



Student Financial Aid in the UW System: 1996-97 Update

Executive Summary

Financial aid plays a significant role in enabling individuals to pursue a higher education. In 1996-97, 75,666 UW System undergraduate and graduate students received \$404.9 million in a combination of both need based and non-need based financial aid. This represents an increase of 1,319 students and \$16.2 million above 1995-96 levels. Over half (54%) of all undergraduates and one-third (33%) of all graduate/professional students received financial aid in 1996-97. The proportion of UW undergraduates receiving financial aid has been increasing for both resident and nonresident students since 1988-89.

Over four out of five financial dollars (84%) in the UW System were provided or underwritten through a federal program in 1996-97. State funded sources accounted for 8 percent of the total with the remaining dollars coming from institutional (4%) and other sources (3%).

In 1996-97, 70 percent of total aid was in the form of loans, 27 percent was in the form of grants, and 3 percent was in the form of work programs. Over two-fifths (41%) of all UW students borrowed through a financial aid loan program in 1996-97 and less than one-third (29%) received grants.

The dependency status of financial aid recipients plays a prominent role in determining how much aid students are eligible to receive. Approximately one-quarter (26%) of the undergraduate aid recipients were classified as independent for financial aid purposes in 1996-97, a proportion that has declined slightly over the past few years.

Nearly three-fifths (58%) of all UW resident undergraduates have debt upon completing a Bachelors degree, compared to two-thirds in the mid-1980s. The average undergraduate's debt upon graduation in 1996-97 was \$13,332. Over one-quarter (27%) of this debt came from non-need based loans.

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**SECTION I:
OVERVIEW OF
STUDENT FINANCIAL
AID TRENDS**

Overall, 75,666 UW System students, 51 percent of total enrollment, received \$404.9 million in financial aid in 1996-97 (Table 1). This represents an increase of 1,319 students and 16.2 million dollars over 1995-96.¹

Over one-half (54%) of the undergraduate students received some form of aid (including non-need based aid) in 1996-97 (Table 1). After reaching a low of 37 percent in the late 1980's, the proportion of undergraduates receiving aid has been increasing each year, reflecting the increased availability of non-need based loan programs.

**Table 1
Financial Aid Provided to UW System Students**

| Year | Total Aided | | | Undergrad | | Res Undergrad | | NRes Undergrad | | Graduate | |
|-------|-------------|---------|----------|-----------|----------|---------------|----------|----------------|----------|----------|----------|
| | # | \$M | % Enroll | # | % Enroll | # | % Enroll | # | % Enroll | # | % Enroll |
| 82-83 | 61,727 | \$184.7 | 39% | 57,485 | 42% | 50,420 | 42% | 7,065 | 40% | 4,242 | 20% |
| 83-84 | 65,580 | \$199.9 | 41% | 60,979 | 44% | 53,469 | 44% | 7,510 | 42% | 4,601 | 21% |
| 84-85 | 67,575 | \$214.2 | 42% | 62,425 | 45% | 54,890 | 45% | 7,535 | 41% | 5,150 | 23% |
| 85-86 | 65,187 | \$211.8 | 40% | 60,226 | 43% | 52,960 | 43% | 7,266 | 38% | 4,961 | 22% |
| 86-87 | 62,288 | \$213.3 | 38% | 57,332 | 40% | 50,563 | 41% | 6,759 | 36% | 4,966 | 22% |
| 87-88 | 57,908 | \$212.5 | 36% | 53,220 | 38% | 47,116 | 39% | 6,104 | 32% | 4,688 | 21% |
| 88-89 | 57,124 | \$208.2 | 35% | 52,225 | 37% | 46,074 | 38% | 6,151 | 31% | 4,899 | 22% |
| 89-90 | 57,286 | \$217.9 | 36% | 52,212 | 38% | 45,757 | 39% | 6,455 | 31% | 5,074 | 23% |
| 90-91 | 59,735 | \$234.5 | 37% | 53,234 | 39% | 46,710 | 40% | 6,524 | 31% | 5,501 | 24% |
| 91-92 | 62,153 | \$262.2 | 39% | 56,246 | 41% | 48,972 | 42% | 7,274 | 34% | 5,907 | 25% |
| 92-93 | 67,273 | \$288.9 | 43% | 60,700 | 45% | 52,506 | 46% | 8,194 | 41% | 6,573 | 29% |
| 93-94 | 71,160 | \$339.7 | 46% | 64,491 | 49% | 54,635 | 49% | 9,856 | 51% | 6,669 | 29% |
| 94-95 | 73,039 | \$373.4 | 48% | 66,046 | 51% | 55,836 | 51% | 10,210 | 52% | 6,993 | 30% |
| 95-96 | 74,347 | \$388.7 | 50% | 67,156 | 53% | 56,533 | 53% | 10,623 | 54% | 7,191 | 32% |
| 96-97 | 75,666 | \$404.9 | 51% | 68,603 | 54% | 57,617 | 54% | 10,986 | 54% | 7,063 | 33% |

**SECTION II:
SOURCES OF AID
FOR UW SYSTEM
STUDENTS**

Federal Aid. Over four of every five financial aid dollars (84%) to UW students were provided or underwritten through a federal program, a proportion that has remained relatively stable over the past decade (Table 2). Nationally, the federal government provided an estimated 73 percent of student aid to students in postsecondary education during 1996-97.²

The Federal government provides 84 cents of every financial aid dollar.

State Aid. Aid from state sources represented less than one-tenth (8%) of all aid. After increasing to 12 percent in 1990-91, this proportion has declined over the past several years (Table 2).

Institutional Aid. Four percent of all University of Wisconsin financial aid dollars were provided with institutional funds. Institutional aid was made up primarily of scholarships funded through sources such as private donations to UW institutions.

Table 2
UW System Financial Aid by Source of Funding

| Year | All Aid* | | | | | | Grants | | | | | |
|-------|----------|-----|--------|-----|-------------|----|---------|-----|--------|-----|-------------|----|
| | Federal | | State | | Institution | | Federal | | State | | Institution | |
| | \$M | % | \$M | % | \$M | % | \$M | % | \$M | % | \$M | % |
| 82-83 | \$153.9 | 83% | \$22.8 | 12% | \$5.7 | 3% | \$35.4 | 19% | \$8.7 | 5% | \$2.8 | 2% |
| 83-84 | \$171.0 | 86% | \$19.7 | 10% | \$6.5 | 3% | \$40.9 | 21% | \$9.7 | 5% | \$2.9 | 2% |
| 84-85 | \$185.1 | 86% | \$17.5 | 8% | \$8.9 | 4% | \$45.6 | 21% | \$10.5 | 5% | \$3.6 | 2% |
| 85-86 | \$182.5 | 86% | \$16.9 | 8% | \$9.5 | 5% | \$53.1 | 25% | \$19.1 | 9% | \$3.1 | 1% |
| 86-87 | \$181.1 | 85% | \$19.4 | 9% | \$9.6 | 5% | \$51.1 | 24% | \$16.5 | 8% | \$3.0 | 1% |
| 87-88 | \$179.5 | 85% | \$20.3 | 10% | \$9.0 | 4% | \$50.8 | 24% | \$18.5 | 9% | \$3.1 | 1% |
| 88-89 | \$176.7 | 85% | \$23.1 | 11% | \$5.0 | 2% | \$61.7 | 30% | \$21.3 | 10% | \$2.7 | 1% |
| 89-90 | \$181.5 | 83% | \$24.1 | 11% | \$7.1 | 3% | \$61.3 | 28% | \$21.8 | 10% | \$4.1 | 2% |
| 90-91 | \$195.5 | 83% | \$27.6 | 12% | \$7.3 | 3% | \$58.7 | 25% | \$24.8 | 11% | \$4.3 | 2% |
| 91-92 | \$219.1 | 84% | \$29.5 | 11% | \$7.6 | 3% | \$64.4 | 25% | \$26.1 | 10% | \$6.3 | 2% |
| 92-93 | \$235.3 | 82% | \$30.6 | 11% | \$13.8 | 5% | \$68.3 | 24% | \$27.1 | 9% | \$12.9 | 5% |
| 93-94 | \$284.6 | 84% | \$32.4 | 10% | \$13.6 | 4% | \$59.0 | 17% | \$29.2 | 9% | \$12.7 | 4% |
| 94-95 | \$314.9 | 84% | \$33.9 | 9% | \$14.9 | 4% | \$56.5 | 15% | \$31.4 | 8% | \$14.1 | 4% |
| 95-96 | \$330.4 | 85% | \$30.9 | 8% | \$16.0 | 4% | \$52.8 | 14% | \$28.5 | 7% | \$15.2 | 4% |
| 96-97 | \$340.4 | 84% | \$33.9 | 8% | \$17.8 | 4% | \$51.7 | 13% | \$31.2 | 8% | \$17.1 | 4% |

* Balance of aid provided from other sources.

