

DISCUSSION/ACTION
March 2, 2007

HIGHER EDUCATIONAL AIDS BOARD

BOARD REPORT #07-13

2007-08 WTG PROGRAM FORMULA

**PROPOSED 2007-2008 FORMULAS
WISCONSIN TUITION GRANT**

**March 2, 2007
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WISCONSIN TUITION GRANT

Introduction

HEAB administers the Wisconsin Tuition Grant which provides grants to students attending Wisconsin private, independent non-profit colleges and universities. Grants are awarded based on the economic needs of students. Grant recipients apply through the Federal Department of Education using the FAFSA. The Higher Educational Aids Board reviews and approves the Tuition Grant formula for the upcoming school year at its February/March meeting.

The structure of the WTG formula is outlined in the State Statutes. There are six steps in the formula, and awards are differentiated in the following manner between dependent and independent students. The current formula is included for review. (See Table 2)

Recommendations:

Recommendation of Wisconsin Association of Independent Colleges and Universities (WAICU) President Dr. Rolf Wegenke: Continue the current maximum award of \$2900; increase the minimum award from \$750 to \$1,000 (See attached letter). The proposed formula is illustrated in Table 1 of this document and in Sim 3 which is attached.

Recommendation of the Executive Secretary

Agrees with the recommendation of Dr. Rolf Wegenke.

Formula Elements

Appropriation: \$24,835,700 (The formula recommendation is based on the 2006-2007 appropriation.)

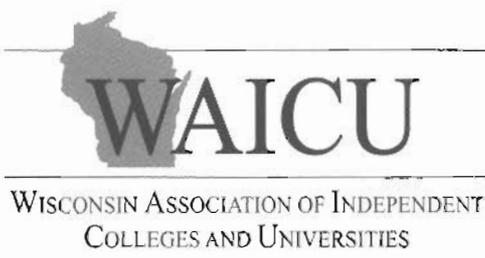
Current Year Spending: All of the 2006-2007 funds will be spent.

Applicants: Awards were suspended in May, 2006 as some of the 2006-07 appropriation was carried back into the 2005-2006 award year. This was done so that promised awards could be honored. It is anticipated that the proposed formula will allow more student awards in 07-08 than in 06-07.

Tuition Increase: Tuition is expected to increase by about 5%.

Other Provisions: WTG is pro-rated: 50% award for 6-8 credits; 75% award for 9-12 credits; full award for 12 or more credits. WTG is also tuition specific and has a statutory over-committed maximum of 122%.

ALVERNO COLLEGE
BELOIT COLLEGE
CARDINAL STRITCH UNIVERSITY
CARROLL COLLEGE
CARTHAGE COLLEGE
CONCORDIA UNIVERSITY
EDGEWOOD COLLEGE
LAKELAND COLLEGE
LAWRENCE UNIVERSITY
MARIAN COLLEGE



MARQUETTE UNIVERSITY
MILWAUKEE INSTITUTE OF ART & DESIGN
MILWAUKEE SCHOOL OF ENGINEERING
MOUNT MARY COLLEGE
NORTHLAND COLLEGE
RIPON COLLEGE
ST. NORBERT COLLEGE
SILVER LAKE COLLEGE
VITERBO UNIVERSITY
WISCONSIN LUTHERAN COLLEGE

February 19, 2007

Ms. Connie Hutchison, Executive Secretary
Higher Educational Aids Board
131 W. Wilson Street, Suite 902
Madison, WI 53702

Dear Ms. Hutchison:

As required by state statute, I am transmitting to you WAICU's recommendation for the Wisconsin Tuition Grant (WTG) formula for the 2007-2008 academic year. I understand that the Higher Educational Aids Board (HEAB) will consider this recommendation at its meeting on March 2nd.

In developing this year's recommendation, WAICU remains committed to the principles that the WTG should contribute a meaningful portion of a student's overall financial aid package, that the neediest students should receive the greatest share of benefits under the program, and that total allocation of WTG funding should be equitably distributed between independent and dependent students. It is the unanimous position of the WAICU Board (the presidents) that, over time, the grant maximum and the value of the average grant must increase.

Based on discussions with the WAICU financial aid directors and HEAB staff, it is my recommendation that HEAB update the formula to adjust the other formula factors as reflected in "SIM 3" on the attached page, but increase the minimum award from \$750 to \$1,000. Because of the uncertainty and potential delay in enacting this year's state budget, I am recommending that the maximum grant remain at \$2,900. We may wish to review the maximum grant level if additional funding becomes available.

