\$995
<b><i>1981-82</i></b>	\$1,670	\$1,900	\$849	2,709,076	\$2,300,005,524	\$815	\$833
<b><i>1982-83</i></b>	\$1,800	\$2,100	\$959	2,522,746	\$2,419,313,414	\$820	\$785
<b><i>1983-84</i></b>	\$1,800	\$2,300	\$1,014	2,758,906	\$2,797,530,684	\$800	\$715

<b>Award Year</b>	<b>Appropriated</b>	<b>Authorized</b>	<b>Average Pell Grant</b>	<b>Number of Recipients</b>	<b>Total Funding</b>	<b>CPI-U</b>	<b>Tuition Inflation</b>
<b>1984-85</b>	\$1,900	\$2,500	\$1,111	2,747,100	\$3,052,028,100	\$810	\$699
<b>1985-86</b>	\$2,100	\$2,600	\$1,279	2,813,489	\$3,598,452,431	\$863	\$714
<b>1986-87</b>	\$2,100	\$2,600	\$1,301	2,659,507	\$3,460,018,607	\$848	\$661
<b>1987-88</b>	\$2,100	\$2,300	\$1,303	2,881,547	\$3,754,655,741	\$818	\$616
<b>1988-89</b>	\$2,200	\$2,500	\$1,399	3,198,286	\$4,474,402,114	\$824	\$598
<b>1989-90</b>	\$2,300	\$2,700	\$1,438	3,322,151	\$4,777,253,138	\$819	\$576
<b>1990-91</b>	\$2,300	\$2,900	\$1,449	3,404,810	\$4,933,569,690	\$783	\$534
<b>1991-92</b>	\$2,400	\$3,100	\$1,530	3,786,230	\$5,792,931,900	\$780	\$518
<b>1992-93</b>	\$2,400	\$3,100	\$1,543	4,002,045	\$6,175,155,435	\$757	\$489
<b>1993-94</b>	\$2,300	\$3,700	\$1,506	3,755,675	\$5,656,046,550	\$704	\$442
<b>1994-95</b>	\$2,300	\$3,900	\$1,502	3,674,967	\$5,519,800,434	\$687	\$420
<b>1995-96</b>	\$2,340	\$4,100	\$1,515	3,611,821	\$5,471,908,815	\$678	\$405
<b>1996-97</b>	\$2,470	\$4,300	\$1,577	3,665,654	\$5,780,736,358	\$697	\$407
<b>1997-98</b>	\$2,700	\$4,500	\$1,696	3,732,807	\$6,330,840,672	\$744	\$423
<b>1998-99</b>	\$3,000	\$4,500	\$1,876	3,855,180	\$7,232,317,680	\$813	\$447
<b>1999-00</b>	\$3,125	\$4,500	\$1,933	3,808,269	\$7,361,383,977	\$831	\$445
<b>2000-01</b>	\$3,300	\$4,800	\$2,070	3,880,448	\$8,032,527,360	\$846	\$447
<b>2001-02</b>	\$3,750	\$5,100	\$2,376	4,341,000	\$10,314,000,000	\$931	\$481
<b>2002-03</b>	\$4,000	\$5,400	\$2,338	4,840,000	\$11,314,000,000	\$983	\$485

<b>Award Year</b>	<b>Appropriated</b>	<b>Authorized</b>	<b>Average Pell Grant</b>	<b>Number of Recipients</b>	<b>Total Funding</b>	<b>CPI-U</b>	<b>Tuition Inflation</b>
<b>2003-04</b>	\$4,050	\$5,800	\$2,467	5,141,000	\$12,680,295,000	\$974	\$464
<b>2004-05</b>	\$4,050	none specified	\$2,441	5,344,000	\$13,042,280,000	\$944	\$437
<b>2005-06</b>	\$4,050	none specified	\$2,486	5,468,000	\$13,591,660,000	\$920	\$413
<b>2006-07</b>	\$4,050	none specified	\$2,494	5,165,000	\$12,880,787,000		
<b>2007-08</b>	\$4,310	none specified	\$2,620	5,339,000	\$13,660,711,000		
<b>2008-09</b>	\$4,731	none specified	\$2,970	6,121,000	\$16,256,000,000		
<b>2009-10</b>	\$5,350	none specified	\$3,646	7,738,000	\$25,329,000,000		
<b>2010-11</b>	\$5,550	none specified	\$4,115	8,873,000	\$32,905,000,000		
<b>2011-12</b>	\$5,550	none specified					
<b>2012-13</b>	\$5,550	none specified					
<b>2013-14</b>	\$5,635	none specified					

The College Cost Reduction and Access Act of 2007 established new mandatory Pell Grant funding in addition to the existing discretionary funding. Pell Grant eligibility remained pegged to the maximum Pell Grant under the discretionary funding.