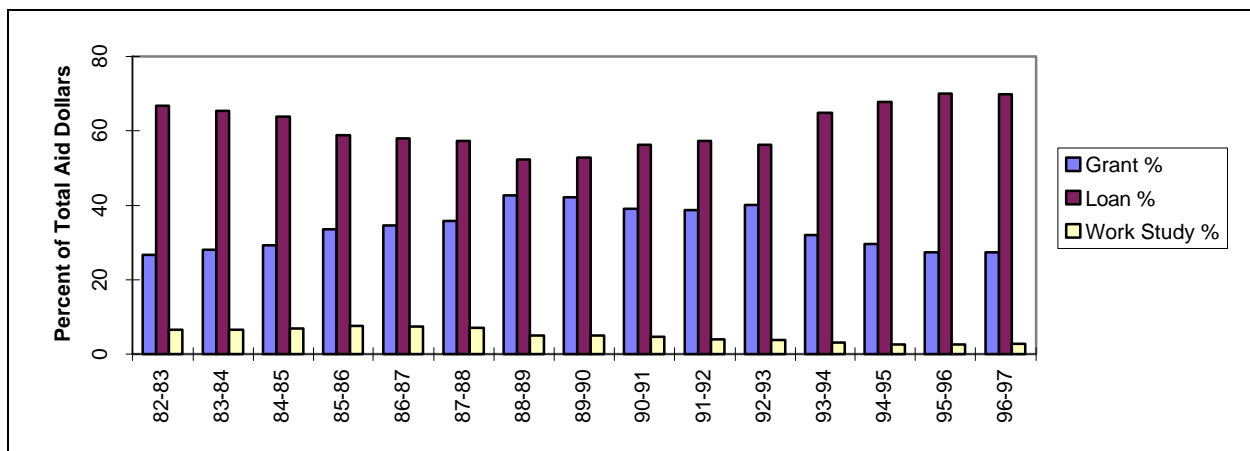
SECTION III: TYPES OF AID FOR UW SYSTEM STUDENTS

On average, a dollar of financial aid in the UW System in 1996-97 was composed of 70 cents in loans, 27 cents in grants, and three cents in work study (Figure 1).

Loans comprise 70 percent of all aid, the highest level in over a decade.

Loans. Loan aid continues to comprise the largest component of aid to UW System students. Peaking at two-thirds (67%) of all aid received by UW students in 1982-83, the proportion of total aid received as loans dropped consistently until 1989-90. That proportion has since increased and, in 1996-97, stands at 70 percent. Nationally, loans comprised an estimated 59 percent of all aid in 1996-97.³

Figure 1
UW System Distribution of Aid by Type



Two-fifths of UW students utilized loans to finance their education.

Need based loan programs. UW System students borrowed \$159.8 million dollars through the Federal Subsidized Stafford Loan program, the primary need based federal loan program for UW students. Borrowing in this program represented 57 percent of all loan dollars and 39 percent of all financial aid in the UW System in 1996-97 (Appendix Table D.5).

Non-need based loan programs. The largest of the federal non-need based programs, the Federal Unsubsidized Stafford Loan, has grown very rapidly since its inception. UW System students borrowed \$85 million through the Federal Unsubsidized Stafford Loan Program in 1996-97. This is an increase of \$16.5 million in one year. Fewer UW parents utilized the Federal PLUS loan program in the past several years than in the early 1990's. Families chose the Federal Unsubsidized Stafford Loan program due to its more attractive repayment terms. Given the rapid growth in non-need based loans, they currently represent 34 percent of the total loan dollars borrowed by UW students and 24 percent of total aid dollars (Appendix Table D.5). This is an increase from 1993-94 when they represented 19 and 12 percent respectively.

**Table 3
Distribution of Loans and Grants to UW System Students**

| Year | Loans | | | | | Grants | | | | |
|-------|--------|----------|----------|---------|-------------|--------|----------|----------|---------|-------------|
| | # | % Recips | % Enroll | \$M | % Total Aid | # | % Recips | % Enroll | \$M | % Total Aid |
| 82-83 | 53,271 | 86% | 33% | \$123.3 | 67% | 37,966 | 62% | 24% | \$49.2 | 27% |
| 83-84 | 56,884 | 87% | 35% | \$130.5 | 65% | 39,523 | 60% | 24% | \$56.2 | 28% |
| 84-85 | 59,336 | 88% | 37% | \$136.8 | 64% | 39,765 | 59% | 25% | \$62.6 | 29% |
| 85-86 | 55,246 | 85% | 34% | \$124.5 | 59% | 40,100 | 62% | 24% | \$71.1 | 34% |
| 86-87 | 54,254 | 87% | 33% | \$123.7 | 58% | 39,828 | 65% | 24% | \$73.7 | 35% |
| 87-88 | 46,541 | 80% | 29% | \$121.7 | 57% | 38,922 | 67% | 24% | \$75.9 | 36% |
| 88-89 | 42,554 | 75% | 26% | \$109.0 | 52% | 41,654 | 73% | 26% | \$88.8 | 43% |
| 89-90 | 40,272 | 70% | 25% | \$115.0 | 53% | 41,177 | 72% | 26% | \$91.8 | 42% |
| 90-91 | 44,239 | 75% | 28% | \$131.8 | 56% | 40,503 | 69% | 25% | \$91.6 | 39% |
| 91-92 | 46,773 | 75% | 29% | \$150.0 | 57% | 43,861 | 71% | 27% | \$101.6 | 39% |
| 92-93 | 48,592 | 72% | 31% | \$162.3 | 56% | 47,921 | 71% | 31% | \$115.7 | 40% |
| 93-94 | 53,863 | 76% | 35% | \$220.4 | 65% | 46,344 | 65% | 30% | \$108.7 | 32% |
| 94-95 | 56,663 | 78% | 37% | \$253.1 | 68% | 45,201 | 62% | 29% | \$110.7 | 30% |
| 95-96 | 59,293 | 80% | 40% | \$272.2 | 70% | 43,526 | 59% | 29% | \$106.4 | 27% |
| 96-97 | 60,586 | 80% | 41% | \$282.8 | 70% | 43,394 | 57% | 29% | \$110.8 | 27% |

Federal Pell grant dollars to UW System students are down from their high in 1992-93.

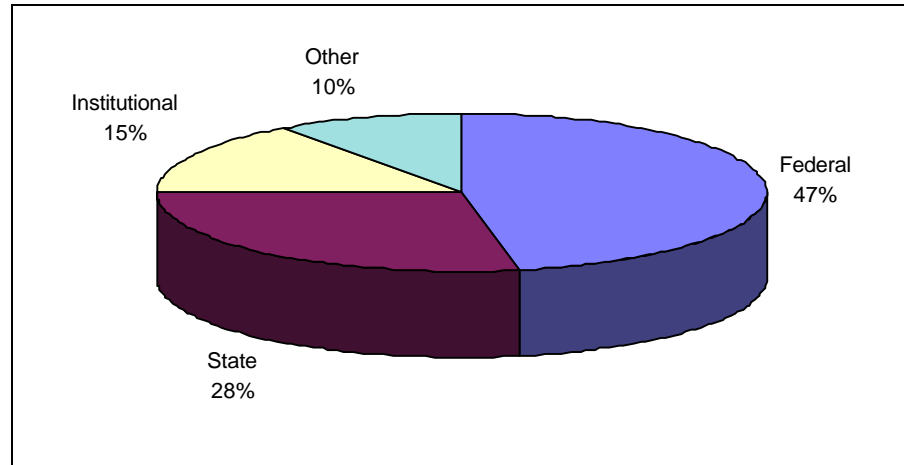
Grants. In 1996-97, 43,394 UW System students received \$110.8 million in grants (Table 3). Federal grants comprised the majority (47%) of all grants received by UW System students followed by state grants which comprised 28 percent (Figure 2).

The proportion of grant dollars to total aid has remained steady over the past year as did the proportion of UW students receiving a grant. However, decreases occurred in the largest grant program serving UW System students, the Federal Pell Grant program, a need-based federal grant program. In 1996-97, this program provided \$36.2 million to UW students.

While only a slight decrease from 1995-96, the cumulative decrease has been \$17.8 million since the program peaked in 1992-93 (Appendix Table D.1).

Figure 2
Source of UW System Grant Aid 1996-97

**Federal Grants
comprise the
majority of all
grants received by
UW System
students.**



The largest state grant program available to needy Wisconsin residents attending a UW institution is the Wisconsin Higher Education Grant (WHEG). Slightly less than one of every five UW resident undergraduate students (18%) received a WHEG award in 1996-97, a proportion that has been relatively constant over the past decade (Table 4). While the proportion of UW students receiving the grant has declined from the previous year, the average WHEG award has increased 27 percent over the same period. In 1996-97 the program provided \$15.7 million in grants and constituted half of all state grant dollars (Appendix Table D.3).

