2015-17 BIENNIAL BUDGET PRESENTATION
FINANCIAL AID

March 2014
Sources of Financial Aid 2012-2013
Wisconsin Resident Undergraduates

Federal 76% ($732.93m)
State 9% ($91.35m)
Institutional 6% ($57.42m)
Other 8% ($81.17m)

*does not include the value of tax credits & deductions.
Types of Financial Aid 2012-13
Wisconsin Resident Undergraduates

- **Loans**: 62% ($594.21m)
- **Work Study**: 1% ($9.37m)
- **Grants**: 37% ($359.3m)
## Primary Need-Based Grants for Wisconsin Resident UW Students 2012-13

<table>
<thead>
<tr>
<th></th>
<th>Pell Grants</th>
<th>Wisconsin Higher Education Grants (WHEG)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Funds</td>
<td>$158.6 M</td>
<td>$58.3 M</td>
</tr>
<tr>
<td>Recipients</td>
<td>42,976</td>
<td>31,767</td>
</tr>
<tr>
<td>Average Grant</td>
<td>$3,668</td>
<td>$1,837</td>
</tr>
<tr>
<td>Award Size</td>
<td>$555 to $5,550</td>
<td>$764 to $2,324</td>
</tr>
</tbody>
</table>
What Determines Financial Aid?

- FAFSA: Free Application for Federal Student Aid
- EFC: Expected Family Contribution
- COA: Cost of Attendance
### UW-Eau Claire 2013-14 Student Financial Aid Award Packages

<table>
<thead>
<tr>
<th>Typical Family of Four Income</th>
<th>$37,000</th>
<th>$49,000</th>
<th>$58,000</th>
<th>$69,000</th>
<th>$85,000</th>
</tr>
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<tbody>
<tr>
<td>Cost to Attend</td>
<td>$18,980</td>
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<tr>
<td>Expected Family Contribution</td>
<td>($0)</td>
<td>($2,000)</td>
<td>($3,500)</td>
<td>($5,500)</td>
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</tr>
<tr>
<td>Need</td>
<td>$18,980</td>
<td>$16,980</td>
<td>$15,480</td>
<td>$13,480</td>
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<tr>
<td>Pell Grant</td>
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<td>$3,695</td>
<td>$2,195</td>
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<tr>
<td>WI Covenant Grant</td>
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<td>Blugold Grant</td>
<td>$900</td>
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<tr>
<td>Sub. Stafford Loan</td>
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<tr>
<td>Perkins Loan</td>
<td>$0</td>
<td>$0</td>
<td>$2,426</td>
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<tr>
<td>Unsub. Stafford Loan</td>
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<tr>
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<tr>
<td>Unmet Student Need</td>
<td>$0</td>
<td>$341</td>
<td>$0</td>
<td>$1,080</td>
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WI Resident Undergraduates with Student Loans at Graduation

2003-04: 63%
2004-05: 66%
2005-06: 68%
2006-07: 71%
2007-08: 72%
2008-09: 73%
2009-10: 71%
2010-11: 71%
2011-12: 72%
2012-13: 73%
Students with $0 EFC

Year | Number of Students
--- | ---
2000-01 | 8,904
2001-02 | 9,766
2002-03 | 9,545
2003-04 | 11,313
2004-05 | 10,583
2005-06 | 11,065
2006-07 | 11,683
2007-08 | 12,897
2008-09 | 13,011
2009-10 | 19,063
2010-11 | 22,239
2011-12 | 23,168
2012-13 | 22,836
Historical WHEG Funding

$43.3
$50.0
$55.0
$55.0
$58.3
$58.3
$58.3
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$ in Millions

WHEG Unmet Need has Grown
*Note: 2013-14 Average WHEG Awards are not available.
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## WHEG Request Options

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<th>Biennial Request: $18.7m ($9.35m annually)</th>
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<td>Total Annual Funding: $67.7m</td>
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<td><strong>RESULTS:</strong> Eliminate Wait-List (5,096) &amp; Avg. Award $1,837</td>
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<th>Option 2: Increase Awards to 2009-10 Levels</th>
<th>Biennial Request: $20.6m (10.3m annually)</th>
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<td>Total Annual Funding: $68.6m</td>
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<td><strong>RESULTS:</strong> Max Award: $2,980 Avg. Award: $2,161</td>
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<th>Option 3: Eliminate Wait-List &amp; Increase Awards to 2009-10 Levels</th>
<th>Biennial Request: $42.6m ($21.3m annually)</th>
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<td></td>
<td>Total Annual Funding: $79.6m</td>
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<td></td>
<td><strong>RESULTS:</strong> Avg. Award: $2,161 &amp; eliminate wait-list (5,096)</td>
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Questions and Discussion
Discussion Objectives

- Elements of annual operating budgets and biennial “budget” requests.
- Changes in the financial reporting and the review and approval of budgets and requests.
- How fund balances will be categorized and reported.
Increasing Financial Transparency

- Providing cash balances in the categorical format established by the LAB in the audit of FY12 balances; Report 13-17.