The mandatory Pell Grant funding was set sufficient to yield the following net increases in the amount of the Pell Grant on top of the discretionary funding:

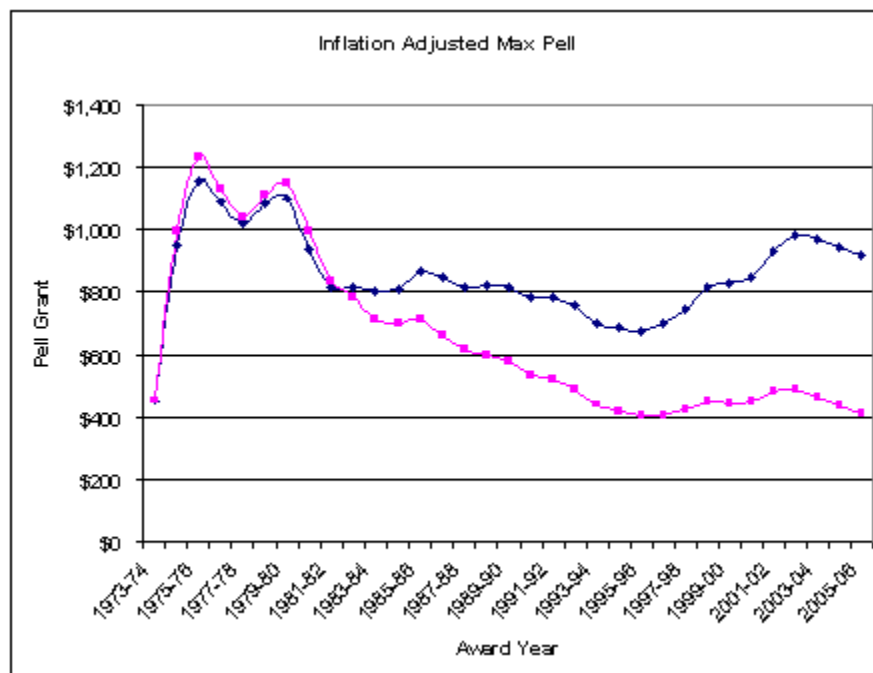
\$490 2008-09	\$490 2009-10	\$690 2010-11
\$690 2011-12	\$1,090 2012-13	

The Higher Education Opportunity Act of 2008 set the authorized maximum Pell Grant (discretionary funding) as follows:

\$6,000 2009-10	\$6,400 2010-11	\$6,800 2011-12
\$7,200 2012-13	\$7,600 2013-14	\$8,000 2014-15

(Actual appropriations for the Pell Grant have historically provided funding for a much lower maximum grant, typically \$1,400 to \$1,800 less since 1992-93, so the authorized maximums are largely symbolic.) In addition the law changed the minimum Pell Grant from \$400 to 10% of the maximum Pell Grant as appropriated. The new eligibility cutoff is equal to 95% of the maximum Pell Grant (discretionary funding).

The following chart shows the inflation-adjusted maximum Pell Grant, with the blue line representing the CPI-U adjustments and the purple line the tuition inflation adjustments.



*Appendix V: HEAB Budget Requests for 2013-2015 Biennium***BIENNIAL BUDGET SUMMARY****REVIEW OF 2013-2015 BIENNIAL BUDGET REQUEST**

As specified in the major budget policies 2013-2015, the Higher Educational Aids Board request is based on 100 percent of the agency's FY 2012-2013 adjusted base level minus the annualized amount of the HEAB total 2011-13 biennial GPR lapse related to 2011 Wisconsin Act 32. HEAB's budget request for 2013-2015 includes reductions to agency GPR appropriations to reflect the GPR lapses included under Section 9255 (1)(d) of Act 32.

The normal process that takes place every biennium for HEAB budget submission is that the Higher Educational Aids Board staff requests input from the sectors (University of Wisconsin Board of Regents, the Wisconsin Technical College System Board, and the Wisconsin Association of Independent Colleges and Universities, and the Tribal Colleges), for development of the HEAB budget. (Recommendations from the sectors include grant formulas, grant funding amounts, and any other desired changes.) The HEAB Board then considers the sectors' recommendations; for 2013-2015 the HEAB Board approved the sector recommendations and directed HEAB staff to include the recommendations in the agency's budget submission.

This year, the sectors made the recommendations they made, in the belief that the significant level of unmet financial need facing Wisconsin students is a challenge that must be met.

HEAB has submitted white papers to Department of Administration (DOA) discussing the requests of the sectors and the HEAB board regarding the grant programs, as well as other matters affecting the grant programs. HEAB also submitted a request from the Marquette School of Dentistry.

The sector requests and HEAB's agency requests are summarized here.

**TUITION GRANT**

HEAB requested that the Wisconsin Tuition Grant be increased by \$4,682,040 in FY13-14 and an additional \* **\$6,417,468** for FY14-15. A total increase in GPR of \* **\$11,099,508**; as was approved by the Board in its August 3, 2012 Board meeting. This request was arrived at by applying the recommended UW tuition increase of 5.5 percent and also including the same methodology by the UW system and passed by the UW Board of Regents to incorporate a catch up provision. State funding for the Tuition Grant Private non-profit College students has not met demand in several years. In the 2011-12 academic year the Tuition Grant had 31,963 applicants but only 11,438 students received awards because of lack of funding.

*\* Figures corrected 12/12/2012*



**Background:** There are not enough funds under the current appropriation to provide all eligible students with grants. This requested increase attempts to provide grants to an increased number of needy students in the upcoming biennium.

**Corresponding Statutory Language Change: Tuition Grants:** HEAB requests a statutory language change linking the Wisconsin Tuition Grant appropriation to UW tuition, while continuing to allow carry forward and/or back within the biennium.

