



Financial Aid Provided to UW Students

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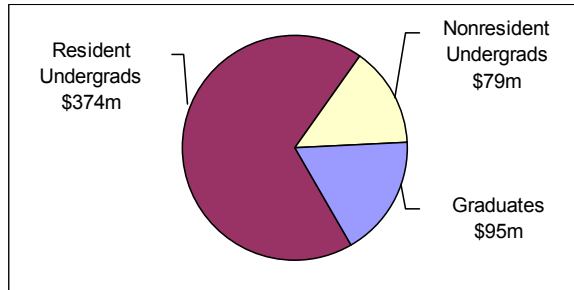
Good morning. While Dr. Finney's presentation focused primarily on the national picture along with information on Wisconsin, the purpose of my presentation is to provide information specifically on the financial aid provided to students in the UW System.

Almost 90,000 UW System students receive financial aid each year for a total of over a half billion dollars.

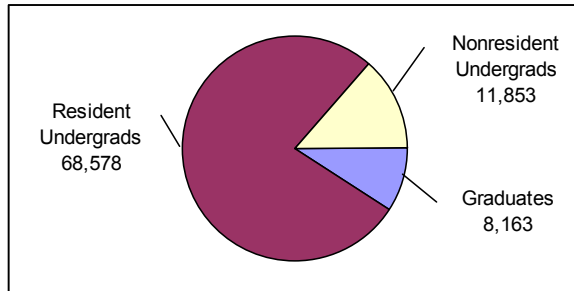
Roughly 90,000 UW students receive student financial aid each year totaling over a half of billion dollars. While these overall numbers are impressive, a closer look at who is receiving those dollars and in what kinds of programs is important because the proportion of students coming to the UW from low income families (that is families with incomes below \$30,000) has been declining.

Financial Aid Provided to UW System Students

Financial Aid Dollars
Provided



Number of Financial
Aid Recipients



First, let's examine who is getting this aid. About 75% of the recipients are resident undergraduates and they receive about 70% of all aid dollars. The rest of this presentation primarily focuses on this largest group of recipients.

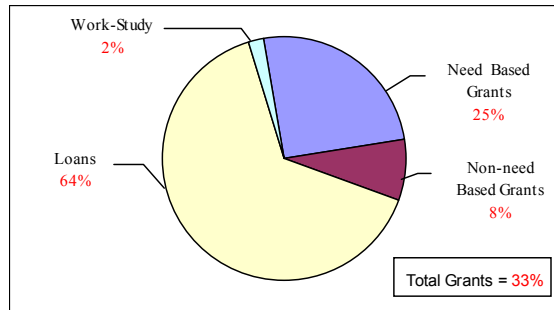
UW Resident Undergraduate Financial Aid Recipients by Race/Ethnicity

Race/Ethnicity	% Aided	% of Enrollment (in category)
African American	4.3%	93.0%
American Indian	1.0%	88.3%
Asian American	3.3%	77.5%
Hispanic/Latino	2.4%	75.6%
Multicultural Total	11.1%	83.4%
White/Unknown	88.9%	59.4%
Total Recipients	100.0%	61.4%

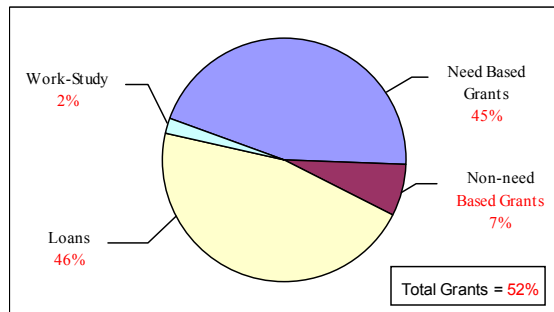
11% of students receiving financial aid are multicultural and this distribution of aid recipients parallels the distribution in UW undergraduate enrollment overall.

