

I.2. Business and Finance Committee

**Thursday, March 5, 1998
Room 1920 Van Hise Hall
1:15 p.m.**

1:15 p.m. Joint Session with Physical Planning and Funding

- **Funding Capital Projects/Bond Program**

1:30

- a. **Approval of minutes of the February 5, 1998 meeting of the Business and Finance Committee**
- b. **1998-99 Annual Budget**
 - (1) **1998-99 Annual Budget Decision Rules**
[Resolution I.2.b.(1)]
 - (2) **1998-99 Annual Budget: Other Relevant Management Information**
- c. **Differential Tuition Proposals**
 - (1) **UW-Milwaukee Allied Health Differential Tuition**
[Resolution I.2.c.(1)]
 - (2) **UW-Superior Summer Graduate Tuition Pilot**
[Resolution I.2.c.(2)]
- d. **Distinguished Prefix for Category B Academic Staff**
[Resolution I.2.d.]
- e. **Affinity Advertising Program**
- f. **Report of the Vice President**
 - (1) **Agreement with private for-profit making organization**
 - (a) **UW-Madison Contractual Agreement with G.D. Searle & Co.**
[Resolution I.2.f.(1)(a)]
- g. **Biennial Budget Presentation - Financial Aid**

2:15

- h. **Audit Subcommittee**
 - (1) **Periodic Update**

1998-99 Annual Budget
Allocation Decision Rules

BUSINESS AND FINANCE COMMITTEE

Resolution:

That, upon recommendation of the President of the University of Wisconsin System, the Board of Regents approves the 1998-99 annual budget allocation decision rules.

3/6/98

I.2.b.(1)

March 6, 1998

Agenda Item I.2.b.(1)

UNIVERSITY OF WISCONSIN SYSTEM 1998-99 ANNUAL BUDGET ALLOCATION DECISION RULES

BACKGROUND

As part of the annual budget development process, the UW System utilizes Decision Rules to allocate and/or de-allocate GPR, fees and program revenue funding. Decision rules establish how allocations will be made, and are based on the UW System Biennial Budget Request, the Governor's Executive Budget, legislative intent and on institutional needs.

REQUESTED ACTION

Approval of the following resolution:

That, upon recommendation of the President of the University of Wisconsin System, the Board of Regents approves the 1998-99 annual budget allocation decision rules.

DISCUSSION AND RECOMMENDATIONS

Resolution I.2.b.(1) approves the 1998-99 Annual Budget Decision Allocation Rules. The 1998-99 Decision Rules are based on the State Biennial Budget and will determine how funding will be allocated for those specific items for which the budget has authorized additional 1998-99 funding above the fiscal year 1997-98 level, and how funding reductions will be de-allocated. In addition, the Decision Rules reflect Regent Compensation Distribution, Differential Tuition and Enrollment Management III policy decisions.

RELATED REGENT POLICIES

August 1996 - Biennial Operating Budget Request (Regent Resolution #7253), May 1994 - Enrollment Management III (Regent Resolution #6672).

1998-99 ANNUAL BUDGET ALLOCATION DECISION RULES

I. ALLOCATION DECISION RULES FOR NEW FUNDING

A. NEW OR MODIFIED UW SYSTEM DECISION RULES

1. INSTRUCTIONAL TECHNOLOGY/DISTANCE EDUCATION. Funding for Instructional Technology and Distance Education will be allocated among Decision Item Narrative (DIN) initiative components as outlined in the final 1997-99 state budget. Funds will either be expended centrally on behalf of the institutions or allocated to institutions as described below. All centrally held funds will be distributed after appropriate consultation.

- PK-12 funding will be held centrally and used for inter-institutional collaborative efforts and efforts with K-12 schools.
- SIS/HELP funding will be allocated to UW System Administration and the UW-Extension HELP Office for specified projects. The funding for institutional input costs will be held centrally pending a review of central, regional and institutional approaches to achieve a cost-effective distribution of the funds.

The 1997-99 state biennial budget approved funding for technology infrastructure and faculty/staff technology and training as proposed by the Governor. The state budget also approved additional funding from the Universal Service Fund for BadgerNet to provide access for UW-River Falls, UW-Stout, UW-Superior and UW-Whitewater in a manner equivalent to the access funded at the other four-year institutions. Based on reports approved by the Joint Committee on Finance and on internal decisions:

- BadgerNet Funds:
 - will be expended directly on behalf of UW institutions and used to establish a statewide educational network comprised of UW institutions and to connect with PK-12 schools.
- Technology Infrastructure:
 - A portion (\$177,500) will be allocated to UW-Colleges for distance education site support.
 - A portion (\$100,000) will be put in Systemwide funds and then transferred to UW-Extension for Instructional Communication Services (ICS) purposes.
 - The remaining funding will be allocated to UW institutions based on target FTE student enrollment for network capacity, equipment and site support. Each institution will be guaranteed a minimum of \$60,000. UW institutions will be required to submit an annual report on the use of these funds and how these resources support the BadgerNet project.
 - There will be further review of this allocation method for the 1999-01 budget period.
- Faculty/Staff Technology and Training:
 - A portion (25%) of funds will be held centrally for large-scale campus initiatives, and regional and systemwide conferences and workshops.

- A portion (75%) of faculty/staff technology and training funds will be allocated based on target FTE student enrollment with each institution guaranteed a minimum of \$60,000.

2. **AUXILIARY RATE THRESHOLD.** For detailed reporting purposes, auxiliary rate increases will be subject to a threshold of 3.6%. Institutions with increases below this threshold may submit an abbreviated rate summary and budget narrative. Institutions with rate increases above the threshold will be required to submit more detailed worksheets. The threshold for 1997-98 of 3.6% is based on the average change for the past three years in Wisconsin Disposable Income Per Capita (1995, 1996, 1997). The threshold applies separately to the following major auxiliary categories: Segregated Fees (in total), Room and Board Rates, Textbook Rental and Apartment Rates.
3. **STUDENT TECHNOLOGY FEE.** The 1997-99 biennial budget provides \$500,000 annually in additional funding to all UW System institutions to meet student needs for instructional technology and information access at their institution. Since these initiatives are based on a percentage of total tuition, allocation of this funding is proportional to current technology fee budgets.
4. **COMPENSATION.**

Pay Plan will be distributed to institutions based upon the October 1996 payroll adjusted for 1997-98 pay plan increases of 3%. Classified pay plan will be prorated based upon percentages to be supplied by the Department of Administration.