A statutory language change linking the Wisconsin Tuition Grant appropriation to UW tuition could help begin closing the gap between student need and available Tuition Grant funds. The proposed link would increase each grant's prior year appropriation by an amount equal to the percentage increase in UW tuition, or an amount equal to the dollar increase in UW tuition multiplied by the number of students who would receive the grant, as estimated by HEAB, whichever is greater. This language should continue to allow carrying funds forward and/or back within the biennium.

### **WHEG WTCS**

HEAB requested an increase of \$13.4 million in FY 13-14 and an additional \$20,700,000 in FY 14-15, a total increase of \$34.1 million as approved by the Board in its August 3, 2012 Board meeting..

**Background:** In HEAB's 2011-2012 academic year 35,058 students were eligible for the WHEG-Technical colleges' grant, but only 19,472 students were awarded because funds were not available; in order to fund the additional 15,586 the appropriation would need to have an additional \$20,317,417. This increase would help ensure continued access for the growing number of WTCS students needing financial assistance to attend college.

**Corresponding Statutory Language Change:** HEAB requested a statutory language change linking the WHEG-WTCS appropriation to tuition (program fee) increases, while continuing to allow carry forward and/or back within the biennium.

### **WHEG UW**

HEAB requested an increase of \$10,166,200 in FY 13-14 and an additional increase of \$3,768,100 in FY 14-15. Additionally, HEAB requests that the statutory language be modified to allow funds to be carried forward or back within the biennium.

**Background:** The UW Board of Regents has made it a priority to increase opportunities for low- and middle-income students to participate in public higher education in Wisconsin. However, fiscal pressures, including increased unemployment, have reduced family incomes and greatly increased the demand for financial aid, especially in need-based programs such as WHEG-UW.

**Corresponding Statutory Language Change:** HEAB proposed a statutory language change to allow funds to be carried forward or back within the biennium.

**DENTAL EDUCATION CONTRACT**

HEAB requested increases of \$1,311,700 GPR for the Dental Education Contract at the Marquette University of Dentistry.

**Background:** The increase would restore the tuition subsidy from \$8,665 to \$11,670 per resident enrolled at the Marquette University School of Dentistry and also increase the number of Wisconsin residents eligible for the program from up to 160 (40 per class) to up to 200 (50 per class) and to be phased in over a four year program.

**MINORITY UNDERGRADUATE RETENTION GRANT**

The Independent not for profit Colleges and the Technical Colleges each requested an increase to this program. (UW students are eligible for Lawton Grants, a similar program administered by UW System, which falls outside the Minority Undergraduate Retention Grant.)

The request from the Independent colleges is an increase of \$1,157,043 GPR for the Minority Undergraduate Retention Grant. The increase would comprise of an additional \$552,088 in FY 2013-2014 and an additional \$604,955 in FY 2014-15. The proposed increase was approved by the Board in its August 3, 2012 Board meeting. A portion of this proposed 5.5% increase in each year of the biennium also includes a catch – up provision to cover the increasing financial need of students due to the recession.

The private colleges also support a statutory link between tuition increases and student aid appropriations.

The request from the Technical Colleges is an increase of \$253,900 GPR for the Minority Undergraduate Retention Grant – Technical Colleges. The increase would comprise of an additional \$81,900 in FY 2013-2014 and an additional \$172,000 in FY 2014-15. The proposed increase was approved by the Board in its August 3, 2012 Board meeting. The funding increase is only for the Technical Colleges as the Minority Undergraduate Retention Grant appropriation is a single appropriation that is divided equally between the Technical Colleges and the Independent Colleges. The base funding for the 2012-2013 year is \$819,000. This increase would help to reduce the financial barriers of Wisconsin students of color in accessing education and training leading to high-skill, high-wage careers.

HEAB requests a statutory change that would establish a link between the annual tuition (program fees) increases and the Minority Undergraduate Retention Grant appropriation and mandatory funding mechanism.

**Background:** The growth in minority enrollments in the technical colleges and the private and independent colleges and universities has outpaced minimal increases in the Minority Undergraduate Retention Grant program, resulting in many more students eligible for the program than can receive grants. Additional funds would help attract more low-income minority students to higher education and would aid in student retention.

**Corresponding Statutory Language Change:** Link annual increases in the Wisconsin Minority Undergraduate Retention Grant to UW tuition increases, similar to the link currently in statute for the Lawton Grant.

### **WISCONSIN COVENANT SCHOLARS GRANT**

The Higher Educational Aids Board requested an increase of \$8,210,000 GPR for the Wisconsin Covenant Scholars Grant to continue to fund the scholars already in the program and to fund the third cohort (scholars that have just graduated). The increase would consist of an additional \$4,060,000 in FY 2013-2014 and an additional \$4,150,000 in FY 2014-15. HEAB assumes that because of the increased familiarity with the program and the marketing that the number of seniors that are confirmed for the program will increase with each year.

**Background:** Only the first two years of covenant grants were funded in the 2011-13 budget.

### **PROGRAMMER POSITION**

The Higher Educational Aids Board requested 1 new FTE programmer position to support our grant programs. During the past few years HEAB has taken on additional programs and the agency has not received any additional funding to support or maintain the technological portion of the new programs. HEAB has had a consultant programmer to do programming for the Covenant program, but other needs dictate an additional programmer position.