- Providing the Business and Finance Committee quarterly management reports of FY14 YTD revenue and expenses, and year-end projections. This process will be ongoing.

- Reporting to the Business and Finance Committee projected year-end cash balances beginning in April based on the first three quarters of FY14.
Annual

- Revenue
- Expenses
- Fiscal Year
- Budget
- Actual

Biennial

- Estimates
- 2-years: evolving
- Estimates
Annual and Biennial Budget Timelines

2014

2015

2016

June

August

July

June

August

FY15 Annual Budget based on FY14 actuals & projections

Approve
Annual and Biennial Budget Timelines

2014

June

FY15 Annual Budget based on FY14 actuals & projections

Approve

August

2015

August

2016

July

June

August

Request

2015-17 Biennial Budget for FY16 & FY17
FY14 actuals available
Annual and Biennial Budget Timelines

- **June 2014**: Approve FY15 Annual Budget based on FY14 actuals & projections
- **August 2014**: Request 2015-17 Biennial Budget for FY16 & FY17. FY14 actuals available
- **July 2015**: Approve FY16 Annual Budget based on FY15 actuals & projections
- **June 2016**: Approve 2015-17 Biennial Budget for FY16 & FY17.
Annual and Biennial Budget Timelines

2014

June

Approve

FY15 Annual Budget based on FY14 actuals & projections

August

Request

2015

July

Approve

FY16 Annual Budget based on FY15 actuals & projections

2016

June

Approve

FY17 Annual Budget based on FY16 actuals & projections

August

2015-17 Biennial Budget for FY16 & FY17
FY14 actuals available
Annual and Biennial Budget Timelines

- **FY15 Annual Budget**
  - 2014: June
  - Bases on FY14 actuals & projections

- **FY15 Annual Budget**
  - 2015: July
  - Bases on FY14 actuals & projections

- **2015-17 Biennial Budget for FY16 & FY17**
  - 2015: August
  - FY14 actuals available

- **FY16 Annual Budget**
  - 2016: June
  - Bases on FY15 actuals & projections

- **FY17 Annual Budget**
  - 2016: August
  - Bases on FY16 actuals & projections

- **2017-19 Biennial Budget for FY18 & FY19**
  - 2017: August
  - FY16 actuals available

- **Approve**
  - June for FY14 actuals & projections
  - July for FY15 actuals & projections
  - June for FY17 actuals & projections

- **Request**
  - August for FY14 actuals & projections
  - August for FY17 actuals & projections
Factors of an Annual Budget

- FY14 Budget
- FY14 Actuals Projected
- FY14 Carry Forward Projected
- Enrollment Projections
- FY15 Budget
Factors of an Annual Budget

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<td>$18,685</td>
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in thousands
## UW Colleges FY2012 - Audit

### in thousands

<table>
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</tr>
</tbody>
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In thousands
# Categorized Balances For Each Institution

## in thousands

<table>
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<tr>
<th>Institution</th>
<th>Obligated</th>
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Major Issues to Address in the Biennial Request

- Unfunded Obligations (UW structural deficit)
- Fixed Cost Increases (cost-to-continue and debt service)
- Budget vs. Actual (carry forward balances)
- Tuition
- Compensation
- Financial Aid (Affordability)
- Initiatives (state priorities)
## Preliminary Estimate of 2015-17 Funding Obligations

<table>
<thead>
<tr>
<th>Description</th>
<th>Ongoing</th>
<th>Biennial</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Funding Base Budget Cut and Flex Option</strong></td>
<td>$34 million</td>
<td>$68 million</td>
</tr>
<tr>
<td><strong>2013-15 Unfunded Tuition-Share Compensation Costs</strong></td>
<td>$28 million</td>
<td>$56 million</td>
</tr>
<tr>
<td><strong>2013-15 GPR Compensation Costs (Funded Through Compensation Reserve &amp; 15-17 Budget)</strong></td>
<td>$57 million</td>
<td>$114 million</td>
</tr>
<tr>
<td><strong>2015-17 Estimated Fringe Benefit (GPR/Fee) Increases (UW &amp; Compensation Reserve)</strong></td>
<td>$46 million</td>
<td>$68 million</td>
</tr>
</tbody>
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**Rule of Thumb:** Annual 1% Pay Plan increases require $27 million ongoing ($40 million biennially).

**Excludes Utilities and Debt Service which will be added by DOA, and financial aid funding that will be requested by HEAB.**
Questions and Discussion