5. **INSTITUTIONAL BASE REALLOCATIONS FOR IT/DE REPORT.**

The Board of Regents' Study of the UW System in the 21st Century recommended that each UW institution create internally an innovation/incentive fund equal to at least their proportionate share of the \$6 million total annual reallocation requirement to support systemwide priorities in distance education, instructional technology and collaborative programs. Institutions should provide a brief plan laying out how they intend to spend these dollars by sub-component of the original 1997-99 UW System Budget Request for IT/DE in their annual budget submissions. The Board of Regents will review the institution plans for fit with the overall Regent priorities. If the Regents do not approve the plans, institutions should be prepared to reallocate these funds as indicated by the Board.

B. INSTITUTION-SPECIFIC ITEMS

1. **DIFFERENTIAL TUITION.** Funding will be allocated for revenue generated from Regent approved differential tuition initiatives to the institutions generating this revenue in accordance with Board of Regent tuition policies.

2. **FLEET VEHICLE REDUCTION.** The 1997-99 State Biennial Budget reduced funding for University Fleet Vehicles to reflect the differences between the UW System cost per mile and the DOA cost per mile. The reduction is allocated based on the proportional difference between DOA fleet vehicle costs and UW System institution fleet vehicle costs as applied to the 1995-96 cost of operating institutional pooled and assigned cars.
3. **FUNDING FOR INSTITUTION-SPECIFIC ITEMS** will be allocated to the designated institution based on legislative intent. When allocation decisions are made for the funding received from the UW System biennial budget request, the President will consider the funding received by institutions for special budget items, and reserves the right to credit institution-specific funding against new allocations. The extent to which the special budget items contribute to goals that would normally be addressed through the budget development process will be a factor in determining an institution's share of the allocation from the biennial budget request.

II. ALLOCATION DECISION RULES FOR EXISTING (BASE) FUNDING

A. NEW OR MODIFIED UW SYSTEM DECISION RULES (AS OF 1998-99)

1. **Advanced Opportunity Program.** Funding will be allocated based on each institution's proportion of a three-year rolling average headcount (1995-96, 1996-97, and 1997-98) of graduate and professional minority (African-American, Hispanic, Native American and Southeast Asian) students. Part-time students will be weighted 35%.
2. **Lawton Undergraduate Minority Retention Grant.** Funding will be allocated based on each institution's proportion of a three-year rolling average headcount (1995-96, 1996-97, and 1997-98) of minority (African-American, Hispanic, Native American, and Southeast Asian) sophomore, junior, and senior resident and Minnesota Compact students enrolled for at least 6 credits.

March 6, 1998

Agenda Item I.2.b.(2)

UNIVERSITY OF WISCONSIN SYSTEM 1998-99 ANNUAL BUDGET OTHER MANAGEMENT INFORMATION

BACKGROUND

As part of the annual budget development process, the UW System utilizes Management Information to reflect gubernatorial and Department of Administration requirements, legislative intent, Board of Regent policy and other system guidelines.

REQUESTED ACTION

None - For information only.

DISCUSSION AND RECOMMENDATIONS

The 1998-99 UW System Annual Budget Other Management Information provide information and guidelines to UW System institutions in implementing their annual budgets. The Management Information guidelines outline specific requirements for reporting to the Department of Administration and the Joint Committee on Finance.

The Management Information guidelines also reflect Board of Regent policy principles and remind institutions of System guidelines for annual budget preparation.

RELATED REGENT POLICIES

The Study of the UW System in the 21st Century: A Final Report of the University of Wisconsin Board of Regents, June 1996; February 1997 - Authorization to Begin Planning for Faculty and Academic Staff Salary Adjustments for 1997-98 (Regent Resolution #7380).

1998-99 OTHER RELEVANT MANAGEMENT INFORMATION

I. MANAGEMENT INFORMATION AND REPORTING REQUIREMENTS BASED ON GUBERNATORIAL/DEPARTMENT OF ADMINISTRATION, AND LEGISLATIVE INTENT

A. BADGERNET, INFRASTRUCTURE, FACULTY/STAFF TECHNOLOGY AND TRAINING

In approving the release of the biennial funds for faculty/staff technology and training infrastructure and BadgerNet, the Joint Committee on Finance (JFC) required the UW System to report by November 1, 1998, on how well the available technology resources meet faculty, staff and student needs. The report should examine user satisfaction and the effectiveness of the technology in the areas of learning/instruction, research and administration. Additionally, it should cover BadgerNet usage patterns, capacity demands and infrastructure needs. The report must also include a discussion of the expenditure of 1997-99 technology funding and the benefits of current and future funding requests. This is a one-time report with the primary intention of providing the JFC with additional information in its preparation of a 1999-01 biennial budget.

B. COMPENSATION

As passed in Regent Resolution #7380, February 7, 1997, faculty and academic staff performance evaluations will be completed by July 1. The results of the evaluations can be converted to salary adjustments to permit distribution of 1997-98 pay plan amounts for faculty and academic staff so that "not less than one-third of the total compensation plan be distributed on the basis of market/merit and not less than one-third on the basis of solid performance." All compensation adjustments must be based on meritorious performance; across-the-board salary adjustments not based on merit are prohibited.

As authorized by Resolution #7380, the President has determined that the 1997-98 pay plan guidelines are appropriate for distributing 1998-99 pay plan adjustments. Each institution is required to either confirm the continued use of its approved 1997-98 distribution plan for granting 1998-99 salary increases or submit a new revised plan for approval by System Administration before implementation can be accomplished. Proposed salary adjustments may not be processed before a new/revised distribution plan is approved. Accordingly, any institutional distribution plan not in compliance with Board of Regent guidelines will be returned to the institution's chancellor for corrective action by the faculty and chancellor. Implementation of faculty pay adjustments at any such institution will be deferred until a distribution plan that meets Board guidelines is resubmitted by the institution and approved by System Administration in accordance with criteria set by the Board.

C. TRANSFER OF UNANTICIPATED SURPLUS OF AUXILIARY REVENUES

The 1997-99 State Biennial Budget permits UW institutions to use unanticipated surplus auxiliary revenues for other student-related activities. A committee representing institutions and System Administration is developing policy and procedures to govern these

transfers and will recommend a policy to the Board of Regents this Spring.

D. AUXILIARY RESERVE REPORTING

The 1997-99 State Biennial Budget modified auxiliary reserve reporting by requiring the Board of Regents to request approval from DOA and JFC for any campus to accumulate a reserve in excess of 15% of the prior year's total revenues from student segregated fees and other auxiliaries. The reporting date was moved from July 10 to September 15.