HEAB currently has seventeen grants and loan programs that its one programmer is responsible for. In addition, HEAB also has agreements with Department of Public Instruction, the Fund for Wisconsin Scholars and Great Lakes Higher Education Corporation to obtain information on an as-needed basis; this requires programming expertise. HEAB also receives data requests from the UW research department and the universities that require programming in order to supply the desired data.

Programming time is also needed to correct errors in electronic submissions of the FAFSA form, which seem to be taking more of our programmer's time as well.

For the last few years HEAB has had problems keeping up with the duties of administering its programs because of the increased workload for the agency's programmer. A lack of programmer time hinders HEAB in accomplish its mission in a timely manner and puts additional stress on the universities and students of Wisconsin who rely on HEAB services.

Normally HEAB begins its vouchering process in August; in 2012 HEAB encountered difficulties with the programming portion of the vouchering. Vouchering production was halted in late August and part of September so that the problems could be remedied. During this time HEAB was unable to notify the schools what awards the students should receive or produce vouchers that provide the monies to the schools.

With the growing need for technology the additional programmer could also work on moving HEAB forward with our system and work towards having more web applications and provide more real time data.

***Appendix VI: Information on the Fund for Wisconsin Scholars, the Wisconsin Covenant Foundation, and other related efforts by Great Lakes Higher Education Corporation***

**FUND FOR WISCONSIN SCHOLARS (text by the Fund for Wisconsin Scholars)**

The Fund for Wisconsin Scholars provides grants that open the door to a better world, helping ensure that higher education is accessible and affordable, and that degree completion is achieved. The intellectual capacity of every person is of more value than ever in our global, knowledge-based economy. We hope to expand this capacity for the enrichment of all. Increasing the number of students who complete post-secondary education will improve the quality of life for Wisconsin citizens by benefiting both the individual and society.

The Fund for Wisconsin Scholars is here to help reduce the financial barriers to college and to lighten the debt that most Wisconsin students incur during their college years. Our founding gift of over \$165 million from John P. and Tashia F. Morgridge creates a permanent endowment to provide need-based grants for eligible, talented graduates.

**Opening Wisconsin's door to a brighter tomorrow for many more.** As we help expand the door to opportunity for students going from high school to higher learning, we aim to shrink the financial stress of going to college. Our grants are gifts and do not need to be repaid. These grants are in addition to the state and federal grants that many students already receive. Students do not apply for funding to the Fund for Wisconsin Scholars. Funding is given to the University of Wisconsin system colleges and universities and Wisconsin technical colleges and is distributed through admission offices as part of financial aid packages.

**Mission:** We provide need-based grants to graduates of Wisconsin public high schools attending Wisconsin public colleges to support their access to and completion of college. The Fund for Wisconsin Scholars will help reduce the financial barriers to college and lighten the debt that many Wisconsin students incur during their college years by providing need-based grants.

**Beliefs:** We believe that in this global, knowledge-based economy, the intellectual capacity of all persons has value. We believe that increasing the number of citizens who complete post-secondary education will improve the quality of life for Wisconsin citizens by benefiting both the individual and society.

**Vision:** Our vision is to ensure the opportunity for generations of young people to further their education. We are committed to helping ensure that higher education is more accessible and affordable and that degree completion is realized with greater frequency. Our mission, vision and beliefs will help address these critical challenges facing Wisconsin:

- Creating well-paying jobs
- Increasing financial resources for Wisconsin students to attend college
- Increasing educational opportunity for Wisconsin citizens
- Increasing the number of Wisconsin citizens completing bachelor's degrees
- Improving the college preparedness of all Wisconsin students

**WISCONSIN COVENANT FOUNDATION (text by Great Lakes Higher Education Corp)**

The Wisconsin Covenant Foundation is a private, non-profit, tax-exempt charity organized under the laws of the State of Wisconsin. The Foundation is a 50 (c) (3) public charity. The Foundation, which operates at the direction of its Board of Directors, has as its principal purpose the raising and distribution of money to support post-secondary access for Wisconsin students who participate in the Wisconsin Covenant program. HEAB distributes the money raised to students who qualify for the Wisconsin Covenant program and demonstrated financial need.

The Wisconsin Covenant Foundation board members are:

- Mary Burke, former Trek Bicycle executive
- Tom Boldt, Executive Officer, Boldt Company
- Richard George, President and Chief Executive Officer, Great Lakes Higher Education Corporation
- Dave Hansen, Partner, Michael Best and Friederich
- Joan Prince, Vice-Chancellor for Partnerships and Innovation at UW-Milwaukee
- Scott Klug, Public Affairs Director, Foley and Lardner

Each student who fulfills the Wisconsin Covenant pledge will be recognized as a Wisconsin Covenant scholar, receive a financial aid package based on the family's financial need, and be guaranteed a place at a University of Wisconsin campus, a Wisconsin Technical College, or a Wisconsin private college or university that is affiliated with the Wisconsin Association of Independent Colleges and Universities (WAICU).

Students, parents, teachers and school administrators can visit the Wisconsin Covenant website ([www.wisconsin covenant.wi.gov](http://www.wisconsin covenant.wi.gov)) where they can learn more about the program and efforts to support students while they are in high school. Schools across the state have used the Wisconsin Covenant program to reinforce the importance of higher education and the positive impact it can have on a student's future.

The Wisconsin Covenant is a partnership between the University of Wisconsin System, the Wisconsin Technical College System, the Wisconsin Association of Independent Colleges and Universities (WAICU) and the state Department of Public Instruction.

