

ACTION
January 26, 2024

HIGHER EDUCATIONAL AIDS BOARD

BOARD REPORT #24-09

24-25 WI GRANT FORMULA PRIVATE NON-PROFIT REQUEST

AL VERNO COLLEGE
BELLIN COLLEGE
BELOIT COLLEGE
CARROLL UNIVERSITY
CARTHAGE COLLEGE
CONCORDIA UNIVERSITY
EDGEWOOD COLLEGE
HERZING UNIVERSITY
LAKELAND UNIVERSITY
LAWRENCE UNIVERSITY
MARIAN UNIVERSITY



WISCONSIN'S PRIVATE, NONPROFIT COLLEGES AND UNIVERSITIES
WORKING TOGETHER FOR EDUCATIONAL OPPORTUNITY

MARQUETTE UNIVERSITY
MEDICAL COLLEGE OF WISCONSIN
MILWAUKEE INSTITUTE OF ART & DESIGN
MILWAUKEE SCHOOL OF ENGINEERING
MOUNT MARY UNIVERSITY
NASHOTAH HOUSE
NORTHLAND COLLEGE
RIPON COLLEGE
ST NORBERT COLLEGE
VITERBO UNIVERSITY
WISCONSIN LUTHERAN COLLEGE

January 26, 2024

Connie Hutchison, PhD, Executive Secretary
Higher Educational Aids Board
4822 Madison Yards Way, Seventh Floor
P.O. Box 7885
Madison, WI 53707-7885

Dr. Hutchison,

As directed by Wisconsin statute, I am submitting the Wisconsin Association of Independent Colleges and Universities (WAICU) recommendation for the Wisconsin Grants funding formula for low-income Wisconsin students attending private, nonprofit colleges and universities. I am proposing a new formula for private, nonprofit students as allowed under the recently enacted 2023 Wisconsin Act 80, commonly referred to as the Financial Aid Modernization Act. I am grateful to the Higher Educational Aids Board (HEAB), the Legislature, and the Governor for supporting this important legislation, and to allow our sector the ability to propose a formula that better reflects the needs of students attending our institutions.

WAICU's goal in designing this new formula continues to be in alignment with WAICU's mission: "working together for educational opportunity." WAICU members believe that all Wisconsin students who are academically qualified deserve the opportunity to receive a high-quality education. The Wisconsin Grant is the primary state-funded need-based financial aid program for Wisconsin students attending private, nonprofit colleges and universities and represents a significant return on investment of taxpayer funding and for the State of Wisconsin.

For the 2024-25 Academic Year, we recommend the maximum grant be set at \$4,400 and the minimum award be set at \$1,000. We recommend setting the maximum Student Aid Index (SAI), the new federal need methodology established in the Federal FAFSA Simplification Act, to receive the maximum Wisconsin Grant award so students with an SAI between \$-1,500 and \$8,000 automatically receive the maximum award of \$4,400 for full year, full-time enrollment. Wisconsin Grants are a proven, cost-effective vehicle for expanding opportunity. By expanding state grant aid and targeting those who, without help, could not attend a college or university, Wisconsin will expand its qualified workforce. State appropriations for need-based aid also help ensure that low-income students who do enroll in college emerge with an on-time degree and manageable debt levels. Additionally, both traditional and nontraditional students will be treated the same under this formula proposal, as is the

case with our public sector counterparts. Grant awards for private, nonprofit students will continue to be prorated as they have in the past based on enrollment.

Unlike public institutions, WAICU members do not receive direct operating support from taxpayers. Therefore, students of any income at public institutions receive a subsidy to bring down the cost of tuition. WAICU has set the SAI range to ensure that low and low-middle income students are eligible for funding. WAICU is committed to the public private partnership between member institutions and the State of Wisconsin. In addition to the state and federal aid low-income students may receive, WAICU members help students by:

- Raising funds. Two-thirds of the grant aid distributed to students enrolled in Wisconsin's private, nonprofit colleges or universities are private funds provided by the institutions themselves.
- Educating more than 51,000 students each year and graduating 24 percent of the state's bachelor's degrees and 34 percent of the state's graduate degrees.

WAICU remains committed to the long-held principles that the Wisconsin Grants should contribute a meaningful portion of a student's overall financial aid package and that the neediest students should receive the greatest share of benefits under the program.

A recent economic impact report found that Wisconsin's private, nonprofit colleges generated \$7.2 billion in economic impact for the state of Wisconsin in 2018-19 and supported 62,825 jobs. The Wisconsin Grant private, nonprofit is a partnership with the State of Wisconsin fostering economic mobility of our low-income students, and a stronger economy for all citizens.

Given the many uncertainties with the new federal methodology and number of students that may qualify, WAICU reserves the right to recommend modifications in the formula. WAICU will also be advocating for increases to the Wisconsin Grant Program appropriation as Wisconsin is falling considerably behind other Midwest states, particularly for students attending private, nonprofit institutions. Higher education continues to be an excellent pathway to enhance economic mobility for low-income and first-generation students and their families. Higher education's rate of return at fourteen percent consistently outperforms stocks at seven percent and bonds at three percent as a means to increase personal and generational wealth.

I want to thank you and the HEAB staff, particularly Sherrie Nelson and Joy Dyer, for working with WAICU staff in developing this new methodology. HEAB staff consistently promote a positive and constructive working relationship as they work with limited agency budget resources.