E. TRUST FUND POSITION REPORT

The 1997-99 State Biennial Budget permitted the UW System to create or abolish positions funded through trust fund income and required that the Board of Regents submit a quarterly report to DOA and JFC concerning the number of positions funded from this appropriation.

F. UW-EXTENSION BUDGET REDUCTION REPORTS

UW-Extension is required to submit a report to the Governor, Joint Committee on Audit and the JFC by October 1, 1998 explaining how the allocation of the 1997-99 state budget reduction meets the recommendations of the 1997 Legislative Audit Bureau report: to institute practices to improve accountability reporting, coordination and administrative efficiency; methods to establish a consistent fee policy and generate sufficient program revenue to reduce reliance on GPR; and efforts to focus on the mission of UW-Extension in order to reduce duplication of services, eliminate outdated services and extend programs to outreach populations.

G. RESEARCH REPORTING

The Board of Regents is required, in biennial budget requests, to specify the anticipated completion date of any research or public service project for which the Board is requesting GPR. Fiscal notes for bills involving the appropriation of GPR funds for research or public service projects must specify the anticipated completion date of the projects. Finally, by September 1 of each even numbered year, the Board is required to report to the Governor and the JFC on the purpose, duration, cost and anticipated completion date of all research and public service projects for which the Board is expending GPR. The Board is also required to submit a biennial report describing activities funded by the Industrial and Economic Development Research Fund.

H. RECRUITMENT AND RETENTION FUND FOR FACULTY AND ACADEMIC STAFF

The Board of Regents was required to report to the JFC on the proposed use of the 1992-93 funding from the special recruitment and retention fund for faculty and academic staff. The report stated that the funding provided to each institution will be monitored annually to ensure that it remains committed to the purpose of recruiting and retaining high quality academic staff and faculty who are engaged in instruction or primary research. Beginning in 1996-97, System Administration discontinued requesting this information from institutions on an annual

basis. It is expected that institutions will continue to monitor this information internally in order to respond to information requests regarding the use of these funds.

The UW System Internal Audit Office has begun a program review to document the extent that competitive salary levels have impacted UW institutions' ability to recruit, hire and retain well-qualified faculty. The Office expects to complete the study by Fall 1998.

I. BUILDING MAINTENANCE FUNDS AND POSITIONS

UW System institutions are not allowed to transfer funds or positions from building maintenance without approval by the Department of Administration (DOA). DOA created a separate numeric within the (1)(a) appropriation for UW building maintenance funding and positions and requires approval by the DOA Secretary for the removal or shift of positions and/or funds away from this function. This directive from DOA is based on a January 1991 statewide audit of building maintenance by the Legislative Audit Bureau.

J. ALCOHOL AND OTHER DRUG ABUSE (AODA) PROGRAMS

Section 36.48 of the statutes reads: "The board shall appoint alcohol and other drug abuse prevention and intervention program counselors for UW-Madison and UW-Milwaukee. The counselors shall develop alcohol and other drug abuse prevention and intervention programs and train faculty, academic staff and classified staff in the prevention of and early intervention in alcohol and drug abuse." In conjunction with this language, the 1989-91 budget also provided one position at each of the two institutions for an AODA counselor. The funding and positions for AODA for UW-Madison and UW-Milwaukee may not be eliminated.

II. MANAGEMENT INFORMATION BASED ON BOARD OF REGENTS POLICY AND OTHER UW SYSTEM GUIDELINES

ENROLLMENT MANAGEMENT. Institutions will meet the base-funded portion of their adjusted 1998-99 student FTE enrollment targets, according to Enrollment Management Principle #1 in Enrollment Management III: A Strategic Direction for 1995-2001 (approved in Board of Regents Resolution #6672) and Study of the UW System in the 21st Century: A Final Report of the University of Wisconsin Board of Regents, June 1996.

A. SHIFTS AMONG ACCOUNTING CLASSIFICATIONS OR BETWEEN BUDGET ACTIVITIES

Operating budget requirements by accounting classification (salaries, supplies and capital) and by budget activity (instruction, student services, etc.) vary from year to year. Shifts are evaluated in light of overall UW System requirements and policies.

B. FRINGE BENEFITS

Institutions will be responsible for the share of fringe benefit increases caused by transfers to the salary line, to the extent that such transfers increase overall fringe benefits costs.

UW-Milwaukee Allied Health
Differential Tuition

BUSINESS AND FINANCE COMMITTEE

Resolution:

That, upon the recommendation of the President of the University of Wisconsin System and the Chancellor of the University of Wisconsin-Milwaukee, the UW-Milwaukee Allied Health Differential Tuition, beginning in the academic year 1998-99 be approved, with specific tuition rates for this program established as part of the applicable UW System Annual Budget.

ALLIED HEALTH DIFFERENTIAL TUITION UW-Milwaukee

EXECUTIVE SUMMARY

BACKGROUND

The Board of Regents' "Study of the UW System in the 21st Century" recommended that institutions be allowed to propose differential tuition rates especially for unique programs with strong demand and/or special operating costs.

UW-Milwaukee proposes to apply a 20% tuition surcharge to students (both resident and nonresident) admitted to its Graduate programs in Communication Science & Disorders (CSD), Occupational Therapy (OT) and Physical Therapy (PT). This surcharge would be phased in over the next two academic years (10% increases annually) for all students in the CSD and OT programs. In 1998-99, all students would be assessed a 10% surcharge. In 1999-2000, these students and the next class of newly admitted students would be assessed an additional 10% surcharge. The two year surcharge (20%) would be applied to all students admitted to the first class of PT students when the program begins in Fall, 1999.

REQUESTED ACTION

The Board is asked to approve a differential tuition for two Allied Health graduate programs at UW-Milwaukee, beginning in the 1998-99 academic year, and a third Allied Health graduate program when it first admits students in the 1999-2000 academic year. The applicable tuition will be established at the time that the Board adopts the applicable UW System Annual Budgets.

DISCUSSION & RECOMMENDATIONS

In order to meet the needs of these Allied health programs, tuition (excluding the student segregated fees) for the CSD and OT programs would increase by 10% annually for the next two years. Tuition for the PT program (excluding the student segregated fees) would increase by the two year increase (20%) in the first year of the program. Future tuition based on 1997-98 rates would be:

	1997-98		1998-99		1999-00	
	<u>Resident</u>	<u>Nonresident</u>	<u>Resident</u>	<u>Nonresident</u>	<u>Resident</u>	<u>Nonresident</u>
Communication						
Science & Disorders	\$4,291	\$13,953	\$4,720	\$15,348	\$5,192	\$16,883
Occupational Therapy	4,291	13,953	4,720	15,348	5,192	16,883
Physical Therapy	--	--	--	--	5,192	16,883

Future tuition based on current (1997-98) rates for academic year; excludes segregated fees.
Tuition surcharge will be 10% in 1998-99 plus an additional 10% increase in 1999-2000.
Physical Therapy program starts in 1999-2000.

