

ACTION
November 8, 2024

HIGHER EDUCATIONAL AIDS BOARD BOARD

REPORT #25-12

25-26 WI Grant Formula Universities of Wisconsin Request



Office of the President

1720 Van Hise Hall, 1220 Linden Drive, Madison, WI 53706

www.wisconsin.edu

jay.rothman@wisconsin.edu or 608-262-2321

November 4, 2024

Via Electronic Mail

Tammie DeVooght
Executive Secretary
Higher Educational Aids Board
4822 Madison Yards Way, Seventh Floor
PO Box 7885
Madison, WI 53707-7885

Dear Executive Secretary DeVooght:

Thank you for the opportunity to forward the Universities of Wisconsin's recommendation on the 2025-26 Wisconsin Grant formula. This recommendation is based on input from UW Financial Aid Directors.

As background, the FAFSA Simplification Act, as part of the federal 2021 Consolidated Appropriations Act, changes the Expected Family Contribution (EFC) generated on the Federal Application for Student Aid (FAFSA) to a Student Aid Index (SAI) starting in award year 2024-25. This new need analysis formula removes the number of family members in college from the calculation, allows a minimum SAI of -\$1,500, and implements separate eligibility determination criteria for Federal Pell Grants.

The UWs' recommendation for the 2025-26 formula is to distribute grants using the following criteria. The formula would include a student budget of the average annual tuition and fees for the comprehensive universities, which is approximately \$8,750. The rationing factor would allow a maximum award of \$3,500 or 40% of the student budget. The maximum federally accepted definition of need would be \$6,250. The minimum grant would be \$1,000.

The UWs' recommendation also includes a second tier if funds are available. The second tier would expand the federally accepted definition of need to \$10,000 and students would be awarded the minimum of \$1,000, as noted above.

The Universities of Wisconsin continue to use the institutional allocation approach that was initially implemented during award year 2011-12.

The Wisconsin Grant formula continues to strike the difficult balance between funding as many eligible students as possible while still providing grants in meaningful amounts that

will help low-income students access a UW education. While our historical goal has been to award 50 percent of the average tuition and fees at the comprehensives, financing for the Wisconsin Grant has not kept pace with tuition rates. We acknowledge that this formula falls below this goal, but the Universities of Wisconsin have considerable waitlists at the \$4,000 maximum used for 2024-25. We believe the suggested formula uses the state's investment in the most effective manner and the Universities of Wisconsin will re-evaluate its formula should it receive additional funding in the 2025-27 biennial budget.

I want to offer my appreciation to the HEAB staff for their hard work and support of the Wisconsin Grant Program. I look forward to hearing your final decision following the meeting of the Higher Educational Aids Board on November 8, 2024.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jay Rothman", with a stylized flourish at the end.

Jay Rothman
President, Universities of Wisconsin

CC: Regents
Chancellors
Cabinet
Financial Aid Officers
Sydney Brennan, Student Representative on HEAB Board

**PROPOSED RECOMMENDED 2025-2026 FORMULA
WISCONSIN GRANT
UNIVERSITY OF WISCONSIN SYSTEM**

**November 8, 2024
BOARD REPORT #25-12**

Recommendation of the University of Wisconsin System President Jay Rothman:

$(\$8,750 - \text{SAI}) \times 40\% = \text{Award}$

$(\text{Student Budget} - \text{Student Aid Index}) \times \text{Student Award Percentage} = \text{Award}$

Maximum Award: \$3,500 Minimum Award: \$1,000

Tier 2 if funds are available SAI of \$6,251 –\$10,000 = award of \$1,000

Other Information:

2025-2026 Appropriation \$61,894,100

2024-2025 Appropriation \$61,894,100

2023-2024 Appropriation \$61,894,100

2022-2023 Appropriation \$61,894,100

2021-2022 Appropriation: \$61,894,100

2020-2021 Appropriation: \$61,894,100

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

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

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

Current Formula – 24-25:

$(\$8,000 - \text{SAI}) \times 50\% = \text{Award}$

$(\text{Student Budget} - \text{Student Aid Index}) \times \text{Student Award Percentage} = \text{Award}$

Maximum Award: 4,000 Minimum Award: \$1,000

Tier 2 if funds are available - SAI of \$6,001 to \$10,000 the award would be \$1,000.

Current Year Spending: All the 2024-2025 funds will be spent.