I want to thank you again for meeting with me and the WAICU financial aid directors to discuss the WTG formula for 2007-2008. You and your staff should be commended for achieving what I consider to be one of the most constructive working relationships between a state agency and a constituent group. I also have been reminded once again of the fair, evenhanded way in which you advocate for students in need.

Should you have questions or concerns regarding the WAICU recommendations, please contact either me or Mr. Paul Nelson, WAICU Senior Vice President for Public Policy.

Best wishes . . .

Sincerely,

Rolf Wegenke, Ph.D.
President

c: WAICU Presidents
WAICU Financial Aid Directors

**2007-2008 SIMULATIONS
TUITION GRANT
DOLLARS COMMITTED**

		2005-2006	2006-2007	2007-2008	2007-2008	2007-2008	2007-2008
		July 18, 2006	January 9, 2007	Sim One	Sim Two	Sim Three	Sim Four
		FINAL LIST	2006-07	05-06 data	05-06 data	05-06 data	05-06 data
DEPENDENTS	APPLICANTS	10,852	16,338	10,852	10,852	10,852	10,852
	% OF APPLICANTS	64.12%	63.79%	64.12%	64.12%	64.12%	64.12%
	AWARDS	7,173	5,475	7,259	7,529	7,088	7,088
	% OF AWARDS	69.95%	75.09%	66.41%	64.51%	66.42%	66.42%
	% ELIGIBLE	66.10%	33.51%	66.89%	69.38%	65.32%	65.32%
	AVERAGE \$s	\$2,559	\$2,708	\$2,766	\$2,803	\$2,766	\$2,853
	\$s COMMITTED	\$18,356,395	\$14,826,342	\$20,081,158	\$21,102,778	\$19,605,351	\$20,221,381
		72.59%	77.02%	66.27%	64.70%	66.28%	66.38%
INDEPENDENTS	APPLICANTS	6,073	9,276	6,073	6,073	6,073	6,073
	% OF APPLICANTS	35.88%	36.21%	35.88%	35.88%	35.88%	35.88%
	AWARDS	3,082	1,816	3,672	4,142	3,584	3,584
	% OF AWARDS	30.05%	24.91%	33.59%	35.49%	33.58%	33.58%
	%ELIGIBLE	50.75%	19.58%	60.46%	68.20%	59.02%	59.02%
	AVERAGE \$S	\$2,249	\$2,435	\$2,783	\$2,780	\$2,783	\$2,857
	\$s COMMITTED	\$6,932,312	\$4,422,482	\$10,220,037	\$11,513,063	\$9,974,480	\$10,239,480
		27.41%	22.98%	33.73%	35.30%	33.72%	33.62%
TOTALS	APPLICANTS	16,925	25,614	16,925	16,925	16,925	16,925
	AWARDS	10,255	7,291	10,931	11,671	10,672	10,672
	%ELIGIBLE	60.59%	28.46%	64.58%	68.96%	63.05%	63.05%
	AVERAGE \$S	\$2,466	\$2,640	\$2,772	\$2,795	\$2,772	\$2,854
	\$s COMMITTED	\$25,288,707	\$19,248,824	\$30,301,195	\$32,615,841	\$29,579,831	\$30,460,861
		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
OVERAWARD							
	Current Funding	107.93%	84.59%	122.01%	131.33%	119.10%	122.65%
	5% DECREASE IN FUNDING			128.43%	138.24%	125.37%	129.10%
	7% INCREASE IN FUNDING			114.02%	122.73%	111.31%	114.63%
	NUMBER OF AWARDS	10,255	7,291	10,931	11,671	10,672	10,672
	AVERAGE AWARD	\$2,466	\$2,640	\$2,772	\$2,795	\$2,772	\$2,854
	UW TUITION FOR TG	\$5,860	\$6,280	\$6,730	\$6,730	\$6,730	\$6,730
	DEPENDENT INFLATION FACTOR	264%	280%	2.90%	2.65%	3.00%	3.00%
	INDEPENDENT INFLATION FACTOR	607%	627%	6.00%	4.00%	6.50%	6.50%
	BASE MAINTENANCE	\$10,444	\$10,444	\$10,807	\$10,807	\$10,807	\$10,807
	MAX AWARD	\$2,850	\$2,900	\$2,900	\$2,900	\$2,900	\$3,000
	MIN AWARD	\$500	\$750	\$750	\$750	\$750	\$750
	Current Funding	\$	22,754,649	\$ 24,835,700	\$ 24,835,700	\$ 24,835,700	\$ 24,835,700
	5% DECREASE IN FUNDING		W CODES 04/18/06	\$ 23,593,915	\$ 23,593,915	\$ 23,593,915	\$ 23,593,915
	7% INCREASE IN FUNDING		TG Freeze 09/08/06	\$ 26,574,199	\$ 26,574,199	\$ 26,574,199	\$ 26,574,199

All simulations are created using school one data only.