Based on 1997-98 annual tuition rates, and planned enrollments in these three programs, the following additional budgetary revenue is projected:

	<u>1998-99</u>	<u># Studs.</u>	<u>1999-00</u>	<u># Studs.</u>	<u>2000-01</u>	<u># Studs.</u>	<u>2001-02</u>	<u># Studs.</u>
Communication	\$21,500							
Science & Disorders		50	\$23,600	50	\$0	50	\$0	50
Occupational Therapy	12,900	30	14,200	30	0	30	0	30
Physical Therapy	0	0	22,600	25	45,100	75	22,600	100
Total	\$34,400		\$60,400		\$45,100		\$22,600	
Cumulative Amount	\$34,400		\$94,800		\$139,900		\$162,500	

Currently, UW-Madison is the only other UW institution offering all three of these programs. UW-La Crosse has an undergraduate OT program and a graduate PT program, both of which have a 20% tuition surcharge, which the Board approved in the 1997-99 biennium. At Marquette University, tuition for the graduate programs in Physical Therapy and CSD is \$15,530 (1996-97). The current tuition for the PT program at Concordia University is \$13,400 annually. Under our proposal, tuition would rise to \$5,192 per year plus any Board approved general tuition increases.

Demand is high for these programs. Each year, over 100 applicants apply for the UW-Milwaukee graduate CSD program, which currently has a fixed total enrollment of 50 students (new and continuing). The graduate OT program is a new and developing program with a fixed enrollment of 30 students. The new graduate PT program will have a total enrollment of 100 students in two classes. Nationally and locally, applications for Physical Therapy programs exceed a ratio of 5 applicants per available slot.

Allied Health programs in the rehabilitation sciences are very expensive to operate, due to laboratory and facility upkeep and ongoing supply expenses and equipment replacement, and higher faculty salaries. This is particularly true for the graduate programs. The new rehabilitation science programs in PT and OT will require space and equipment currently not available to the School of Allied Health Professions, and it will be necessary to contract for new space in an off campus facility. Similar needs exist for the CSD graduate program. In addition, the requirement for campus based clinical practicum to complete the CSD degree creates a significant fiscal expense for practicum supervisory staff. Currently, the program requires support for 4.0 FTE supervisors, but the program budget can cover only 2.0 FTE.

The 1997-99 legislatively approved biennial budget has provided salary support for nine new faculty positions in PT and OT, but it did not include funds for supply and expense support or capital equipment for the new programs. The revenue generated from the tuition surcharges will partially offset these additional ongoing operating costs.

Like demand, the starting salaries are high for graduates from these Allied Health programs. For example, a CSD graduate can easily receive a \$40,000 starting salary. The average starting salary for graduates from UW-La Crosse's PT program in 1995 was \$38,434. This has increased to where PT graduates can expect to start with a salary above \$40,000 their first year. The median salaries nationwide exceed \$55,000 per year for Physical Therapists; \$48,000 per year for Occupational Therapists, and \$44,000 per year for Speech-Language Pathologists (CSD). Because of the higher salaries earned by graduates of these programs, it is believed that the tuition surcharge will have no effect on student demand for admission.

RELATED REGENT POLICIES

Study of the UW System in the 21st Century (June, 1996)

1997-99 UW System Biennial Operating Budget Request (August, 1996, Regent Resolution #7273)

Allied Health Differential Tuition - UW-La Crosse (December, 1996, Regent Resolution #7358)

UW-Superior Summer Graduate
Tuition Pilot

BUSINESS AND FINANCE COMMITTEE

Resolution:

That, upon the recommendation of the President of the University of Wisconsin System and the Chancellor of the University of Wisconsin-Superior, the UW-Superior Summer Graduate Tuition Pilot, beginning in the summer 1998 be approved, based on tuition rates established in July 1997 as part of the 1997-98 UW System Annual Budget.

March 6, 1998

Agenda Item I.2.c.(2)

SUMMER GRADUATE TUITION PILOT UW-Superior

EXECUTIVE SUMMARY

BACKGROUND

The Board of Regents "Study of the UW System in the 21st Century" recommended that institutions be allowed to propose differential tuition rates especially for unique programs with strong demand and/or special operating costs.

UW-Superior proposes to discontinue the plateau tuition rate for summer graduate students taking six, seven or eight credits in favor of a summer graduate per-credit rate for all credits taken. Beginning in summer 1998, all graduate students would be charged tuition calculated by multiplying the number of credits enrolled by the graduate per-credit rate.

REQUESTED ACTION

The Board is asked to approve a tuition pilot for the summer graduate programs at UW-Superior, beginning in the summer of 1998 and thereafter. The specific tuition to be charged on a per-credit basis for all graduate credits taken in the summer of 1998 would be the graduate per-credit rate (\$174 per-credit) as approved by the Board with the 1997-98 Annual Budget. Future summer rates will be established at the time the Board adopts the specific UW System Annual Budgets.

DISCUSSION & RECOMMENDATIONS

The summer graduate tuition schedule at UW-Superior is similar to the schedule at most other UW comprehensive institutions. Students pay a per-credit rate (\$161 in Summer 1997) along with a portion of the segregated fees for each of the first five credits taken. If students take six, seven or eight credits, they pay the same fee as students registered for five credits. For the ninth and subsequent credits, the per-credit fee is again applied.

Most of the graduate courses offered during the summer at UW-Superior are for professional programs. The three most popular programs are Educational Administration, Teacher Education, and Counseling. Students in these programs typically hold full-time positions; many are teachers. The summer is a time when they can make significant progress toward a Master's degree, which will lead to their professional advancement. To accommodate this student demand, a wide array of courses are offered in these programs and the courses are typically delivered in three-week blocks of time. In fact, the summer session consists of a Maymester and three additional three-week sessions. Approximately one third of the summer students take more than 5 credits and some students take a total of nine credits

during these sessions, which would constitute a full-load in the fall or spring. However, with the existing tuition schedule they are paying for only six of these credits.

Other institutions within the UW-Superior regional area charge summer tuition on a full per-credit basis. With the wide array of course offerings, the specific programs offered and similar practices at other institutions within the regional area, no anticipated adverse impact on student demand is expected from this tuition change.

