2009-11 Financial Aid Budget Proposal

April 10, 2008
Topics

- Financial Aid Overview
- WHEG Program
- 2009-11 Financial Aid Proposal
Types of Student Financial Aid

- There are three primary types of financial aid:
  - Loans
  - Grants
  - Work Study

- Loans comprise 71% of all financial aid.
Sources of Financial Aid

- Federal grants and loans are the largest source of financial aid.
- State programs provide less than one-tenth of all financial aid.
- Wisconsin ranks below the peer average in state grant awards per FTE.
Sources of Financial Aid

- Federal (76%)
- State (8%)
- Institutional (5%)
- Other (11%)

Data does not include the value of tax credits and deductions.
Paying for Higher Education: Increasing Reliance on Student Loans & Debt

- Borrowing to finance a college education has increased.
- In 2006-07, 67% of students had loan debt at graduation, averaging $21,104 in debt.
- In 2006-07, 21% of students qualified for need-based grant aid.
Eligibility for Need-Based Aid

- Based on the federal needs analysis methodology.
- Determines ability to pay for postsecondary education expenses.
- The federal needs analysis considers a variety of factors, including income, assets and the number of dependent siblings enrolled in a postsecondary institution, when determining ability to pay.
Income & Financial Need

- A single person with an income of $50,000 has greater ability to pay for college than a family of six with the same income.
- Some students with family incomes over $75,000 (fourth income quintile) qualified for a need-based grant in 2006-07.
Wisconsin Higher Education Grant (WHEG)

- Budgeted to and administered by the Higher Educational Aid Board.
- Largest state-funded financial aid program.
- Uses the federal needs analysis methodology.
Wisconsin Higher Education Grant (WHEG) Program Funding

- Funding has tripled since 1997-98, to $50 million this year.
- Funding has increased by an average of 13% each year since 1997-98.
- The average award has increased by 155% during this period, to an estimated $2,131.
## WHEG Program Funding

<table>
<thead>
<tr>
<th>Academic Year</th>
<th>Funds Expended/ Budget</th>
<th>% Increase in WHEG Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997-98</td>
<td>$15,751,149</td>
<td>xxx</td>
</tr>
<tr>
<td>1998-99</td>
<td>$17,470,802</td>
<td>11%</td>
</tr>
<tr>
<td>1999-00</td>
<td>$16,854,076</td>
<td>-4%</td>
</tr>
<tr>
<td>2000-01</td>
<td>$20,947,828</td>
<td>24%</td>
</tr>
<tr>
<td>2001-02</td>
<td>$19,380,141</td>
<td>-7%</td>
</tr>
<tr>
<td>2002-03</td>
<td>$22,207,989</td>
<td>15%</td>
</tr>
<tr>
<td>2003-04</td>
<td>$28,352,131</td>
<td>28%</td>
</tr>
<tr>
<td>2004-05</td>
<td>$33,713,710</td>
<td>19%</td>
</tr>
<tr>
<td>2005-06</td>
<td>$40,992,516</td>
<td>22%</td>
</tr>
<tr>
<td>2006-07</td>
<td>$43,315,582</td>
<td>6%</td>
</tr>
<tr>
<td>2007-08</td>
<td>$50,000,000*</td>
<td>15%</td>
</tr>
<tr>
<td><strong>Average Annual Increase</strong></td>
<td><strong>$3,424,885</strong></td>
<td><strong>12.9%</strong></td>
</tr>
</tbody>
</table>

*2007-08 is budgeted figure
**2007-08 is based on average WHEG as of December 2007
WHEG vs. Tuition

• Although funding tripled since 1997-98, the dollar increase has not kept pace with tuition.

• Average grant $1,295, while UW-Madison tuition $3,470.

• Average WHEG increase this year provided some students with a hold harmless.
# WHEG vs. Tuition

<table>
<thead>
<tr>
<th>Academic Year</th>
<th>$ Increase in UW Madison Tuition</th>
<th>$ Increase in Ave. WHEG Award</th>
<th>Difference, Madison Increase over WHEG Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997-98</td>
<td>$141</td>
<td>$115</td>
<td>$26</td>
</tr>
<tr>
<td>1998-99</td>
<td>$289</td>
<td>$60</td>
<td>$229</td>
</tr>
<tr>
<td>2000-01</td>
<td>$0</td>
<td>$140</td>
<td>($140)</td>
</tr>
<tr>
<td>2001-02</td>
<td>$278</td>
<td>($139)</td>
<td>$417</td>
</tr>
<tr>
<td>2002-03</td>
<td>$286</td>
<td>$148</td>
<td>$138</td>
</tr>
<tr>
<td>2003-04</td>
<td>$700</td>
<td>$82</td>
<td>$618</td>
</tr>
<tr>
<td>2004-05</td>
<td>$700</td>
<td>$49</td>
<td>$651</td>
</tr>
<tr>
<td>2005-06</td>
<td>$364</td>
<td>$393</td>
<td>($29)</td>
</tr>
<tr>
<td>2006-07</td>
<td>$382</td>
<td>$71</td>
<td>$311</td>
</tr>
<tr>
<td>2007-08</td>
<td>$330</td>
<td>$376**</td>
<td>($46)</td>
</tr>
<tr>
<td><strong>Average Annual Increase</strong></td>
<td><strong>$347</strong></td>
<td><strong>$130</strong></td>
<td><strong>$218</strong></td>
</tr>
</tbody>
</table>

**2007-08 is based on average WHEG as of December 2007**
2009-11 Financial Aid Proposal

- UW’s financial aid proposal has two parts:
  - Maintain WHEG statutory link to percentage increase in tuition.
  - Hold Harmless Financial Aid Program.
WHEG Statutory Link

- WHEG allocation should increase by the same percentage as average tuition and fees.
  - WHEG should increase by $3.1 million in 2009-10 and an additional $3.2 million in 2010-11.
- Statutory increase requires $9.4 million in 2009-11.
WHEG Hold Harmless Proposal

- Increase in average WHEG awards will equal average change in tuition and fees.
- Assures students will not be priced out of college due to increases in tuition and fees.
WHEG Hold Harmless Cost

- The estimated average 2009-10 hold harmless award will be $355.
- Program is estimated to cost $6.2 million in 2009-10 and $6.6 million in 2010-11.
Total 2009-11 WHEG Funding

- Required WHEG funding estimated to be $9.3 million in 2009-10 and $9.8 million in 2010-11.
- For the biennium, $28.4 million in additional WHEG funding will be required.
Growth Agenda

- Enroll more Wisconsin residents and graduate more four-year college-degree holders, producing:
  - More high-paying jobs
  - A stronger tax base
  - An improved state economy