Table 4
WHEG Awards to UW System Students

**Slightly less than
one of every five
UW resident
undergraduates
received a WHEG
award.**

| Year | Recipients | Avg Grant | Avg Grant (FY 86 \$) | % UG Res Enroll |
|------------------------|------------|-----------|-------------------------|-----------------|
| 85-86 | 21,342 | \$373 | \$373 | 17% |
| 86-87 | 22,365 | \$412 | \$403 | 18% |
| 87-88 | 22,034 | \$501 | \$470 | 18% |
| 88-89 | 21,452 | \$633 | \$568 | 18% |
| 89-90 | 20,433 | \$594 | \$508 | 18% |
| 90-91 | 21,004 | \$630 | \$512 | 18% |
| 91-92 | 20,475 | \$632 | \$497 | 18% |
| 92-93 | 21,293 | \$606 | \$462 | 19% |
| 93-94 | 21,997 | \$600 | \$447 | 20% |
| 94-95 | 21,914 | \$642 | \$464 | 20% |
| 95-96 | 20,519 | \$643 | \$453 | 19% |
| 96-97 | 19,217 | \$815 | \$558 | 18% |
| % change from 95-96 | -6% | 27% | 23% | n/a |

Over 9,000 UW students participated in the Federal Work Study Program in 1996-97

Federal Work Study. In 1996-97, \$10.5 million were provided through the Federal Work Study (FWS) program, a work program that includes both federal and state dollar contributions. The FWS program provided 9,321 UW students with work opportunities in 1996-97 (Table 5). Average awards in constant dollars have increased in direct proportion to aid recipients. After having remained unchanged over the past several years, federal appropriations have increased by over 30 percent. The FWS program accounts for 93 percent of all financial aid work programs (Appendix B). ROTC programs make up the remaining 7 percent.

**Table 5
Federal Work Study Awards to UW System Students**

| Year | Recips | Avg Award | Avg Award (FY86 \$) | Total Federal Appropriations ⁴ \$ M | Total Federal Appropriations (FY86 \$ M) |
|---------------------|--------|-----------|---------------------|------------------------------------------------|------------------------------------------|
| 85-86 | 10,822 | \$904 | \$904 | \$567 | \$567 |
| 86-87 | 10,280 | \$922 | \$902 | \$593 | \$580 |
| 87-88 | 10,167 | \$902 | \$847 | \$588 | \$552 |
| 88-89 | 9,608 | \$901 | \$808 | \$610 | \$547 |
| 89-90 | 9,498 | \$954 | \$817 | \$602 | \$515 |
| 90-91 | 8,812 | \$1,016 | \$825 | \$595 | \$483 |
| 91-92 | 9,397 | \$1,091 | \$858 | \$615 | \$484 |
| 92-93 | 9,823 | \$1,060 | \$809 | \$617 | \$471 |
| 93-94 | 9,212 | \$1,090 | \$811 | \$617 | \$459 |
| 94-95 | 8,491 | \$1,061 | \$767 | \$617 | \$446 |
| 95-96 | 8,938 | \$1,056 | \$743 | \$617 | \$434 |
| 96-97 | 9,321 | \$1,124 | \$769 | \$830 | \$568 |
| % change from 95-96 | 4% | 6% | 4% | 35% | 31% |

**SECTION IV:
PROFILE OF UW
SYSTEM AID
RECIPIENTS**

Residency. Fifty-four percent of UW resident undergraduates and 34 percent of UW resident graduate/professional students received financial aid in 1996-97 (Table 6). Undergraduate students comprised nine out of ten (91%) aid recipients in the UW System, and the majority (76%) of all recipients were undergraduate Wisconsin residents (Table 6).

Table 6
UW System Financial Aid Recipients in 1996-97

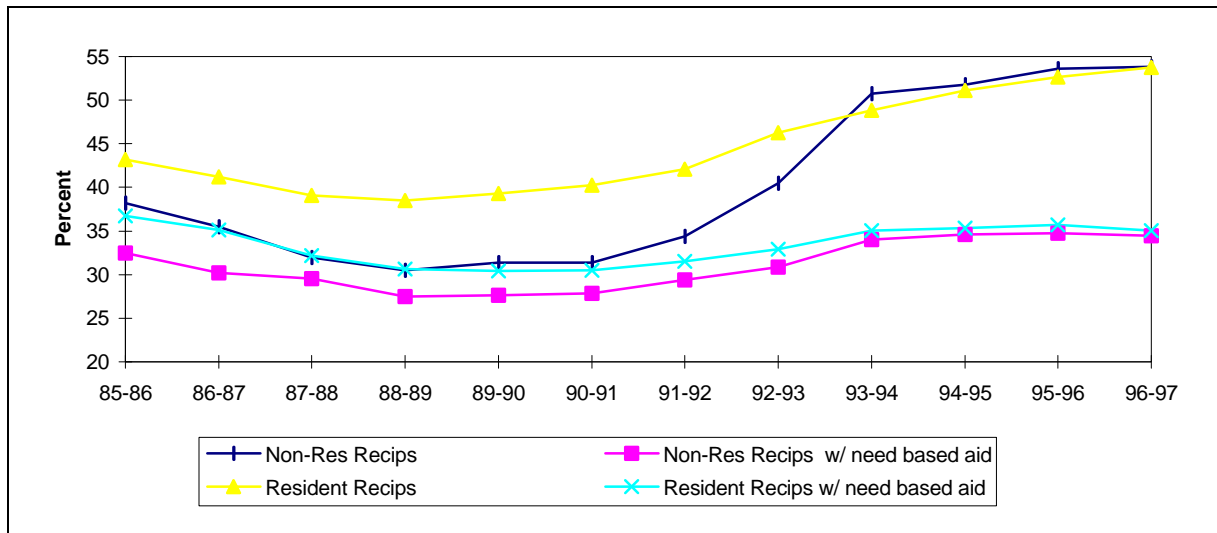
| Level | Aid Recips | % Total Aided | % Enroll* | Grant Recips | % Grant Recips | % Enroll* | Loan Recips | % Loan Recips | % Enroll* |
|------------------|------------|---------------|-----------|--------------|----------------|-----------|-------------|---------------|-----------|
| Undergrads | | | | | | | | | |
| Resident | 57,617 | 76% | 54% | 35,089 | 81% | 33% | 46,288 | 76% | 43% |
| Nonresident | 10,986 | 15% | 54% | 6,296 | 15% | 31% | 8,044 | 13% | 39% |
| Total Undergrads | 68,603 | 91% | 54% | 41,385 | 95% | 32% | 54,332 | 90% | 43% |
| Graduates | | | | | | | | | |
| Resident | 4,779 | 6% | 34% | 1,292 | 3% | 9% | 4,282 | 7% | 31% |
| Nonresident | 2,284 | 3% | 30% | 717 | 2% | 9% | 1,972 | 3% | 26% |
| Total Grads | 7,063 | 9% | 33% | 2,009 | 5% | 9% | 6,254 | 10% | 29% |
| Total | 75,666 | 100% | 51% | 43,394 | 100% | 29% | 60,586 | 100% | 41% |

*Proportion of students enrolled who received aid by level and residency status.

Over half of all UW undergraduates receive some type of financial aid.

The proportion of UW undergraduates receiving aid has been increasing since 1988-89 for both residents and nonresidents (Figure 3). The proportion of resident undergraduates receiving need-based financial aid is slightly higher than that of nonresident undergraduates. The steeper increases in the proportion of all undergraduates with aid (both resident and nonresident) reflects increased utilization of non-need based loans.

Figure 3
UW System Financial Aid Recipients by Residency and Need



Twenty-eight percent of resident undergraduates have independent status for financial aid purposes.