This per-credit fee would be the same per-credit fee that students pay during the preceding academic year for up to nine credits. For example, utilizing the Summer 1997 Graduate Enrollment by Credits Taken additional revenue of approximately \$34,000 would have been realized.

Summer 1997	Summer 1997	Summer 1997	Summer 1998
Credits Taken	Graduate Students Enrolled	Additional Revenue Generated	Estimated Additional Revenue Generated
1	83	\$ 0	\$ 0
2	47	\$ 0	\$ 0
3	142	\$ 0	\$ 0
4	16	\$ 0	\$ 0
5	6	\$ 0	\$ 0
6	86	\$13,846	\$14,964
7	16	\$5,152	\$5,568
8	9	\$4,347	\$4,698
9	22	\$10,626	\$11,484
Total		\$33,971	\$36,714

The additional revenue generated by this per-credit tuition would remain at UW-Superior for use by these programs from which the revenue is generated. Due to the nature of the Educational Administration, Teacher Education, and Counseling programs, extraordinary expenses are incurred for faculty travel to remote course delivery sites and for student field experiences. Using supplies and expenses per unclassified staff measure, these programs cost 79% to 162% more than the mid-point cost of such expenses from all 18 of UW-Superior's departments. The additional summer revenue would be used to offset the cost of these expenses and continue the wide array of summer course offerings.

In Fall 1998, this pilot differential program will be evaluated. Depending on the outcome, other institutions may be interested in changing their summer graduate tuition to this approach.

RELATED REGENT POLICIES

Study of the UW System in the 21st Century (June, 1996)

1997-99 UW System Biennial Operating Budget (August, 1996, Regent Resolution #7273)

1997-98 UW System Annual Operating Budget (July, 1997, Regent Resolution #7492)

Request to Approve
Distinguished Prefix for
Certain Category B Titles

BUSINESS AND FINANCE COMMITTEE:

Resolution:

That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents approves the use of the Distinguished prefix, as currently applied throughout the UW System, for Instructional and Research academic staff in the titles: Professor CHS; Clinical Professor; Lecturer; Faculty Associate; Instrumentation Innovator-Instruction and -Research; Researcher; Scientist; and, Research Animal Veterinarian. In addition, the Board of Regents authorizes the UW System President to establish appropriate UW System salary minimums consistent with such Distinguished prefix assignments.

DISTINGUISHED PREFIX FOR CERTAIN INSTRUCTIONAL AND RESEARCH ACADEMIC STAFF

EXECUTIVE SUMMARY

BACKGROUND

The unclassified title and salary grade structure approved by the Board of Regents and the Joint Committee on Employment Relations in 1986, offered a progressive series of "prefixes" attached to Professional academic staff job titles as a means of providing career and salary range progression opportunities to academic staff. Initially, academic staff in the Professional title category were allowed to advance from an Associate (entry) level to the No-Prefix (full performance) level to the Senior (advanced) level after demonstrating increased expertise, knowledge and proficiency in fulfilling assigned responsibilities. In 1991, "Distinguished" was added as a fourth prefix level to recognize the relatively few truly exceptional performers who are recognized by peers within and outside the institution as "superstars" in the occupational specialty. Instructional and Research academic staff were not offered an official designation as "Distinguished" because many titles reflected the ranked faculty titles and salary progression was available without a prefix designation because instructional and research academic staff are not assigned to salary ranges with maximums. Recently, institutions have expressed a desire to formally recognize instructional and research academic staff "superstars" with the official title of Distinguished.

REQUESTED ACTION

Approval of Resolution I.2.d.

DISCUSSION AND RECOMMENDATION

Wisconsin Statutes section 36.09(1)(k)2.d., requires that any proposed changes to academic staff job categories or pay ranges be submitted to the Secretary of the Department of Employment Relations for review and approval. However, with respect to the Instructional and Research academic staff title and salary structure, the Department of Employment Relations has officially advised the UW System that it "has always delegated responsibility for administration to the University." Thus, if the Board of Regents approves the requested action, no further approval is required.

The proposal to establish a "Distinguished" prefix for certain Instructional and Research academic staff titles arose from UW-Madison. With the support of the Academic Staff governance body and the Vice Chancellor, the proposal was circulated to all UW institutions for advice and consent from the governance bodies. With unanimous support of the proposal, the Vice Chancellors were asked to review the matter and the consensus among them, in

the absence of any opposition, was to place the matter before the Regents for approval.

Specifically, the proposal is to establish the "Distinguished" prefix for nine Category B Instructional and Research academic staff titles, using the definition currently in place for Category A Professional academic staff, and setting a minimum salary level linked at various percentages of the UW System minimum for Professor.

Definition:

An Instructional or Research academic staff member at the Distinguished level performs at a level of proficiency typically requiring extensive experience and advanced knowledge and skills. The expertise of an academic staff member at this level is commonly recognized by his or her peers and through a reputation which extends beyond his or her work unit. A Distinguished academic staff member is expected to develop new approaches, methods or techniques to resolve problems with little or no expert guidance and to cope independently with new, unexpected or complex situations. At this level, an academic staff member can be expected to guide or train other academic staff or to oversee their work.

Proposed New Category B Titles:

Salary Minimum:

Distinguished Professor (CHS)	100% of Professor Minimum
Distinguished Clinical Professor	100% of Professor Minimum
Distinguished Lecturer	85% of Professor Minimum
Distinguished Faculty Associate	85% of Professor Minimum
Distinguished Instrumentation Innovator-Instruction	85% of Professor Minimum
Distinguished Researcher	85% of Professor Minimum
Distinguished Scientist	95% of Professor Minimum
Distinguished Instrumentation Innovator-Research	85% of Professor Minimum
Distinguished Research Animal Veterinarian	85% of Professor Minimum

Exclusions:

Category B Instructional and Research academic staff in the following titles would not have a Distinguished prefix available as such designation is not consistent with the nature of such appointments: Visiting Professor; Emeritus Professor; Professor of Military Science; Adjunct Professor; Professor L/I; Visiting Lecturer; Extension Associate; Faculty Assistant; and, Visiting Scientist.

RELATED REGENT POLICIES

Regent Policy 91-14
Regent Resolution 6814

Contractual Agreement with
G. D. Searle & Co.

BUSINESS AND FINANCE COMMITTEE

Resolution:

That, upon recommendation of the President of the University of Wisconsin System and the Chancellor of the University of Wisconsin-Madison, the Board of Regents accepts the agreement with G. D. Searle & Co. entitled, "Data Analysis Center for the EXCITE Study."