Should you have questions or concerns regarding this WAICU recommendation, please do not hesitate to contact me.

Sincerely,

/s/



Eric W. Fulcomer, PhD
President

cc: WAICU Presidents
WAICU Financial Aid Directors Group

**PROPOSED 2024-25 FORMULA
WISCONSIN GRANT – PRIVATE NON-PROFIT (WG-PNP)**

**January 26, 2024
Board Report #24-09**

HEAB administers the WG-PNP for students attending private, nonprofit institutions in Wisconsin. The Higher Educational Aids Board reviews and approves the formulas for the upcoming school year. The four components for the private, nonprofit award calculation are outlined below.

Step 1: Set maximum and minimum awards.

Step 2: Select the highest SAI level that can receive maximum award and minimum award.

Step 3: Calculate the incremental decrease in grant amount for every 2,000 increase in SAI tier for those who are not automatically qualified for maximum award.

Step 4: Calculate the award amount for each term. Prorate award based on student enrollment.

Factors That Affect the WG PNP Program

Appropriation: The Wisconsin Grants Program for private, nonprofit students are set by the Legislature and Governor during the state’s biennial budget process and located in Wisconsin State Statutes (39.30). The appropriation is not sum-sufficient meaning that when all funds are obligated, the remaining eligible students do not receive awards. The date the student application is received by HEAB determines which eligible students will or will not receive awards.

Changing the Maximum and Minimum Award: These award amounts are approved by the Board.

SAI: The SAI is determined by the Federal Government for each individual student and cannot be set or changed by the Board.

A step-by-step detail of the proposed 2024-25 Wisconsin Grant Private Non-Profit Formula Recommendation is attached.

Recommendation 2024-25 WG-PNP Formula:

Recommendation of Wisconsin Association of Independent Colleges and Universities (WAICU):

Maximum award: \$4,400

Minimum award: \$1,000

Maximum SAI to receive the maximum WG-PNP award: 8,000

Highest SAI Tier to receive the minimum WG-PNP award: 14,001-16,000

SAI tier	-1,500	8,001	10,001	12,001	14,001
	-	-	-	-	-
	8,000	10,000	12,000	14,000	16,000
Full-year, full-time WG-PNP award	\$4,400	\$3,550	\$2,700	\$1,850	\$1,000

Current 2023-24 WG-PNP Formula

Maximum award: \$4,100

Minimum award: \$500

Inflation Factors: Dependent 580% Independent 300%

UW-Madison Tuition: \$10,722

Base Maintenance: \$13,000

Other Information:

2024-2025 Appropriation: \$28,504,600

2023-2024 Appropriation: \$28,504,600

2022-2023 Appropriation: \$28,504,600

2021-2022 Appropriation: \$28,504,600

2020-2021 Appropriation: \$28,504,600

2019-2020 Appropriation: \$28,504,600

2018-2019 Appropriation: \$28,504,600

2017-2018 Appropriation: \$27,856,800

STEP BY STEP DETAIL OF 2024-25 WISCONSIN GRANT PRIVATE, NON-PROFIT FORMULA RECOMMENDATION

Step 1: Set the maximum and minimum amount a student can claim.

Max = \$4,400 and Min = \$1,000

Step 2: Set maximum SAI to receive maximum Wisconsin Grant award to be equal to the maximum Pell award amount in the current academic year and *round it up to the nearest thousand*.

Maximum Pell award in AY23-24 = \$7,395

- *Maximum SAI to receive the minimum Wisconsin Grant: 8,000*

Which means, students with SAI between -1,500 and 8,000 automatically get the maximum award of \$4,400 for full year, full-time enrollment

Step 3: Set the highest SAI tier to receive minimum Wisconsin Grant.

Highest tier WAICU selected: 14,001-16,000; student in this tier will automatically receive a \$1,000 award for full year, full-time enrollment

Step 4: Calculate the incremental decrease in grant amount for every 2,000 increase in SAI tier for those who are not automatically qualified for maximum award (step 2) or minimum award (step 3).

4.1. Count of tiers =
$$\frac{\text{maximum SAI to receive min award} - \text{maximum SAI to receive max award}}{2,000}$$

4.2. Incremental decrease for every 2,000 increase in SAI =
$$\frac{\text{maximum award} - \text{minimum award}}{\text{count of tiers}}$$

Count of tiers = $(16,000 - 8,000) / 2,000 = 4$

Incremental decrease = $(\$4,400 - \$1,000) / 4 = \$850$

Step 5: Calculate award amount for full-time, full-year enrollment by SAI tier by subtracting the incremental decrease for every \$2,000 increase in SAI.

SAI tier	-1,500	8,001	10,001	12,001	14,001
	-	-	-	-	-
	8,000	10,000	12,000	14,000	16,000
Full-year, full-time WG-PNP award	\$4,400	\$3,550	\$2,700	\$1,850	\$1,000

Step 6: Calculate full-time award for each academic term.

- For trimester schools, term award = full-year, full-time award / 3
- For semester schools, term award = full-year, full-time award / 2

Step 7: Prorate award for each term based on student enrollment status (applicable to all students).

- Half-time (6-8.99 credits): 50% of eligible full-time term award as calculated in step 6
- Three-quarter-time (9-11.99 credits): 75% of eligible full-time term award as calculated in step 6
- Full-time (12 credits and more): 100% of eligible full-time term award as calculated in step 6