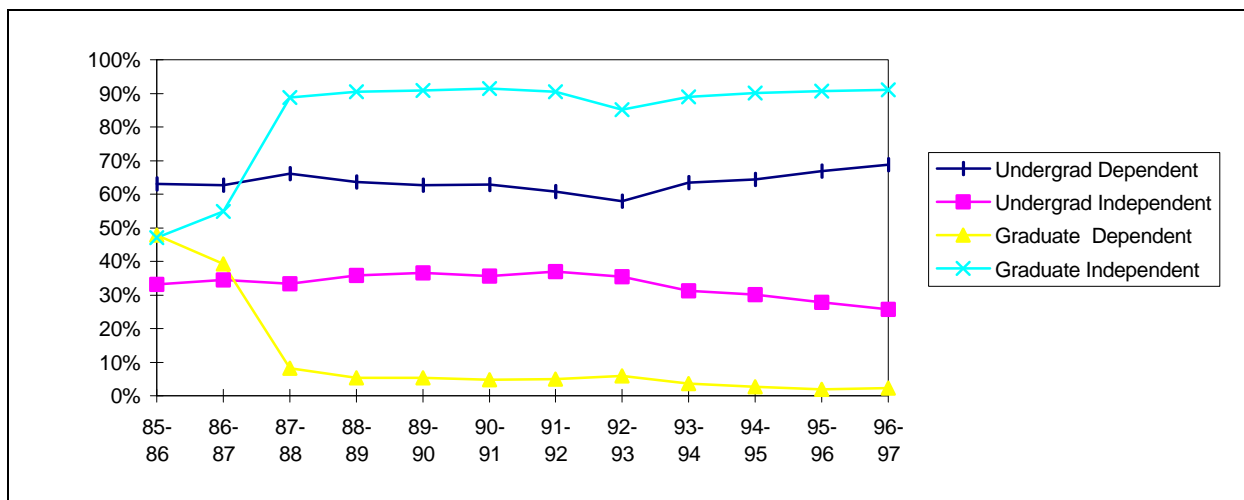
Dependency Status. Nearly one out of every three (32%) aid recipients were independent students who received no parent contribution toward the costs of their education (Table 7). For undergraduates, approximately one quarter (26%) are independent, a proportion that has been decreasing over the past four years. As indicated in Table 7, a higher percentage of nonresident undergraduates are financially dependent (76%) compared to resident undergraduates (67%).

**Table 7
1996-97 UW System Financial Aid Recipients by Dependency**

| Level | Dependent | | Independent | | Unknown | | Total | |
|------------------|-----------|-----|-------------|-----|---------|-----|--------|------|
| | # | % | # | % | # | % | # | % |
| Undergrads | | | | | | | | |
| Resident | 38,828 | 67% | 15,969 | 28% | 2820 | 5% | 57,617 | 100% |
| Nonresident | 8,376 | 76% | 1,669 | 15% | 941 | 9% | 10,986 | 100% |
| Total Undergrads | 47,204 | 69% | 17,638 | 26% | 3,761 | 5% | 68,603 | 100% |
| Graduates | | | | | | | | |
| Resident | 150 | 3% | 4,416 | 92% | 213 | 4% | 4,779 | 100% |
| Nonresident | 14 | 1% | 2,020 | 88% | 250 | 11% | 2,284 | 100% |
| Total Graduates | 164 | 2% | 6,436 | 91% | 463 | 7% | 7,063 | 100% |
| Total | 47,368 | 63% | 24,074 | 32% | 4,224 | 6% | 75,666 | 100% |

At the graduate level, the proportion of aid recipients establishing independent status increased significantly in 1987-88 (Figure 4). This was due to the changes in the federal definition of dependency status enacted in the 1986 Amendments to the Higher Education Act. These changes provided a much broader set of criteria under which graduate students could be declared independent than had previously existed.

**Figure 4
Proportion of UW System Financial Aid Recipients By Dependency and Level**



Seventy-one percent of UW multicultural students received financial aid.

Race/Ethnicity. Seventy-one percent of all enrolled UW multicultural students received some form of financial aid to attend a UW System institution (Table 8). Eighty-eight percent of these multicultural financial aid recipients had demonstrated financial need as defined by the Federal Needs Analysis Methodology.

**Table 8
1996-97 UW System Financial Aid Recipients by Ethnicity**

| | Recips | % Aided | % Enroll | % Need |
|------------------------------|--------|---------|----------|--------|
| Undergraduates | | | | |
| African American | 2,679 | 4% | 82% | 91% |
| American Indian | 718 | 1% | 83% | 84% |
| Asian American | 1,996 | 3% | 63% | 88% |
| Hispanic/Latino | 1,546 | 2% | 69% | 87% |
| Multicultural Total | 6,939 | 10% | 73% | 89% |
| White | 61,664 | 90% | 52% | 78% |
| Total Undergraduate | 68,603 | 100% | 54% | 79% |
| Graduates | | | | |
| African American | 468 | 7% | 75% | 82% |
| American Indian | 103 | 1% | 63% | 75% |
| Asian American | 257 | 4% | 44% | 88% |
| Hispanic/Latino | 304 | 4% | 64% | 85% |
| Multicultural Total | 1,132 | 16% | 62% | 83% |
| White | 5,931 | 84% | 30% | 89% |
| Total Graduate | 7,063 | 100% | 33% | 88% |
| Undergraduates and Graduates | | | | |
| African American | 3,147 | 4% | 81% | 90% |
| American Indian | 821 | 1% | 79% | 83% |
| Asian American | 2,253 | 3% | 61% | 88% |
| Hispanic/Latino | 1,850 | 2% | 68% | 87% |
| Multicultural Total | 8,071 | 11% | 71% | 88% |
| White | 67,595 | 89% | 49% | 79% |
| Total | 75,666 | 100% | 51% | 80% |

* Financial need defined by Federal Needs Analysis Methodology

Financial aid participation rate of UW undergraduates is closely related to family income and inversely related to enrollment status.

Participation Rates. The mix of family-income backgrounds of students varies among the UW institutions and, therefore, influences institutions' financial aid participation rates. For example, UW-Superior had the largest proportion of undergraduates (81%) in the UW System receiving financial aid in 1996-97 and had the lowest median family income among entering freshmen (Table 9).

Eligibility for financial aid also is affected by a student's enrollment status (e.g. full or part-time credit load), which serves to offset the impact of family income. For example, while UW Colleges' freshmen had the second lowest family income, UW Colleges had much lower financial aid participation (36%). This is because one-fifth (21%) of their students took fewer than six credits and, therefore, did not qualify for most financial aid.

**Table 9
Financial Aid Participation of 1996-97 UW System Undergraduates**

| | Recips | % Enroll | Percent of Undergraduate Enrollment Taking: | | | Median Family Income of Freshmen ⁵ |
|------------------|--------|----------|---------------------------------------------|---------------|--------------------|-----------------------------------------------|
| | | | less than 6 credits | 6 -11 credits | 12 or more credits | |
| UW-Madison | 13,977 | 49% | 7% | 7% | 86% | \$60,210 |
| UW-Milwaukee | 9,081 | 52% | 16% | 21% | 63% | \$44,608 |
| UW-Eau Claire | 7,168 | 71% | 5% | 8% | 87% | \$50,772 |
| UW-Green Bay | 3,238 | 61% | 11% | 14% | 75% | \$44,899 |
| UW-La Crosse | 4,750 | 56% | 3% | 6% | 91% | \$49,810 |
| UW-Oshkosh | 5,058 | 58% | 5% | 10% | 84% | \$45,577 |
| UW-Parkside | 2,219 | 51% | 17% | 25% | 57% | \$43,855 |
| UW-Platteville | 2,874 | 59% | 7% | 6% | 88% | \$44,473 |
| UW-River Falls | 2,566 | 52% | 5% | 6% | 89% | \$43,557 |
| UW-Stevens Point | 4,882 | 61% | 4% | 7% | 89% | \$46,000 |
| UW-Stout | 4,155 | 62% | 7% | 6% | 87% | \$47,159 |
| UW-Superior | 1,719 | 81% | 8% | 15% | 77% | \$38,036 |
| UW-Whitewater | 3,739 | 40% | 4% | 11% | 85% | \$49,600 |
| UW Colleges | 3,177 | 36% | 21% | 24% | 54% | \$41,207 |
| UW System | 68,603 | 54% | 9% | 12% | 80% | n/a |

Nearly three-fifths of all UW resident undergraduates have debt upon graduation.

Student Indebtedness. UW resident undergraduate students who had received students loans (need or non-need based) during their academic careers had an average debt upon graduation in 1996-97 of \$13,332 (Table 10). This represents a nine percent increase from 1995-96. A growing proportion of UW resident undergraduates' debt upon graduation is in non-need based loan programs. In 1996-97, over one-fourth (27%) of undergraduate resident debt came from non-need based loans, compared to five percent in 1988-89.

Nearly three-fifths (58%) of all UW resident undergraduates have debt upon completing a Bachelors degree, compared to half (50%) of the graduates five years earlier (Table 10). However, this figure is consistent with the proportion in the mid-1980's.

Appendix Table D.6 provides information by institution on the cumulative student loan debt of resident undergraduates who received a bachelors degree in 1996-97. The percent of resident baccalaureate recipients with debt ranged from 48 percent at UW-Parkside to 73 percent at UW-Superior. The average debt ranged from \$9,921 at UW-Parkside to \$15,036 at UW-Stout.