March 6, 1998

I.2.f.(1)(a)

CONTRACTUAL AGREEMENT WITH G. D. SEARLE & CO.

EXECUTIVE SUMMARY

BACKGROUND

UW-Madison is prepared to enter into a contractual agreement with G.D. Searle & Co. to provide services as a Data Analysis Center for the independent Data Safety Monitoring Board for "The EXCITE clinical trial." The UW-Madison Department of Biostatistics will analyze data from the study and provide various reports as the study progresses. If this project is taken to its conclusion, the total value of the agreement is \$681,904.00.

REQUESTED ACTION

That, upon recommendation of the President of the University of Wisconsin System and the Chancellor of the University of Wisconsin-Madison, the Board of Regents accepts the agreement with G. D. Searle & Co. entitled, "Data Analysis Center for the EXCITE Study."

DISCUSSION

Board of Regents policy requires Regent approval when a contractual agreement with a private for-profit organization exceeds \$500,000.

RELATED REGENT POLICY

Regent Resolution 7548, dated September 5, 1997, Authorization to Sign Documents.



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**

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

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

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.

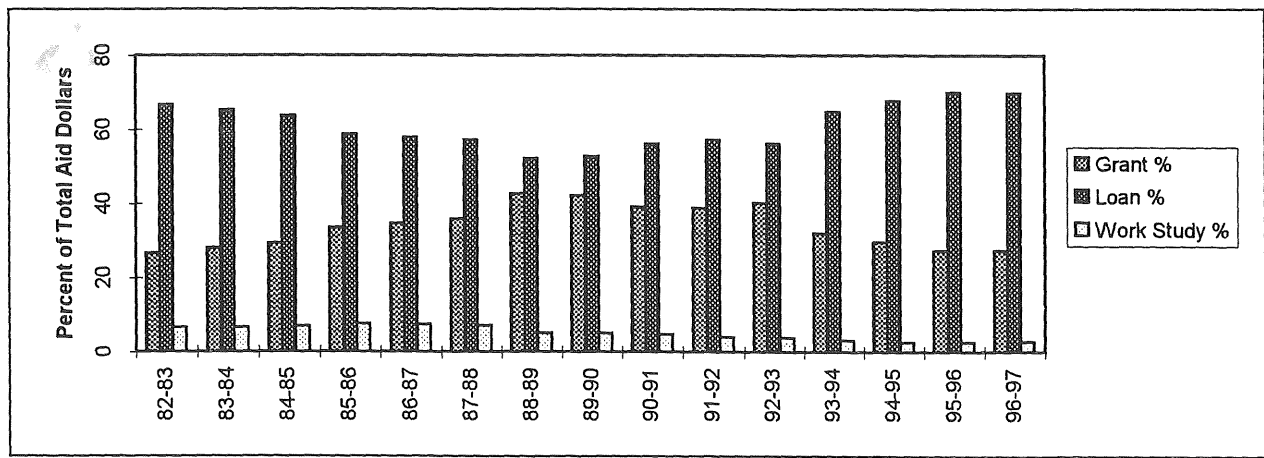
SECTION III: TYPES OF AID FOR UW SYSTEM STUDENTS

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

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. 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.

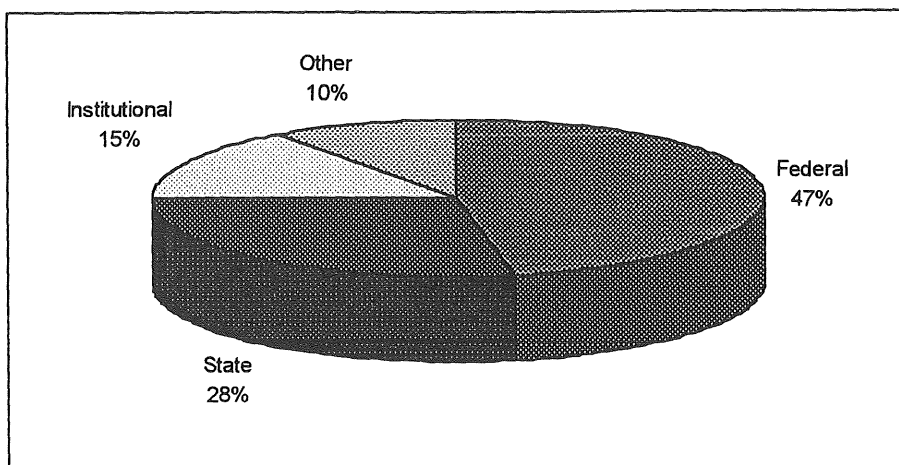
Grants. In 1996-97, 43,394 UW System students received \$110.8 million in grants (Table 3). Federal grants comprised the majority (47%) of all grants received by UW System students followed by state grants which comprised 28 percent (Figure 2).

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

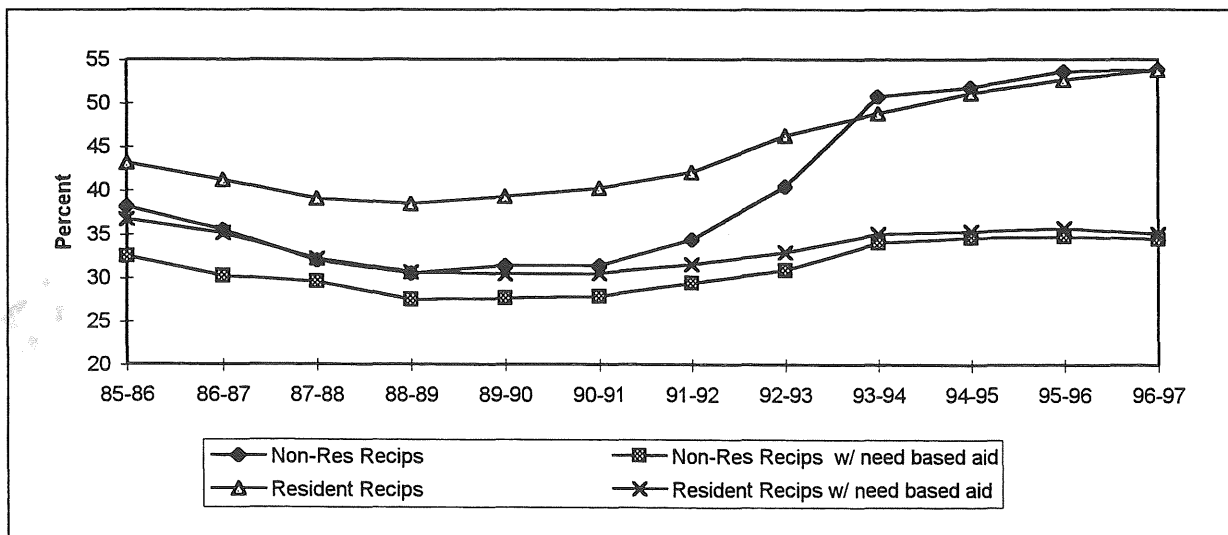
Level	Aid Recips	% Total Aided	% Enroll*	Grant Recips	% Grant Recips	% Enroll*	Loan Recips	% Loan Recips	% Enroll*
Undergrads									
Resident	57,617	76%	54%	35,089	81%	33%	46,288	76%	43%
Nonresident	10,986	15%	54%	6,296	15%	31%	8,044	13%	39%
Total Undergrads	68,603	91%	54%	41,385	95%	32%	54,332	90%	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.