Great Lakes Higher Education Corporation and Affiliates works with schools, lenders, and community organizations to change lives for the better through higher education. Great Lakes supports these partners with philanthropic, educational, and operational resources that help students and families pay for college and build bright futures. As a leading guarantor, originator, and servicer of student loans for over forty years, Great Lakes serves the US Department of Education and over 6,000 schools and 1,100 lenders across the nation. One of the nation's largest integrated providers of student loan services, Great Lakes services more than \$90 billion in student loans for more than 8 million borrowers, and holds guarantees on approximately \$41 million in FFELP loans. Great Lakes serves as the designated guarantor for Wisconsin, Minnesota, Ohio, Puerto Rico, South Dakota, and the US Virgin Islands under the Higher Education Act. Great Lakes is headquartered in Madison WI, and has operating centers in St. Paul MN, Aberdeen SD, and Boscobel and Eau Claire WI.

For additional information, visit [www.mygreatlakes.org](http://www.mygreatlakes.org)

*Appendix VII: Administrative issues pertaining to LTH proration of WHEG*

## TOPICS FOR CONSIDERATION REGARDING PRORATION:

The questions in this appendix were originally part of a memo prepared for the Commission to assist it in identifying the mechanical or administrative issues that would need to be addressed in an expansion of grant proration, and in determining what recommendations (if any) the Commission is prepared to endorse regarding each issue.

The Commission resolved some of these questions, and deferred others to the HEAB Board. The recommendation of the Commission regarding proration is as follows:

The Commission concluded that it would recommend that the HEAB Board monitor the need for less-than-halftime (LTH) proration, and that the HEAB Board proceed to seek changes to the statutes and administrative code that would permit LTH proration only after

- The HEAB Board had concluded that a need for proration was evident
- The HEAB Board had concluded that sufficient funding was available such that proration could be undertaken without a decrease in grant amounts or number of available grants to students receiving WHEG at the time of proration
- The HEAB Board had addressed the administrative challenges inherent in proration

The Commission also agreed that any change to the law allowing LTH proration, should be optional for each academic sector rather than mandatory: the law should allow each sector to recommend to the HEAB Board whether it sought such proration in its respective grant formulae.

Within the above recommendation, the following issues would remain to be resolved.

**1. What degree of flexibility would be created with increased proration?**

- a. Would proration at enrollment levels less-than-halftime (LTH) be recommended or rejected?

- b. Would increased proration need to be implemented for an entire sector, or could / should increased flexibility be granted to specific schools or campuses within a sector?
- c. If “tiered” proration of WHEG is recommended, the administrative rule for WHEG may (or may not) need language explicitly creating such “tiering” for WHEG.

## **2. What authority is needed / recommended to implement further proration?**

- a. Statutes governing the grant programs now require that both WHEG and WTG be provided only to students of at least half-time status (WHEG under s. 39.435 and WTG under s. 39.30). Establishing proration for students of less-than-halftime (LTH) status would require a change to the appropriate statute(s).
- b. It was noted that proration of the WTG is “tiered.” This “tiering” is not mandated by current administrative rule HEA 4; it was established as a working template by the HEAB Board.
- c. While the “tiers” are not explicitly created by administrative rule, proration of WTG is addressed by administrative rules. No exact-equivalent rules currently exist for WHEG.

**HEA 4.03 Accelerated and Summer Session.** If an institution certifies that an eligible student is enrolled in approved accelerated study, which may include a summer session or 4th quarter, that will permit the student to complete a degree program in less than the normal period of full-time study for such degree, the student will be eligible for a prorated tuition grant for each academic term of accelerated study.

*HEA 4.03 - ANNOT. History: Cr. Register, March, 1978, No. 267, eff. 4-1-78.*

**HEA 4.04 Tuition Charges.** To be eligible for a tuition grant, the student must be charged an actual tuition by the institution. If for any reason a student is not charged a tuition or it is waived, no tuition grant will be awarded. If a partial tuition charge is made, then the partial amount shall be used to calculate the student's eligibility for a tuition grant.

*HEA 4.04 - ANNOT. History: Cr. Register, March, 1978, No. 267, eff. 4-1-78.*

## **3. Administrative aspects of proration**

- a. Should a recommendation on increased proration be made along with a recommendation dealing with the issue of making changes to the ten-semester limit for eligibility? Would a decision of the HEAB Board in this matter apply to all academic sectors, or should each

sector make its own recommendation to the HEAB Board on this issue?

At present the ten-semester limit applies to student eligibility for both WTG and for WHEG; the limit is statutory (s. 39.30). A statutory change will be necessary if the computation of the eligibility period is to be changed to reflect increased proration.

- b. Shall the eligibility period for WHEG be adjusted to reflect increased proration? If this were done, a mechanism would need to be created / mandated for tracking semesters of less-than-full-time and less-than-half-time enrollment.
- c. How would such a tracking mechanism work, e.g. would the mechanism could be done on a strict per-credit basis, or could it be done on a “tiered” basis akin to the ½ time and ¾ time thresholds used to administer current proration of WTG?
- d. Would such a mechanism to adjust the eligibility period for increased proration include an ability to track eligibilities of individual students across academic sectors, and how would it do so? If a student received grants as a student in (for example) the technical college system, and then transferred to a UW System school with eligibility remaining, what office(s) would be charged with tracking that student’s eligibility? How would such tracking be implemented?
- e. Since the limits of grant eligibility are defined in terms of semesters, is the meaning of “semester” clear in the law? Is a more formal definition of this term needed for the statutes and rules governing the HEAB grant programs?