**Table 10
Cumulative Student Loan Debt
UW System Resident Undergraduates Completing a Bachelors Degree**

Twenty-seven percent of UW resident undergraduates' debt upon graduation came from non-need based loans.

| Year | Loan Recipients | % UG Res Deg Recip | Average Debt* | Avg Debt (FY86 \$) | % Non-Need Based Loans |
|-------|-----------------|--------------------|---------------|--------------------|------------------------|
| 85-86 | 10,077 | 62% | \$6,585 | \$6,585 | 21% |
| 86-87 | 9,967 | 60% | \$6,794 | \$6,643 | 14% |
| 87-88 | 9,535 | 58% | \$6,782 | \$6,365 | 7% |
| 88-89 | 9,301 | 56% | \$6,946 | \$6,231 | 5% |
| 89-90 | 9,081 | 54% | \$7,097 | \$6,075 | 7% |
| 90-91 | 8,505 | 52% | \$7,317 | \$5,943 | 8% |
| 91-92 | 8,477 | 51% | \$7,627 | \$6,001 | 12% |
| 92-93 | 8,345 | 50% | \$8,076 | \$6,162 | 16% |
| 93-94 | 8,729 | 52% | \$9,072 | \$6,753 | 19% |
| 94-95 | 8,688 | 54% | \$10,719 | \$7,750 | 20% |
| 95-96 | 9,060 | 57% | \$12,186 | \$8,576 | 24% |
| 96-97 | 9,261 | 58% | \$13,332 | \$9,124 | 27% |

*Includes only debt acquired in Wisconsin.

Financial aid provided three-fifths of an UW resident undergraduate's cost to attend college.

Financial Need. Financial need is estimated using a standard federal methodology and represents the difference between the amount parents and students can contribute toward the cost of attending college and the actual cost during the period in which the student is enrolled (Appendix E). The average need of UW resident undergraduate financial aid recipients in 1996-97 was \$5,897. The average need in constant dollars has decreased over the past few years (Table 11).

Given that financial aid is a finite resource that must be allocated across many students with financial need, some financial aid recipients have unmet need after aid has been provided and family/student contribution has been included. In 1996-97, financial aid comprised an average of 59 percent of an UW resident undergraduate's cost to attend a UW System institution. However, 62 percent of financially needy UW resident undergraduates had unmet need after aid was provided (Table 11). This unmet need can also result from students declining a portion of their aid package.

The proportion of all UW resident undergraduates with demonstrated financial need and unmet need has increased since the mid-1980's but has remained relatively steady in recent years. Although the average unmet need in 1996-97 continued to remain below the 1985-86 level, the proportion of undergraduate resident students with unmet need has increased to 27 percent up from 20 percent in 1985-86 (Table 11).

**Table 11
UW Resident Undergraduate Unmet Need Profile**

| Year | Financial Need | | | Unmet Need | | | % Unmet Need | |
|-------|----------------|----------|----------------|------------|----------|----------------|--------------|------------|
| | # | % Enroll | Avg (FY 86 \$) | # | % Enroll | Avg (FY 86 \$) | % Recip | % Total \$ |
| 85-86 | 43,866 | 36% | \$3,756 | 24,195 | 20% | \$1,682 | 55% | 25% |
| 86-87 | 44,665 | 36% | \$3,730 | 25,109 | 20% | \$1,462 | 56% | 22% |
| 87-88 | 44,038 | 37% | \$3,807 | 25,484 | 21% | \$1,258 | 58% | 19% |
| 88-89 | 42,950 | 36% | \$3,507 | 26,369 | 22% | \$ 973 | 61% | 17% |
| 89-90 | 42,344 | 36% | \$3,586 | 25,089 | 22% | \$1,267 | 59% | 21% |
| 90-91 | 42,630 | 37% | \$3,535 | 25,241 | 22% | \$1,098 | 59% | 18% |
| 91-92 | 44,559 | 38% | \$3,639 | 26,911 | 23% | \$1,169 | 60% | 19% |
| 92-93 | 45,883 | 40% | \$3,693 | 28,274 | 25% | \$1,218 | 62% | 20% |
| 93-94 | 47,649 | 43% | \$4,122 | 30,106 | 27% | \$1,421 | 63% | 22% |
| 94-95 | 47,209 | 43% | \$4,091 | 29,389 | 27% | \$1,375 | 62% | 21% |
| 95-96 | 47,004 | 44% | \$4,090 | 29,813 | 28% | \$1,402 | 63% | 22% |
| 96-97 | 46,825 | 44% | \$4,035 | 29,117 | 27% | \$1,435 | 62% | 22% |

Appendix A: Technical Notes To Occasional Research Brief

UW System Financial Aid Data Base

This report presents annual data on the amount of financial assistance provided to University of Wisconsin students to help them finance their education. Figures are based on student financial aid data provided to UW System Administration by the UW institutions via the Financial Aid Central Data Request. Details in the text and tables may not add due to rounding.

Total number of aid recipient figures represent the total number of students (undergraduate and graduate students, residents and nonresidents) receiving any type of financial aid (excluding those listed below). Students often receive more than one type of aid so the cumulative total for students aided through grant, work and loan programs will not equal the grand total. Other important caveats include the following:

- The data reported in this ORB does not include graduate assistantships and fellowships nor nonresident tuition remission grants.
- Work Study includes only dollars provided through the Federal Work Study program and ROTC. It does not capture other on- or off-campus employment.
- Loan data do not include private non-federally-guaranteed borrowing activity. There is no way to estimate its magnitude.
- Resident status is determined by the UW institution's Office of Registrar for fee purposes. Nonresidents in these analyses are defined as all students with residency other than Resident, which includes Minnesota and Michigan Reciprocity Agreement students.

Included in the federal dollars are guaranteed student loans (Federal Stafford Student Loans and Federal Parent Loans for Undergraduates) which are programs the federal government subsidized with interest payments and by guaranteeing the repayment of the defaulted loans while relying on private sources for their funding. The cost of the Guaranteed Student Loan programs to the federal government consists of three parts: 1) the reimbursements to the guarantee agencies for losses due to borrower default, 2) in-school interest payments to lenders on behalf of the borrower (Federal Stafford Loans are the only GSLs that provide substantial interest subsidies), and 3) special allowance payments to lenders. In 1996, Congress gave all postsecondary institutions the authority to enter the direct lending program. Direct lending provides federal loan funds to colleges and universities bypassing the banks and loan guarantee agencies that fund and administer the traditional student loan system.

Appendix B: Financial Aid Dollars Provided to UW System Students in 1996-97 (Millions)

| | Federal Grants | State Grants | Institutional Grants | Other Grants | Total Grants | Total Loans | Work Programs | Total Aid |
|------------------|----------------|--------------|----------------------|--------------|--------------|-------------|---------------|-----------|
| UW-Madison | \$9.4 | \$8.6 | \$9.4 | \$4.8 | \$32.2 | \$97.5 | \$2.7 | \$132.3 |
| UW-Milwaukee | \$7.7 | \$5.4 | \$2.0 | \$1.1 | \$16.2 | \$46.0 | \$0.9 | \$63.2 |
| UW-Eau Claire | \$4.3 | \$2.0 | \$1.1 | \$1.0 | \$8.5 | \$17.0 | \$1.1 | \$26.6 |
| UW-Green Bay | \$2.2 | \$1.3 | \$0.9 | \$0.6 | \$4.9 | \$9.9 | \$0.3 | \$15.2 |
| UW-La Crosse | \$2.9 | \$1.6 | \$0.0 | \$0.1 | \$4.5 | \$18.1 | \$0.4 | \$22.9 |
| UW-Oshkosh | \$3.5 | \$1.9 | \$0.3 | \$0.5 | \$6.2 | \$18.5 | \$0.8 | \$25.5 |
| UW-Parkside | \$2.0 | \$0.9 | \$1.8 | \$0.2 | \$4.9 | \$5.1 | \$0.5 | \$10.5 |
| UW-Platteville | \$2.2 | \$1.1 | \$0.1 | \$0.4 | \$3.7 | \$9.1 | \$0.6 | \$13.4 |
| UW-River Falls | \$2.3 | \$0.9 | \$0.1 | \$0.5 | \$3.8 | \$9.0 | \$0.6 | \$13.4 |
| UW-Stevens Point | \$3.8 | \$1.9 | \$0.2 | \$1.0 | \$6.8 | \$16.7 | \$0.9 | \$24.4 |
| UW-Stout | \$3.9 | \$1.8 | \$0.1 | \$0.3 | \$6.1 | \$18.4 | \$0.6 | \$25.1 |
| UW-Superior | \$1.7 | \$0.7 | \$0.8 | \$0.0 | \$3.2 | \$5.9 | \$0.2 | \$9.3 |
| UW-Whitewater | \$2.9 | \$1.9 | \$0.1 | \$0.0 | \$4.9 | \$6.8 | \$0.6 | \$12.3 |
| UW Colleges | \$3.0 | \$1.4 | \$0.2 | \$0.3 | \$4.8 | \$4.7 | \$1.2 | \$10.7 |
| UW System | \$51.7 | \$31.2 | \$17.1 | \$10.8 | \$110.8 | \$282.8 | \$11.2 | \$404.9 |

* Column and row totals may differ from System totals due to rounding.