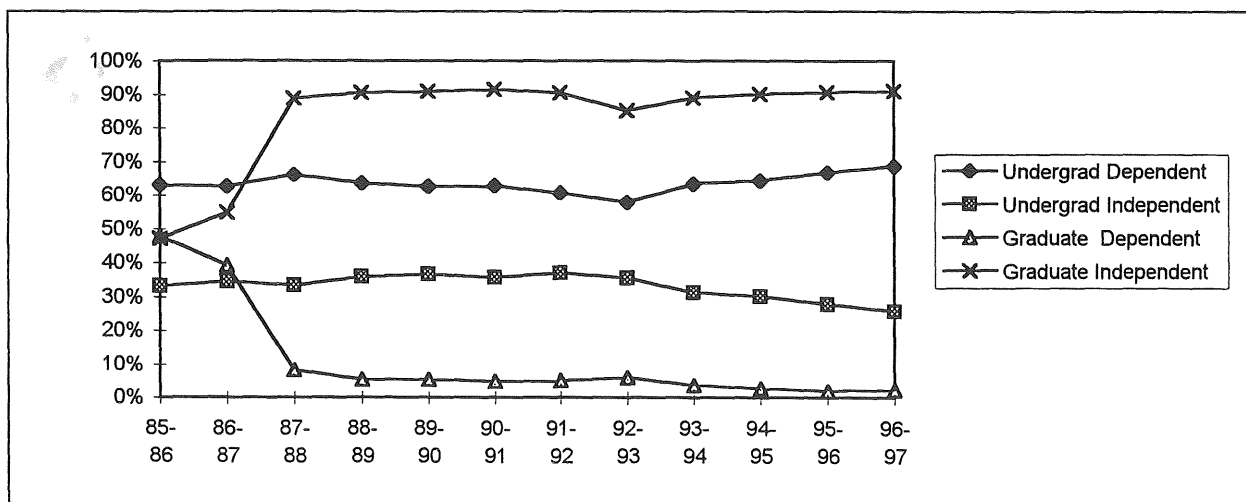
Dependency Status. Nearly one out of every three (32%) aid recipients were independent students who received no parent contribution toward the costs of their education (Table 7). For undergraduates, approximately one quarter (26%) are independent, a proportion that has been decreasing over the past four 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	\$2,953
91-92	36,985	\$101.1	\$2,734	14,355	\$19.3	\$1,347	--	--	--	2,906	\$7.5	\$2,572	5,433	\$16.5	\$3,000
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.

OCCASIONAL RESEARCH BRIEFS

Vol. 97, No. 1: March 1997	Access Update: The Class Of Fall 1996
Vol. 96, No. 2: September 1996	1994-95 Faculty Age Distributions In The UW System
Vol. 96, No. 1: May 1996.	New Freshman Outcomes: Retention And Graduation
Vol. 95, No. 1: February 1995.	Trends In Enrollment: Fall 1994.
Vol. 95, No. 2: March 1995.	Trends In Degrees Conferred: 1993-94 Update.
Vol. 95, No. 3: March 1995.	Student Financial Aid Update: 1993-94.
Vol. 95, No. 4: May 1995.	Access Update: The Class Of Fall 1994
Vol. 95, No. 5: May 1995.	New Undergraduate Class: Fall 1994
Vol. 95, No. 6: December 1995	New Freshman Outcomes: Retention And Graduation
94/1: February 1994.	Trends In Degrees Conferred, 1982-83 To 1992-93.
94/2: February 1994.	Trends In Enrollment: Fall 1993 Update.
94/3: April 1994.	Student Financial Aid In The UW System, 1992-93 Update.
94/4: April 1994.	Meeting The Financial Aid Needs Of UW Resident Undergraduates.
94/5: May 1994.	Access Update: The Class Of Fall 1993.
94/6: May 1994.	The New Undergraduate Class: Fall 1993.
93/1: February 1993.	Trends In Enrollment: Fall 1992 Update.
93/2: March 1993.	APPENDIX Access Update: The Class of Fall 1992 Freshman Admission Requirements at the University of Wisconsin.
93/2: March 1993.	Access Update: The Class Of Fall 1992.
93/3: March 1993.	The New Undergraduate Class: Fall 1992.
93/4: March 1993.	New Freshman Outcomes: Retention, Graduation And Time To Degree.
93/5: March 1993.	Trends In Degrees Conferred, 1981-82 To 1991-92.
92/1: February 1992.	Access To The UW System; Patterns Of Application, Admission And Enrollment Of New Freshmen.
92/2: March 1992.	Trends In Degrees Conferred, 1980-81 To 1990-91.
92/3: April 1992.	Trends In Enrollment: Fall 1991 Update.
92/4: May 1992.	Minority Student Trends.
92/5: June 1992.	Annual Status Report On Student Financial Aid In The UW System: 1990-91.
92/6: June 1992.	Characteristics Of New Undergraduates: Fall 1991 Update.
92/7: October 1992.	Trends In Faculty Teaching Assignments.
AQP: December 1992.	Academic Quality Program, Activities And Opinions Of The University Of Wisconsin Faculty.
91/1: January 1991.	Trends In Staffing.
91/2: March 1991.	Outcomes Of New Freshman Students: Retention, Graduation And Time To Degree.
91/3: May 1991.	Characteristics Of New Freshmen.
91/4: May 1991.	Annual Status Report On Student Financial Aid In The UW System, 1989-90.
91/5: August 1991.	Trends In Enrollment.