Types of Financial Aid

Provided to UW Resident Undergraduates



Provided to Low Income* UW Resident Undergraduates



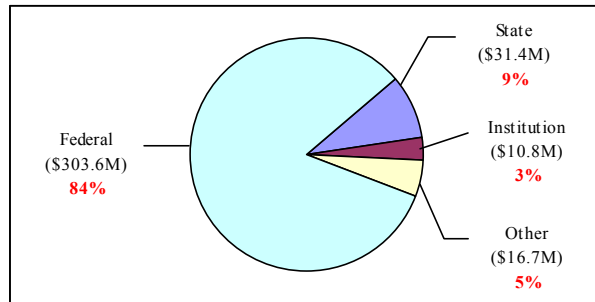
*Low-income = <\$30,000 family income

Loans by far make up the biggest source of aid and mirrors the national picture of a shift over time from grants to a heavier reliance on loans. Currently, for every one dollar provided in grants and scholarships to a UW resident undergraduate, two dollars are borrowed.

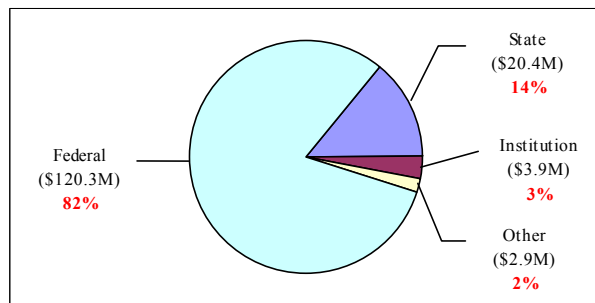
When we look at the types of aid provided to students with family incomes less than \$30,000, we see a larger proportion of aid is in the form of grant dollars, but there is still a very heavy reliance on borrowing. Almost half of the aid provided to the lowest income students is in the form of loans.

Sources of Financial Aid

Provided to UW Resident Undergraduates



Provided to Low Income* UW Resident Undergraduates



*Low-income = <\$30,000 family income

The primary source of financial aid is federal dollars. Four out of every 5 dollars are federal, primarily consisting of the Pell grant program and the Stafford loan program. The second largest source (9%) of aid is from state aid programs. The state's largest program is a need based grant program the Wisconsin Higher Education Grant or WHEG program. In addition, there are currently about a dozen state aid programs targeted to specific populations and professions.

Examining how these proportions differ for students with family incomes less than \$30,000 indicates a heavier reliance on state aid programs.

Pell Grants to UW Resident Undergraduates

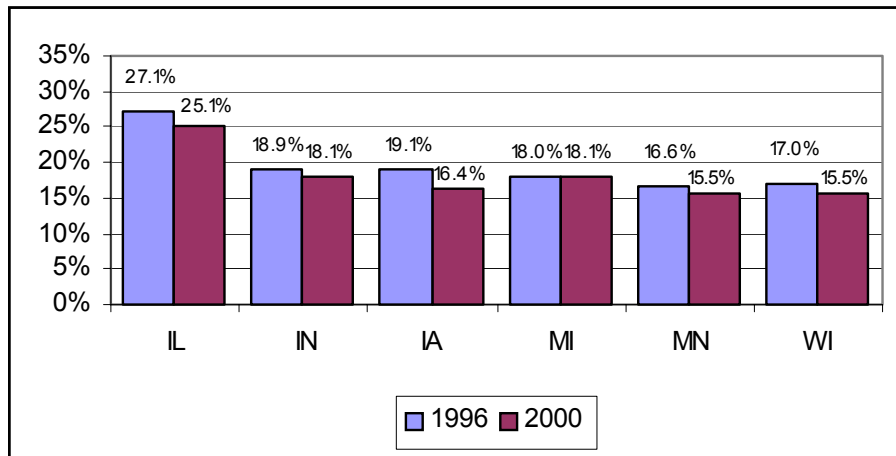
	Average Pell	% of Resident Undergraduates	% of Tuition/Fees	% of COA
1983-84	\$1,002	26%	94%	20%
1985-86	\$1,347	26%	107%	24%
1987-88	\$1,363	24%	86%	22%
1989-90	\$1,456	28%	86%	24%
1991-92	\$1,526	28%	83%	23%
1993-94	\$1,362	26%	65%	19%
1995-96	\$1,366	24%	57%	18%
1997-98	\$1,496	23%	56%	18%
1999-00	\$1,716	22%	57%	19%
2001-02	\$2,132	22%	64%	22%
2002-03	\$2,284	23%	64%	22%