Appendix C: Financial Aid Provided to UW System Students in 1996-97 by Institution

| | Aid Recipients | % of Total Aided | % of Enrollment | Total Aid \$ M | % of Total Aid \$ | Grants \$ M | % of Total Grant \$ | Loans \$ M | % of Total Loan \$ |
|--------------------------|----------------|------------------|-----------------|----------------|-------------------|----------------|---------------------|----------------|--------------------|
| UW-Madison | | | | | | | | | |
| Resident Undergrads | 10,790 | 14% | 54% | \$58.9 | 15% | \$20.6 | 19% | \$36.9 | 13% |
| Nonresident Undergrads | 3,187 | 4% | 38% | \$21.5 | 5% | \$6.6 | 6% | \$14.3 | 5% |
| Resident Graduates | 2,396 | 3% | 49% | \$32.8 | 8% | \$2.7 | 2% | \$29.7 | 11% |
| Nonresident Graduates | 1,619 | 2% | 27% | \$19.1 | 5% | \$2.3 | 2% | \$16.6 | 6% |
| Total | 17,992 | 24% | 46% | \$132.3 | 33% | \$32.2 | 29% | \$97.5 | 34% |
| UW-Milwaukee | | | | | | | | | |
| Resident Undergrads | 8,767 | 12% | 52% | \$49.7 | 12% | \$14.5 | 13% | \$34.5 | 12% |
| Nonresident Undergrads | 314 | 0% | 46% | \$2.2 | 1% | \$0.6 | 1% | \$1.6 | 1% |
| Resident Graduates | 1,066 | 1% | 29% | \$9.0 | 2% | \$0.9 | 1% | \$8.0 | 3% |
| Nonresident Graduates | 234 | 0% | 31% | \$2.3 | 1% | \$0.3 | 0% | \$1.9 | 1% |
| Total | 10,381 | 14% | 47% | \$63.2 | 16% | \$16.3 | 15% | \$46.0 | 16% |
| UW Comprehensives | | | | | | | | | |
| Resident Undergrads | 34,964 | 46% | 56% | \$157.8 | 39% | \$49.2 | 44% | \$103.3 | 37% |
| Nonresident Undergrads | 7,404 | 10% | 67% | \$29.7 | 7% | \$7.3 | 7% | \$21.5 | 8% |
| Resident Graduates | 1,317 | 2% | 25% | \$8.1 | 2% | \$0.5 | 0% | \$7.2 | 3% |
| Nonresident Graduates | 431 | 1% | 46% | \$3.0 | 1% | \$0.4 | 0% | \$2.7 | 1% |
| Total | 44,116 | 58% | 56% | \$198.6 | 49% | \$57.4 | 52% | \$134.6 | 48% |
| UW Colleges | | | | | | | | | |
| Resident Undergrads | 3,096 | 4% | 36% | \$10.5 | 3% | \$4.7 | 4% | \$4.6 | 2% |
| Nonresident s Undergrads | 81 | 0% | 31% | \$0.2 | 0% | \$0.1 | 0% | \$0.1 | 0% |
| Total | 3,177 | 4% | 36% | \$10.7 | 3% | \$4.8 | 4% | \$4.7 | 2% |
| UW System | | | | | | | | | |
| Resident Undergrads | 57,617 | 76% | 54% | \$276.9 | 68% | \$89.0 | 80% | \$179.3 | 63% |
| Nonresident Undergrads | 10,986 | 15% | 54% | \$53.6 | 13% | \$14.6 | 13% | \$37.5 | 13% |
| Resident Graduates | 4,779 | 6% | 34% | \$49.9 | 12% | \$4.1 | 4% | \$44.9 | 16% |
| Nonresident Graduates | 2,284 | 3% | 30% | \$24.4 | 6% | \$3.0 | 3% | \$21.2 | 7% |
| Total | 75,666 | 100% | 51% | \$404.9 | 100% | \$110.8 | 100% | \$282.8 | 100% |

Appendix D: Major Financial Aid Programs Available to UW System Students

The major financial aid programs available to UW System students fall into three categories: grant/scholarships, loan, and work.

Grants/Scholarships

The Federal Pell Program, administered by the Department of Education, awards aid to financially needy students who are enrolled at least half-time in public or private institutions. The maximum authorized Pell Grant for 1996-97 was \$4,300 per student. The maximum Pell Grant disbursed for 1996-97 was \$2,470. Actual Pell Grant awards have not equaled authorized levels since 1979-80. The gap between the authorized and actual maximum Pell awards grew during the 1980's and continues to widen in the 1990's. The average 1996-97 UW Pell Grant was \$1,455.

Pell Grant dollars comprised 9 percent of all aid received by UW System students, down from its peak level of 25 percent in 1988-89. Thirty-three percent of UW financial aid recipients receive Pell grants, a proportion that also decreased from a peak of 63 percent in 1988-89.

The second largest federal grant program is the Federal Supplemental Educational Opportunity Grant (SEOG) which is federally funded but is administered at the institution level. Since 1988-89, SEOG recipients must meet Federal Pell grant eligibility requirements. SEOG is awarded to especially needy students before work or loans are offered. A student's grant amount is determined by institutional policy; grants may range from \$100 to \$4,000. The average UW SEOG grant for 1996-97 was \$611.

The largest state grant program, the Wisconsin Higher Education Grant (WHEG), is a need-based financial aid program administered through the Higher Education Aids Board (HEAB) and available to Wisconsin resident undergraduates enrolled at least half-time in the UW System. Grants are not repaid, but refund policies apply if a student withdraws from school prior to the completion of the term for which aid is granted. The level of WHEG support to UW System students depends on the number of UW System applicants, their level of financial need, and the level of state funding for the program. The average UW WHEG grant for 1996-97 was \$815.

Table D.1
Financial Aid Grants to UW System Students

| Year | Federal Pell | | | Federal SEOG | | | State WHEG | | |
|-------|--------------|--------|---------|--------------|-------|-------|------------|--------|-------|
| | # | \$ M | Avg | # | \$ M | Avg | # | \$ M | Avg |
| 85-86 | 32,517 | \$44.0 | \$1,353 | 13,313 | \$8.2 | \$616 | 21,342 | \$8.0 | \$375 |
| 86-87 | 29,524 | \$41.8 | \$1,416 | 12,968 | \$8.2 | \$632 | 22,365 | \$9.2 | \$411 |
| 87-88 | 29,713 | \$40.6 | \$1,366 | 12,431 | \$8.9 | \$716 | 22,034 | \$11.0 | \$499 |
| 88-89 | 36,196 | \$51.8 | \$1,431 | 21,356 | \$8.9 | \$417 | 21,452 | \$13.6 | \$634 |
| 89-90 | 34,532 | \$50.6 | \$1,465 | 18,318 | \$9.1 | \$497 | 20,433 | \$12.1 | \$592 |
| 90-91 | 32,713 | \$47.6 | \$1,455 | 17,340 | \$9.2 | \$531 | 21,004 | \$13.2 | \$628 |
| 91-92 | 34,453 | \$53.1 | \$1,541 | 17,595 | \$9.4 | \$534 | 20,475 | \$12.9 | \$630 |
| 92-93 | 34,593 | \$54.0 | \$1,561 | 16,505 | \$9.4 | \$570 | 21,293 | \$12.9 | \$606 |
| 93-94 | 30,153 | \$42.3 | \$1,403 | 15,682 | \$9.7 | \$619 | 21,997 | \$13.2 | \$600 |
| 94-95 | 27,991 | \$39.6 | \$1,416 | 15,533 | \$9.5 | \$614 | 21,914 | \$14.1 | \$642 |
| 95-96 | 25,883 | \$36.6 | \$1,413 | 15,813 | \$9.5 | \$603 | 20,519 | \$13.2 | \$643 |
| 96-97 | 24,906 | \$36.2 | \$1,455 | 15,726 | \$9.6 | \$611 | 19,217 | \$15.7 | \$815 |