There is no definition of “semester” in the Wisconsin Statutes. The term is not defined in Black’s Law Dictionary. Ordinary dictionaries list a semester as:

(Merriam-Webster)

1: either of the two usually 18-week periods of instruction into which an academic year is often divided

2: a period of six months

(Oxford)

One of the periods into which a year is divided at a college or university, especially in the US and Australia:

the first/second semester;

the spring/fall semester;

Compare: [term](#); [trimester](#)



Two of the WAICUS schools whose students are eligible for WTG employ a trimester system. As this report is being written, discussion is being made of a possible short-duration “winterim” at UW schools which might need to be accommodated in a proration system.

- f. Separation of full-time and part-time funds: Should separate appropriations or other fund-segregation be created to keep the amounts or ratios of full-time grants versus less-than-full-time and less-than-half-time prorations at a prescribed ratio?

*Appendix VIII: Comparison tables showing WHEG and WTG*

**WISCONSIN HIGHER EDUCATION GRANTS AND  
WISCONSIN TUITION GRANT  
COMPARISON SUMMARY**

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HIGHER EDUCATIONAL AIDS BOARD

JULY 2012

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COMPARISON SUMMARY	WISCONSIN HIGHER EDUCATION GRANT			WISCONSIN TUITION GRANT
	University	Technical	Tribal	Independents
<b>INSTITUTIONS OF ATTENDANCE:</b>				
University of Wisconsin System	X			
Wisconsin Technical College System		X		
Wisconsin Tribal Colleges			X	
Wisconsin-based nonprofit colleges and universities				X
<b>Application:</b>				
Free Application for Federal Student Aid (FAFSA).	X	X	X	X
Student must apply prior to or within the year the student expects to receive an award.	X	X	X	X
<b>ELIGIBILITY REQUIREMENTS:</b>				
Resident of the state of Wisconsin.	X	X	X	X
Earned a high school diploma, GED or equivalent.	X	X	X	X
Registered with the Selective Service, if required.	X	X	X	X
Not appear on the statewide Child Support Lien Docket.	X	X	X	X
<b>ENROLLMENT STATUS REQUIREMENTS:</b>				
Enrolled half time or more in a degree or certificate program.	X	X	X	X
Registered as a freshman, sophomore, junior, or senior.	X	X	X	X
<b>AWARDS:</b>				
Minimum award is \$250 per year.	X	X	X	X
Maximum award is set by board each year; maximum award cannot exceed \$3000.	X	X	X	
Maximum award is set by board each year, but cannot exceed the previous year's maximum award unless the board determines that as many or more students will receive awards than in the previous year.				X
Awards are prorated for students enrolled half-time and three quarters time; awards may also be prorated for students enrolled in an approved accelerated study program.				X

COMPARISON SUMMARY	WISCONSIN HIGHER EDUCATION GRANT			WISCONSIN TUITION GRANT
	University	Technical	Tribal	Independents
<b>AWARDS continued:</b>				
Grants are awarded to students based on the date the ISIR (FAFSA record) is transferred to the HEAB system; students will be put on a waiting list once funds are fully committed with the exception of WHEG-UW that uses an allocation system.	X	X	X	
Grants are awarded to students based on the date the students' complete their FAFSAs; students are put on a waiting list once funds are fully committed.				X
The board may not commit grant awards in excess of 122% of the appropriation for the fiscal year that the grants are to be awarded.				X
Maximum number of semesters awarded may not exceed ten.	X	X	X	X
<b>Appropriations:</b>				
Appropriation amount determined by formula; Statute 39.435(7). <sup>1</sup> See page 3.	X			
Appropriation amounts are determined/set every two years thru the biennial budget process, signed into law by the Governor. HEAB will submit budget requests for the 2013-15 biennium on September 15, 2012.		X	X	X
<b>Award formulas:</b>				
Award formula layout established by HEAB board; not in statute.	X	X	X	
Award formula layout established by Statute 39.30(3).				X
Annual award formula recommended by the University of Wisconsin System and approved by HEAB board.	X			
Annual award formula recommend by the Wisconsin Technical College System and approved by HEAB board.		X		
Annual award formula proposed by tribal colleges and approved by HEAB board.			X	
Annual award formula proposed by Wisconsin Association of Independent Colleges and Universities and approved by HEAB board.				X
The same formula is used to determine awards for both dependent and independent applicants.	X	X	X	
Two award formulas: one for dependent and another for independent applicants.				X

WISCONSIN HIGHER EDUCATION GRANT-UNIVERSITY OF WISCONSIN SYSTEM FORMULA SUMMARY							
	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
APPROPRIATION <sup>1</sup>	\$39,280,600	\$50,000,000	\$55,000,000	\$55,000,000	\$58,345,400	\$58,345,400	\$58,345,400
FORMULA VARIABLES							
Student Budget	\$5,300	\$5,588	\$5,960	\$5,960	\$5,960	\$5,960	\$5,960
Student Award Percentage	50%	50%	50%	50%	43%	41%	40%
GRANT AWARDS							
Maximum Grant Award	\$2,600	\$2,730	\$2,980	\$2,980	\$2,563	\$2,444	\$2,384
Minimum Grant Award	\$530	\$674	\$674	\$674	\$843	\$804	\$784
EFC RANGES							
Highest EFC to receive maximum award	\$101	\$129	\$1	\$1	\$0	\$0	\$1
Highest EFC to receive minimum award	\$4,240	\$4,240	\$4,612	\$4,612	\$4,000	\$4,000	\$4,000
WHEG-UW AWARD FORMULA							
(Student Budget - Expected Family Contribution) x Student Award Percentage = Award							
2012-13 Formula: (\$5960 – EFC) x 40% = Award							