The Pell grant program is the centerpiece of federal support for ensuring educational access and opportunity and is the largest grant program available to UW Students. Pell Grants cover a smaller proportion of tuition and fees than in the past. During the mid-80's the average Pell grant exceeded tuition and fees. Currently an average Pell grants covers about two-thirds of tuition and fees.

- Based on how the federal Pell grant program currently operates and that the cost of attendance at UW System institutions is above the Pell maximum, **future tuition increases will not be offset by Pell Grants.**

- In addition, UW Students face potentially significant loses in Pell dollars due to changes proposed by Department of Education to the tax tables used to determine Pell eligibility. For now, the proposed changes have been blocked.

Proportion of Undergraduates Receiving Pell Grant at Public 4-Year Institutions



Because Pell eligibility is determined by a federal methodology, the proportion of an institution's enrollment receiving a Pell grant provides a useful metric for comparing Wisconsin to its surrounding states.

In the UW System, Pell grant recipients make up a decreasing proportion of total undergraduates. This same decline has been seen in most of our surrounding states' public 4-year institutions.

Considerably fewer Wisconsin students receive Pell Grants compared to Illinois, but at similar proportions to Minnesota.

WHEG Awards to UW Resident Undergraduates

Year	Recipients	Average WHEG	Total \$M	% Resident Undergrads	% of COA
87-88	22,034	\$501	\$11.0	18%	7%
89-90	20,433	\$594	\$12.1	18%	9%
91-92	20,475	\$632	\$12.9	18%	9%
93-94	21,997	\$600	\$13.2	20%	8%
95-96	20,519	\$643	\$13.2	19%	8%
97-98	18,979	\$843	\$16.0	18%	10%
99-00	16,808	\$1,021	\$17.2	15%	11%
01-02	19,155	\$1,112	\$19.5	17%	10%
02-03	20,385	\$1,085	\$22.1	18%	10%

Almost one-fifth of resident undergraduates receive a WHEG grant and covers on average 10% of the costs to attend a UW. An earlier slide showed that the Pell program, on average, covers roughly 20% of the COA. Therefore, about a third of the costs to attend a UW are covered by these grants. That still leaves over two-thirds of costs to be covered by loans and work and perhaps some other small grants.

State Need-Based Grant Programs in Other States

	Expenditure*	Expenditure (Adjusted for Population)	Maximum Award
Illinois	\$372.4M	\$165.3M	\$4,968
Minnesota	\$125.6M	\$135.3M	\$4,597
Wisconsin	\$55.1M	\$55.1M	\$2,500
Iowa	\$1.3M	\$2.27M	\$940

*Expenditures for all sectors.

Wisconsin's WHEG program is a modest size program compared to most surrounding states. Even adjusted for the size of the state's population, other states provide more dollars for state grants. That is, Illinois spends 3 times what Wisconsin does and Minnesota spends over twice as much.

Student Indebtedness

- Over 60% of UW resident undergraduates graduate with debt.
- The average debt at graduation (bachelors degree) is approx. \$16,000.
- UW student loan default rate is half the national rate.

Although the percentage of students graduating with loan debt has increased in the past few years, the student loan default rate for UW students remains low at 2.2% and is significantly lower than the national rate of 5.4% showing that the great majority of UW student loan borrowers are able and committed to making their loan payments.

In conclusion, after receiving grant aid, UW students, even the exceptionally low-income students whose family incomes are near the poverty level, still need to rely heavily on loans.