Copies are available from the University of Wisconsin System, Office of Policy Analysis and Research,
1546 Van Hise Hall, 1200 Linden Drive, Madison, Wisconsin 53706 Phone: (608) 262-6441.
URL: <http://www.uwsa.edu/opar/>

AUDIT STATUS REPORT

BACKGROUND

This report is presented to the Board of Regents Audit Subcommittee to provide a status report on all audits currently being performed by the Office of Internal Audit, and information on audit activities being conducted by outside auditors.

REQUESTED ACTION

For information only.

AUDIT STATUS

- 1) Academic Fee management letters were issued for Stevens Point, Stout, Green Bay and La Crosse which included recommendations for minor changes in the areas of admissions, registration, cash handling, accounts receivable and compliance with System Administration guidelines. Based on overall compliance with System guidelines by the institutions, we have recommended future Academic Fee audit work be conducted by the institutional auditors.
- 2) Extended Degree Program management letters were issued to the four institutions offering this program (Green Bay, LaCrosse, River Falls, and Superior). We recommended refund policies, annual service agreements, payment plans and contracts be modified to comply with System policies and procedures. In addition to the management letters, a summary report which offers several recommendations for improving the program, has been issued in draft form and will be finalized in early March. This summary will be shared with you as part of the next Audit Status Report.
- 3) The Wisconsin Distinguished Professorship Program was reviewed at eight institutions and management letters were subsequently issued. We recommended that institutions file all required financial and program reports and ensure match requirements are met. A summary report has been issued in draft form, recommending some of the program requirements be re-examined by System Administration. This summary will be shared with you as part of the next Audit Status Report.
- 4) Laboratory Modernization and Student Tech Fee programs were reviewed at all institutions. Minor problems were noted and recommendations for improving compliance with the programs' objectives were made in management letters to the institutions. A summary report in draft form has been issued for review. The report

recommends some changes in the administration of the program. The report will be finalized in early April and shared with you as part of the next Audit Status Report.

- 5) Unclassified Sick Leave usage is being reviewed, and all necessary fieldwork has been completed. We reviewed compliance with the agreements each institution negotiated with the Department of Administration in 1989 and 1990 concerning the recording and usage of faculty sick leave. A report will be issued by May on the status of compliance with the agreements and, if necessary, recommendations for improvement.
- 6) Library Acquisitions audit fieldwork has begun. We are reviewing selected institutions' procurement practices with major book and periodical vendors, reviewing the feasibility of centralizing the procurement process, analyzing acquisition patterns of libraries through comparisons with peer institutions, and reviewing resource sharing by UW System libraries. We expect to complete the report by summer 1998.
- 7) Recruitment and Retention program review work has begun. We are reviewing the extent to which competitive salary levels have affected the institutions' ability to recruit, hire and retain well-qualified faculty members. We expect to complete a report by fall 1998.
- 8) Academic Assessment review work was performed at five institutions. A final report has been issued and a summary is attached. Included are recommendations that the institutions share information about effective planning methods, review their assessment plans for criteria and multiple measurement methods, and communicate with each other about resulting program improvements.
- 9) Trust Funds and Investment review activities were performed on the Statements of Investment Objectives and Guidelines set by the Board of Regents. A final report has been issued and a summary is attached. We found the UW Trust operation has established procedures to adequately monitor the Investment Fund's objectives and guidelines. However, some minor deficiencies were identified, and the Trust office has agreed to correct them.

OUTSIDE AUDIT STATUS

The Legislative Audit Bureau (LAB) has begun the annual federally required A-133 audit of all federal monies for fiscal year 1996-97 that includes student financial aid funds and research and development grant funds. It is expected the report will be completed by fall 1998. In addition, the LAB audit of the institutions' service centers, started in fall 1997, is expected to be completed by spring 1998.

There are no other major audits being conducted by outside auditors.

ACADEMIC ASSESSMENT

Report Summary

Academic assessment has been formalized at UW System institutions in the past decade. In 1987 Governor Thompson supported the development of assessment plans at UW System institutions and UW System President Shaw agreed to begin planning an assessment program. In Regent Policy 92-7, adopted in September 1992, the Board of Regents mandated continued academic assessment and testing through the Academic Quality Program. North Central Association's accreditation guidelines also now include academic assessment criteria.

Academic assessment is a method used to document whether institutions are accomplishing their educational and related goals. Measurement methods include portfolios of students' work, capstone courses, Major Field Achievement Tests, and student and alumni surveys. The evaluation of data obtained from these methods over time allows for a determination of whether program or course goals are being achieved.

We reviewed the progress selected institutions have made in implementing a program for academic assessment. We reviewed assessment plans; interviewed assessment coordinators and others; and sought illustrations of how assessment outcomes are being used to improve programs, teaching and learning.

Our review indicated that academic assessment is being implemented as the Board of Regents directed and that North Central Association's revised accreditation process, which includes assessment criteria, has added further impetus for action. We found that institutions have complied with a requirement to prepare campus academic assessment plans. We did note that individual department plans have been somewhat slower to evolve and that department plans would be improved by including measurement criteria and multiple measurement methods. At the same time, however, some improvements have already resulted from the assessment process: new courses have been added, at least one course has been dropped, and curricula have been revised. We recommended that the institutions share information with each other about ways to make their assessment processes even more effective. UW System Academic Affairs has agreed to work with the institutions to facilitate communication about the academic assessment process.

TRUST FUND AND INVESTMENTS

Report Summary

We reviewed the Board of Regents-approved Statements of Investment Objectives and Guidelines for the Long Term and Intermediate Term Trust funds which were established to provide policies to govern investment asset management. Our review was limited to verifying that the UW Trust operation has established and implemented procedures to adequately monitor the Investment Fund's objectives and guidelines.

We found the UW Trust operation has established procedures to adequately monitor the Investment Fund's Objectives and Guidelines. The Trust office monitors compliance through a performance analysis and a compliance summary report on a monthly and a quarterly basis. We found the accounting system, certifications by portfolio managers, and financial data compiled by outside service agents provide the Trust office with adequate information to monitor the fund objects.

While the Investment Fund had no major problems complying with the Statements of Investment Objectives and Guidelines, some minor areas for improvement were noted. We recommended the Trust office: 1) update the investment fund guidelines in several areas, 2) revise the Trust accounting system to provide adequate performance reporting, 3) verify the risk and duration of all equity portfolios on a monthly basis, 4) establish procedures that identify the type of review needed when performance objectives and compliance requirements are not met, and 5) make certain technical reporting adjustments. The Trust office either has implemented, or is in the process of implementing, all of the audit recommendations.