<sup>1</sup> Under current law, the WHEG-UW appropriation is a sum sufficient appropriation that is linked to the average percent increase in resident under-graduate tuition in the UW system. The link, which was established by 2001 Act 109 and modified by 2005 Act 25 has been suspended in each biennium since it was established.

WISCONSIN HIGHER EDUCATION GRANT-WISCONSIN TECHNICAL COLLEGE SYSTEM FORMULA SUMMARY							
	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
APPROPRIATION	\$16,712,400	\$17,130,200	\$17,548,000	\$18,162,200	\$18,797,900	\$18,797,900	\$18,797,900
FORMULA VARIABLES							
Student Budget	\$8,000	\$8,000	\$8,500	\$9,000	\$9,270	\$9,270	\$9,270
Student Award Percentage	12.5%	12.5%	13%	13%	13%	13%	11.7%
GRANT AWARDS							
Maximum Grant Award	\$1,000	\$1,000	\$1,105	\$1,170	\$1,205	\$1,205	\$1,084
Minimum Grant Award	\$325	\$350	\$429	\$494	\$529	\$529	\$500
EFC RANGES							
Highest EFC to receive maximum award	\$4	\$4	\$3	\$3	\$4	\$4	\$9
Highest EFC to receive minimum award	\$5,400	\$5,200	\$5,200	\$5,200	\$5,200	\$5,200	\$4,996
AWARD FORMULA							
(Student Budget - Expected Family Contribution) x Student Award Percentage = Award							
2012-13 Formula: (\$9270 – EFC) x 11.7% = Award							

WISCONSIN HIGHER EDUCATION GRANT-TRIBAL FORMULA SUMMARY							
	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
APPROPRIATION	\$ 404,000	\$ 414,000	\$ 424,000	\$ 4325,500	\$ 440,000	\$ 440,000	\$ 440,000
FORMULA VARIABLES							
Student Budget	\$ 6,560	\$ 6,560	\$ 6,560	\$ 6,560	\$ 6,560	\$ 6,560	\$ 6,560
Student Award Percentage	27.44%	27.44%	27.44%	27.44%	27.44%	24.77%	27.44%
GRANT AWARDS							
Maximum Grant Award	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800
Minimum Grant Award	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250
EFC RANGES							
Highest EFC to receive maximum award.	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2
Highest EFC to receive minimum award.	\$ 5650	\$ 5650	\$ 5650	\$ 5650	\$ 5650	\$ 5650	\$ 5650
WHEG-TRIBAL AWARD FORMULA							
(Student Budget-Expected Family Contribution (EFC)) X Student Award Percentage=WHEG-Tribal Award							
2012-2013 Formula: (\$6,560-EFC) X 27.44%=WHEG-Tribal Award							

WISCONSIN TUITION GRANT FORMULA SUMMARY							
	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
APPROPRIATION	22,754,649	25,456,600	26,077,500	26,338,300	26,870,300	26,870,300	26,870,300
FORMULA VARIABLES							
UW Madison Tuition	\$ 6,280	\$6730	\$ 7,188	\$ 7,569	\$ 8,314	\$ 9,515	\$9,672
Base Maintenance	\$ 10,444	\$ 10,807	\$ 10,807	\$ 11,347	\$ 11,800	\$ 10,800	\$ 10,500
Dependent Inflation Factor	280 %	300 %	311 %	327 %	340 %	340 %	340%
Independent Inflation Factor	627 %	650 %	673 %	707 %	740 %	740 %	740%
GRANT AWARDS							
Maximum Grant Award	\$ 2,900	\$ 2,900	\$ 2,900	\$ 2,900	\$ 2,900	\$ 2,900	\$2,900
Minimum Grant Award	\$ 750	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$1,000
TUITION RATES AND EFC RANGES							
Highest tuition rate	\$ 29,379	\$ 30,846	\$ 33,006	\$ 34,326	\$ 36,042	\$ 38,205	\$ 39,732
Dependent: Highest EFC to receive maximum award.	\$ 12,437	\$ 12,215	\$ 12,505	\$ 13,511	\$ 12,599	\$ 12,935	\$ 13,349
Independent: Highest EFC to receive maximum award.	\$ 5,554	\$5,637	\$ 5,778	\$ 6,249	\$ 5,789	\$ 5,145	\$ 6133
Dependent: Highest EFC to receive minimum award.	\$ 13,761	\$13,380	\$ 13,542	\$ 14,587	\$ 13,563	\$ 13,890	\$ 14,282
Independent: Highest EFC to receive minimum award.	\$ 6,145	\$ 6,142	\$ 6,258	\$ 6,746	\$ 6,262	\$ 6,203	\$ 6562
Lowest tuition rate	\$ 8,160	\$ 8,576	\$ 9,600	\$ 10,000	\$ 10,500	\$ 11,160	\$ 12,290
Dependent: Highest EFC to receive maximum award. <sup>1</sup>	No Max. Award	No Max. Award	No Max. Award	No Max. Award	No Max. Award	No Max. Award	No Max. Award
Independent: Highest EFC to receive maximum award. <sup>1</sup>	No Max. Award	No Max. Award	No Max. Award	No Max. Award	No Max. Award	No Max. Award	No Max. Award
Dependent: Highest EFC to receive minimum award.	\$ 3,992	\$ 2,960	\$ 3,841	\$ 4,051	\$ 3,557	\$ 2,532	\$ 4,143
Independent: Highest EFC to receive minimum award.	\$ 1,783	\$ 1,367	\$ 1,775	\$ 1,874	\$ 1,635	\$ 1,164	\$ 1,903
<sup>1</sup> The tuition rate is too low to calculate a maximum award of \$2,900. For the 2012-13 academic year, students with a zero EFC will receive a \$2,618 award.							
Please see page 7 for a sample Wisconsin Tuition Grant formula.							