**Wisconsin Tuition Grant
Recommended 2007-2008 Formula
Table 1**

		DEPENDENT	INDEPENDENT
STEP ONE	TUITION	10,000	10,000
	(insert actual tuition charged)		
	- UW MADISON TUITION¹	6,730	6,730
	NET TUITION	3,270	3,270
STEP TWO	TUITION	10,000	10,000
	(insert actual tuition charged)		
	+ BASE MAINTENANCE²	10,807	10,807
	TOTAL COST	20,807	20,807
STEP THREE	NET TUITION	3,270	3,270
	DIVIDED BY TOTAL COST	20,807	20,807
	FAMILY CONTRIBUTION PERCENTAGE	.015716	.015716
STEP FOUR	EXPECTED FAMILY CONTRIBUTION	100	100
	(Insert actual EFC ³)		
	X INFLATION FACTOR⁴	300.00%	650.00%
	ADJUSTED FAMILY CONTRIBUTION	300	650
STEP FIVE	ADJUSTED FAMILY CONTRIBUTION	300	650
	X FAMILY CONTRIBUTION PERCENTAGE	.015716	.015716
	TUITION OFFSET	47	102
STEP SIX	NET TUITION	3,270	3,270
	- TUITION OFFSET	47	102
	GRANT AMOUNT	3,223	3,168
	ACTUAL GRANT (MAXIMUM)	2,900	2,900
	MAXIMUM GRANT ⁵	\$2900	\$2900
	MINIMUM GRANT ⁶	\$1000	\$1000

¹ Previous year tuition at UW – Madison determined for TG purposes

² **Base Maintenance** is a number that is determined during the formula approval process.

³ **EFC** is the individual student data retrieved from the FAFSA.

⁴ **Inflation Factor** is similar to the Student Award Percentage in the WHEG formulas. This number can be manipulated during the formula approval process.

⁵ **Maximum Grant** is set during the formula approval process.

⁶ **Minimum Grant** is set during the formula approval process

**Wisconsin Tuition Grant
2006-2007 Formula
Table 2**

		DEPENDENT	INDEPENDENT
STEP ONE	TUITION (insert actual tuition charged)	10,000	10,000
	- UW MADISON TUITION ¹	6,280	6,280
	NET TUITION	3,720	3,720
STEP TWO	TUITION (insert actual tuition charged)	10,000	10,000
	+ BASE MAINTENANCE ²	10,444	10,444
	TOTAL COST	20,444	20,444
STEP THREE	NET TUITION	3,720	3,720
	DIVIDED BY TOTAL COST	20,444	20,444
	FAMILY CONTRIBUTION PERCENTAGE	0.18196	0.18196
STEP FOUR	EXPECTED FAMILY CONTRIBUTION (Insert actual EFC ³)	100	100
	X INFLATION FACTOR ⁴	280.00%	627.00%
	ADJUSTED FAMILY CONTRIBUTION	280	627
STEP FIVE	ADJUSTED FAMILY CONTRIBUTION	280	627
	X FAMILY CONTRIBUTION PERCENTAGE	0.18196	0.18196
	TUITION OFFSET	51	114
STEP SIX	NET TUITION	3,720	3,720
	- TUITION OFFSET	51	114
	GRANT AMOUNT	3,669	3,606
	ACTUAL GRANT (MAXIMUM)	2,900	2,900
	MAXIMUM GRANT ⁵	\$2900	\$2900
	MINIMUM GRANT ⁶	\$ 750	\$ 750

¹ Previous year tuition at UW – Madison

² **Base Maintenance** is similar to the Student Budget in WHEG formulas. This number can be manipulated during the formula approval process.

³ **EFC** is the individual student data retrieved from the FAFSA.

⁴ **Inflation Factor** is similar to the Student Award Percentage in the WHEG formulas. This number can be manipulated during the formula approval process.

⁵ **Maximum Grant** is set during the formula approval process.

⁶ **Minimum Grant** is set during the formula approval process.