



# 2009-11 Financial Aid Budget Proposal

April 10, 2008

# Topics

- Financial Aid Overview
- WHEG Program
- 2009-11 Financial Aid Proposal

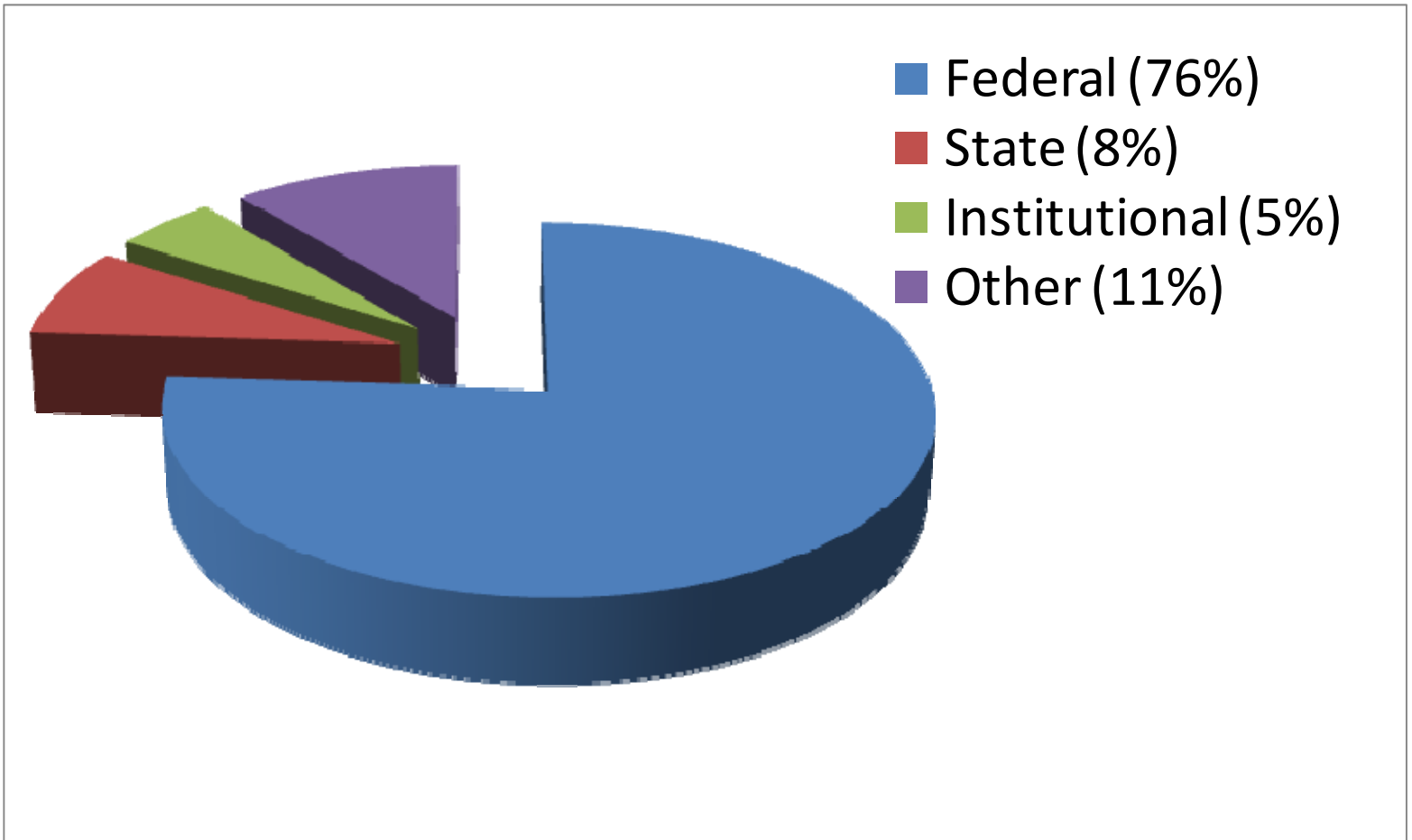
# Types of Student Financial Aid

- 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



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

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

\*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

Academic Year	\$ Increase in UW Madison Tuition	\$ Increase in Ave. WHEG Award	Difference, Madison Increase over WHEG Increase
1997-98	xxx	xxx	xxx
1998-99	\$141	\$115	\$26
1999-00	\$289	\$60	\$229
2000-01	\$0	\$140	(\$140)
2001-02	\$278	(\$139)	\$417
2002-03	\$286	\$148	\$138
2003-04	\$700	\$82	\$618
2004-05	\$700	\$49	\$651
2005-06	\$364	\$393	(\$29)
2006-07	\$382	\$71	\$311
2007-08	\$330	\$376**	(\$46)
<b>Average Annual Increase</b>	<b>\$347</b>	<b>\$130</b>	<b>\$218</b>

\*\*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