Table D.2

Proportion of Financial Aid Grants to Total Aid

| Year | Federal Pell | | Federal SEOG | | State WHEG | |
|-------|--------------|---------|--------------|---------|------------|---------|
| | % of Recip | % of \$ | % of Recip | % of \$ | % of Recip | % of \$ |
| 85-86 | 50% | 21% | 20% | 4% | 33% | 4% |
| 86-87 | 47% | 20% | 21% | 4% | 36% | 4% |
| 87-88 | 51% | 19% | 23% | 4% | 38% | 5% |
| 88-89 | 63% | 25% | 37% | 4% | 38% | 7% |
| 89-90 | 60% | 23% | 32% | 4% | 36% | 6% |
| 90-91 | 56% | 20% | 30% | 4% | 36% | 6% |
| 91-92 | 55% | 20% | 28% | 4% | 33% | 5% |
| 92-93 | 51% | 19% | 25% | 3% | 32% | 5% |
| 93-94 | 42% | 13% | 22% | 3% | 31% | 4% |
| 94-95 | 38% | 11% | 21% | 3% | 30% | 4% |
| 95-96 | 35% | 9% | 21% | 2% | 28% | 3% |
| 96-97 | 33% | 9% | 21% | 2% | 25% | 4% |

**Table D.3
State Grants Received by UW Students in 1996-97**

| Program | \$ Million | Change from 1995-96 | | Program Description |
|------------------------------------------------|---------------|---------------------|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | \$ Million | % | |
| WHEG | \$15.7 | \$2.5 | 19% | Administered by HEAB; for resident undergraduates enrolled in the UW System or WTCS. Students can receive WHEG funds for up to 10 semesters based upon financial need. |
| Talent Incentive Program | \$2.3 | -\$0.2 | -7% | Administered by HEAB; for minority and disadvantaged students enrolled at least half-time. |
| Lawton Undergraduate Minority Retention Grants | \$2.0 | \$0.03 | 1.5% | Administered by UW System; supplemental grants to African-American, Hispanic, American Indian and Southeast Asian refugee sophomore, junior and senior resident and Minnesota Compact students who are enrolled for six credits or more. |
| Academic Excellence Scholarship | \$5.0 | \$0.2 | 4% | A merit based scholarship program; administered jointly by HEAB, DPI and UW System. |
| Department of Vocational Rehabilitation Funds | \$2.0 | \$0.1 | 6% | Administered by DVR. Provides supplemental funds to DVR clients to cover the cost of attendance. |
| Wisconsin Indian Student Assistance Grant | \$0.3 | -\$0.02 | -6% | Administered by HEAB. Provides need-based grants to American Indians who are Wisconsin residents. |
| Advanced Opportunity Grant | \$3.5 | \$0.1 | 2% | Administered by UW System; Provides grants to multi-cultural and disadvantaged graduate and professional students. |
| Miscellaneous State Grants | \$0.5 | \$0.1 | 17% | Includes Vietnam Era Veterans Grants (\$37,209) and other miscellaneous grant programs. |
| Total | \$31.2 | \$2.7 | 10% | |

Loans

The primary loan program is the Federal Subsidized Stafford Loan (formerly the Guaranteed Student Loan), which is offered to students through private lenders or direct federal lending. These loans are federally subsidized so that the student pays no interest while attending school. Loan maximums are determined by need and academic progression. Such loans may not exceed \$2,625 for freshmen, \$3,500 for sophomores, and \$5,500 for junior and seniors. Graduate students may borrow \$8,500 per year for up to five years. Academic career maximums are \$23,000 for undergraduates and \$65,000 for undergraduate and graduate combined. Eligibility restrictions enacted in the 1986 amendments to the Higher Education Act under which 1992-93 aid was disbursed, requires all students to show financial need to be eligible for a loan. Repayment (interest and principal payments) in this program is deferred while a student is enrolled in school at least half time. Repayment begins six months after the student ceases to attend school at least half time. An origination and insurance fee of up to 4 percent is assessed. The interest rate is variable and capped at 8.25 percent. Students/families can utilize non-need based loans if they exhaust these loan maximums. In contrast to the large increases in Stafford loan borrowing by UW student in the early 1980's, significant decreases in student borrowing occurred in the program from 1987-88 to 1989-90, a result of more stringent eligibility requirements in the program that were enacted in the 1986 amendments to the Higher Education Act. Increases in borrowing in this program began again in 1990-91 and continued through 1995-96. In 1996-97 borrowing declined 4 percent and, currently, this loan accounts for 57 percent of all loan dollars. This decrease is due, in part, to the large increases in the Federal Unsubsidized Stafford Loan program.

The second largest loan program is the Federal Unsubsidized Stafford Loan program, implemented in 1992 reauthorization of the Higher Education Act. This loan has the same terms and conditions as the Federal Subsidized Stafford Loan except that the borrower is responsible for interest that accrues while the student is in school. Eligibility is not based on financial need, but the loan amount cannot exceed the difference between the student budget and other aid. Dependent students may receive both subsidized and unsubsidized Stafford Loans totaling up to the applicable Stafford limit, if they do not qualify for the full amount permitted under the Subsidized Stafford Loan. Independent students may receive unsubsidized loans of up to \$4,000/year for the first two years, and up to \$5,000/year for any remaining undergraduate years, in addition to any Subsidized Stafford Loan. Repayment begins six months after the student ceases to attend school at least half time. An origination and insurance fee of up to 4 percent is assessed. The interest rate is variable and capped at 8.25 percent. Lending in this program has increased dramatically since its inception in 1993-94. In 1996-97, lending in this program represented 30 percent of all loan dollars.

The next largest program is the Federal Perkins Loan [formerly the National Direct Student Loan (NDSL)] program. This need-based program is administered at the institutional level, and repaid loans become part of a revolving account from which new loans are made. The interest rate on these loans is several points lower than that on Stafford Loans. Students may borrow \$3,000 per year up to \$15,000 as an undergraduate, and \$5,000 per year as a graduate student. The total amount over their undergraduate/graduate career a student can borrow is \$30,000. Repayment begins nine months after the student ceases to attend school at least half time. The interest rate is 5 percent. One out of five (20%) UW financial aid recipients borrowed through the federal Perkins Loan program in 1996-97.

The Federal Parent Loans for Undergraduates (PLUS) program is a non-need based loan program offered through private lenders or direct federal lending. The PLUS loans are loans to parents of dependent undergraduates. Parents may borrow up to the student's cost of education minus other financial aid each year to pay for their child's education. The interest rate is variable and capped at 9 percent. Parents must begin repaying these loans within 60 days after the loan is received. Borrowing from this program has drastically declined over the past four years. In 1996-97 borrowing represents four percent of loan dollars, whereas, in 1992-93 borrowing totaled 11 percent of loan dollars. The Federal Supplemental Loans for Students (SLS) program, a non-need based loan program, offered through private lenders began in 1987-88 and was discontinued after 1993-94.

Work Programs

Through the Federal Work Study Program (FWS) students may be employed by the institution, public or non-profit employers, and must be paid at least minimum wage. Although the largest portion of the funds for the program are federal, the employer must provide 25% of the student's wages.

The Federal Work Study program is a fraction of student employment. In fiscal year 1997, \$57.6 million was expended in direct campus student employment (including Federal Work Study program expenditures for direct on-campus employment)⁶. Other than Federal Work Study expenditures, student wages are not included in the financial aid database. In addition, students, both aid recipients and non-recipients, have off-campus employment choosing to work rather than accumulate loan debt. Data on off-campus employment are not available to the UW System. Also, a significant form of work aid for graduate students, not reflected in these data, are graduated assistantships (e.g., teaching assistantships, research assistantships). In fiscal year 1997, system wide expenditures on graduate assistantship salaries and wages were \$70.5 million⁷. See Table 5 in the body of this document for UW FWS participation.