Wisconsin Tuition Grant Formula for 2012-2013 Academic Year			
		Dependent	Independent
<b>STEP ONE</b>	Tuition <sup>1</sup>	\$ 11,200	\$ 11,200
	Less UW Madison Tuition <sup>2</sup>	\$ 9,672	\$ 9,672
	<b>NET TUITION</b>	\$ 1,528	\$ 1,528
<b>STEP TWO</b>	Tuition <sup>1</sup>	\$ 11,200	\$ 11,200
	Plus Base Maintenance <sup>3</sup>	\$ 10,500	\$ 10,500
	<b>TOTAL COST</b>	\$ 21,700	\$ 21,700
<b>STEP THREE</b>	Net Tuition	\$ 1,528	\$ 1,528
	Divided by total cost	\$ 21,700	\$ 21,700
	<b>FAMILY CONTRIBUTION PERCENTAGE</b>	\$ 0.0704	\$ 0.0704
<b>STEP FOUR</b>	Expected Family Contribution	\$ 100.00	\$ 100.00
	Multiplied by inflation factor <sup>4</sup>	340%	740%
	<b>ADJUSTED FAMILY CONTRIBUTION</b>	\$ 340	\$ 740
<b>STEP FIVE</b>	Adjusted Family Contribution	\$ 340	\$ 740
	Multiplied by family contribution percentage	0.070414747	0.070414747
	<b>TUITION OFFSET</b>	\$ 24	\$ 52
<b>STEP SIX</b>	Net Tuition	\$ 1,528	\$ 1,528
	Less Tuition Offset	\$ 24	\$ 52
	<b>ACTUAL GRANT AMOUNT<sup>5</sup></b>	\$ 1,504	\$ 1,476
	<b>MAXIMUM GRANT<sup>6</sup></b>	\$ 2,900	\$ 2,900
	<b>MINIMUM GRANT<sup>6</sup></b>	\$ 1,000	\$ 1,000

<sup>1</sup> Tuition used to calculate a WTG award is the actual tuition charged the student, which varies from school to school. A tuition of \$11,200 was used in this example to demonstrate how WTG awards are calculated.

<sup>2</sup> The previous year tuition at the UW-Madison is used to determine the current year WTG award.

<sup>3</sup> Base maintenance is a number that is determined during the formula approval process.

<sup>4</sup> The inflation factor is set separately for dependent students and independent students and is determined during the formula approval process. The inflation factor is similar to the Student Award Percentage in the WHEG formulas.

<sup>5</sup> Actual grant awards will increase or decrease for each school when actual tuitions are used for the award calculation.

<sup>6</sup> Maximum and minimum grant amounts are determined during the formula approval process.

***Appendix IX: Higher-Education Grant Aid in the 50 states***

A comprehensive table of 50-state data on state-supplied grant aid is available from NASSGAP, the National Association of State Student Grant and Aid Programs ([www.nassgap.org](http://www.nassgap.org)).

NASSGAP conducts an annual survey of the states to compile data on higher-education aid; HEAB is a contributor to this survey.

The current survey is the 42<sup>nd</sup> annual survey and is available at the NASSGP web site.

The survey provides state-by-state rankings for grant aid supplied by state programs; aid provided by non-state-government programs or entities is not included. Loans provided by state-government entities are also tracked; loans are included in the category of “non-grant aid.”

The NASSGAP 42<sup>nd</sup> annual survey reports that:

- In total grant aid ranked by state, Wisconsin is ranked 19<sup>th</sup> (42<sup>nd</sup> annual survey, page 12, Table 7)
- In grant dollars ranked by overall state population, Wisconsin is ranked 26<sup>th</sup> (page 22, table 11)
- When states are ranked by grant dollars available to state populations aged 18-24, Wisconsin is also 26<sup>th</sup> (also on page 22, table 11)
- Ranking states by grant dollars available per enrolled undergraduate population, Wisconsin ranks 27<sup>th</sup> (page 23, table 12, middle column)
- When looking at the percentages of state expenditures devoted to higher education that are expended on educational student-assistance grants, Wisconsin once again ranks 26<sup>th</sup> (page 25, table 14, second column)

For a comprehensive view of Wisconsin’s ranking relative to neighboring states, please refer directly to the NASSGAP annual survey.