**Table D.4
Financial Aid Loans to UW System Students**

| Year | Need Based Loan Programs | | | | | | Non-need Based Loan Programs | | | | | | | | |
|-------|-------------------------------|---------|---------|-----------------|--------|---------|------------------------------|--------|---------|-------------|--------|---------|--------------|--------|---------|
| | Federal Stafford (subsidized) | | | Federal Perkins | | | Fed Stafford (unsubsidized) | | | Federal SLS | | | Federal PLUS | | |
| | # | \$ M | Avg | # | \$ M | Avg | # | \$ M | Avg | # | \$ M | Avg | # | \$ M | Avg |
| 85-86 | 48,992 | \$102.6 | \$2,094 | 15,480 | \$14.9 | \$962 | -- | -- | -- | -- | -- | -- | 1,167 | \$2.9 | \$2,476 |
| 86-87 | 49,620 | \$101.3 | \$2,043 | 15,188 | \$16.5 | \$1,086 | -- | -- | -- | -- | -- | -- | 942 | \$2.3 | \$2,479 |
| 87-88 | 40,464 | \$96.8 | \$2,392 | 14,123 | \$17.7 | \$1,255 | -- | -- | -- | 615 | \$1.6 | \$2,646 | 1,148 | \$3.2 | \$2,813 |
| 88-89 | 33,844 | \$77.6 | \$2,293 | 15,045 | \$18.6 | \$1,237 | -- | -- | -- | 1,130 | \$2.7 | \$2,349 | 2,457 | \$7.0 | \$2,834 |
| 89-90 | 30,297 | \$78.6 | \$2,594 | 14,916 | \$18.3 | \$1,229 | -- | -- | -- | 1,538 | \$3.5 | \$2,280 | 3,483 | \$10.3 | \$2,953 |
| 90-91 | 35,021 | \$90.1 | \$2,573 | 15,212 | \$20.1 | \$1,321 | -- | -- | -- | 2,100 | \$5.1 | \$2,418 | 4,272 | \$12.7 | \$2,981 |
| 91-92 | 36,985 | \$101.1 | \$2,734 | 14,355 | \$19.3 | \$1,347 | -- | -- | -- | 2,906 | \$7.5 | \$2,572 | 5,433 | \$16.5 | \$3,040 |
| 92-93 | 39,894 | \$109.3 | \$2,739 | 15,035 | \$20.5 | \$1,362 | -- | -- | -- | 3,408 | \$9.0 | \$2,645 | 5,730 | \$18.1 | \$3,159 |
| 93-94 | 44,782 | \$155.2 | \$3,467 | 12,826 | \$20.0 | \$1,557 | 8,911 | \$22.6 | \$2,537 | 2,664 | \$10.1 | \$3,778 | 2,757 | \$8.4 | \$3,034 |
| 94-95 | 46,119 | \$163.6 | \$3,546 | 13,070 | \$21.4 | \$1,641 | 18,726 | \$56.0 | \$2,989 | 90 | \$0.1 | \$1,504 | 2,353 | \$8.5 | \$3,604 |
| 95-96 | 48,773 | \$165.8 | \$3,399 | 15,339 | \$24.9 | \$1,626 | 22,135 | \$68.1 | \$3,079 | 0 | \$0.0 | \$0 | 2,359 | \$9.2 | \$3,882 |
| 96-97 | 45,981 | \$159.8 | \$3,476 | 14,892 | \$23.0 | \$1,544 | 26,159 | \$85.2 | \$3,257 | 0 | \$0.0 | \$0 | 2,270 | \$10.0 | \$4,403 |

**Table D.5
Proportion of Financial Aid Loans to Total Aid**

| Year | Need Based Loan Programs | | | | Non-need Based Loan Programs | | | | | |
|-------|--------------------------|---------|-------------|---------|------------------------------|---------|-------------|---------|------------|---------|
| | Fed Stafford (sub) | | Fed Perkins | | Fed Stafford (unsub) | | Federal SLS | | Fed PLUS | |
| | % of Recip | % of \$ | % of Recip | % of \$ | % of Recip | % of \$ | % of Recip | % of \$ | % of Recip | % of \$ |
| 85-86 | 75% | 48% | 24% | 7% | -- | -- | -- | -- | 2% | 1% |
| 86-87 | 80% | 48% | 24% | 8% | -- | -- | -- | -- | 2% | 1% |
| 87-88 | 70% | 46% | 24% | 8% | -- | -- | 1% | 1% | 2% | 2% |
| 88-89 | 59% | 37% | 26% | 9% | -- | -- | 2% | 1% | 4% | 3% |
| 89-90 | 53% | 36% | 26% | 8% | -- | -- | 3% | 2% | 6% | 5% |
| 90-91 | 60% | 38% | 26% | 9% | -- | -- | 4% | 2% | 7% | 5% |
| 91-92 | 60% | 39% | 23% | 7% | -- | -- | 5% | 3% | 9% | 6% |
| 92-93 | 59% | 38% | 22% | 7% | -- | -- | 5% | 3% | 9% | 6% |
| 93-94 | 63% | 46% | 18% | 6% | 13% | 7% | 4% | 3% | 4% | 2% |
| 94-95 | 63% | 44% | 18% | 6% | 26% | 15% | 0.1% | 0.0% | 3% | 2% |
| 95-96 | 66% | 43% | 21% | 6% | 30% | 18% | 0.0% | 0.0% | 3% | 2% |
| 96-97 | 61% | 39% | 20% | 6% | 35% | 21% | 0.0% | 0.0% | 3% | 2% |

Table D.6
Cumulative Student Loan Debt of UW Resident Undergraduates by Institution
Upon Completing a Bachelors Degree, 1996-97

| | # Borrowers | % Graduates with Cumulative Debt | Average Debt |
|------------------|-------------|-------------------------------------|--------------|
| UW-Madison | 1,872 | 51% | \$14,856 |
| UW-Milwaukee | 1,430 | 62% | \$14,477 |
| UW-Eau Claire | 723 | 60% | \$11,685 |
| UW-Green Bay | 446 | 58% | \$13,020 |
| UW-La Crosse | 671 | 61% | \$12,718 |
| UW-Oshkosh | 850 | 61% | \$13,024 |
| UW-Parkside | 202 | 48% | \$ 9,921 |
| UW-Platteville | 416 | 58% | \$10,001 |
| UW-River Falls | 308 | 63% | \$12,363 |
| UW-Stevens Point | 835 | 64% | \$13,786 |
| UW-Stout | 578 | 71% | \$15,036 |
| UW-Superior | 149 | 73% | \$12,696 |
| UW-Whitewater | 781 | 54% | \$11,559 |
| UW System | 9,261 | 58% | \$13,332 |

Appendix E: The Design of a Student Financial Aid Package

Federal financial aid policy is based on the position that students and their families are primarily responsible, to the extent possible given their financial resources, for paying for a postsecondary undergraduate education. Congress has established a need analysis system to determine how much families and students must contribute toward the cost of education. This need analysis system takes into account family income, assets, and other expenses. From the remaining “discretionary” income, a portion called the family contribution is designated for college expenses. In general, this family contribution becomes larger as the discretionary income increases.

The family contribution is subtracted from the cost of attending college to determine the student’s financial need. The cost of college includes tuition, books and supplies, room and board, average transportation costs and average miscellaneous expenses that students normally incur. The family contribution toward the cost of college does not change from one institution to another. Rather, the need changes relative to the cost of attendance while the family’s contribution remains the same. An example follows:

| | College A Private 4-year Average ⁸ | College B UW System Average |
|---------------------|-----------------------------------------------------|-----------------------------------|
| Cost of Attendance* | \$ 18,400 | \$ 5,700 |
| Family Contribution | <u>\$ 3,000</u> | <u>\$ 3,000</u> |
| Need | \$ 15,400 | \$ 2,700 |

* Includes tuition, fees, on-campus room and board costs. It does not include books, transportation costs or other miscellaneous expenses.

The college attempts to meet this need through an offer of a “package” of financial aid. A package is made up of scholarships and/or grants, self help, loans, or a combination thereof.

Students accept or decline portions of the aid package as they choose. If the package includes a loan, a promissory note is signed prior to the disbursement of the loan proceeds. Students must be registered for classes before aid can be disbursed to them at the beginning of each semester. Students are required to pay their tuition and fees with the proceeds of the aid before remaining aid is disbursed to them.

Financial aid staff provide counseling on student budgeting and loan counseling. The loan counseling includes discussion regarding the projected monthly loan repayment, the anticipated living expenses after the student has left college, and the projected net income after the student has begun working.

This type of information assists students and parents in making decisions about whether and how much to borrow. This type of budget and loan counseling is required by federal regulation and is essential since loans comprise over half of the overall financial aid received by UW System students. In 1996-97, the average student cost for an undergraduate Wisconsin resident student living on campus (excluding UW Colleges) was \$8,114. Along with the cost of attendance, noted in the chart above, this figure includes books, transportation costs and other miscellaneous expenses. Thirty-three percent of this cost was tuition and fees, a proportion that has been relatively stable over time.

ENDNOTES

¹ See Appendix A for technical notes regarding aid types and programs included in the UW System financial aid data base.

² The College Board. *Trends in Student Aid: 1987 to 1997*. September 1997.

³ The College Board. *Trends in Student Aid: 1987 to 1997*. September 1997.

⁴ The College Board. *Trends in Student Aid: 1987 to 1997*. September 1997.

⁵ ACT Class Profile Reports, Fall 1996. The median incomes are computed from responses by high school students taking the ACT (both from Wisconsin and out-of-state) who enrolled in the UW System in Fall 1996.

⁶ University of Wisconsin System Administration Office of Financial Reporting.

⁷ University of Wisconsin System Administration Office of Financial Reporting.

⁸ The College Board. *Trends in Student Aid: 1987 to 1997*. September 1997.