



# Financial Aid and Tuition

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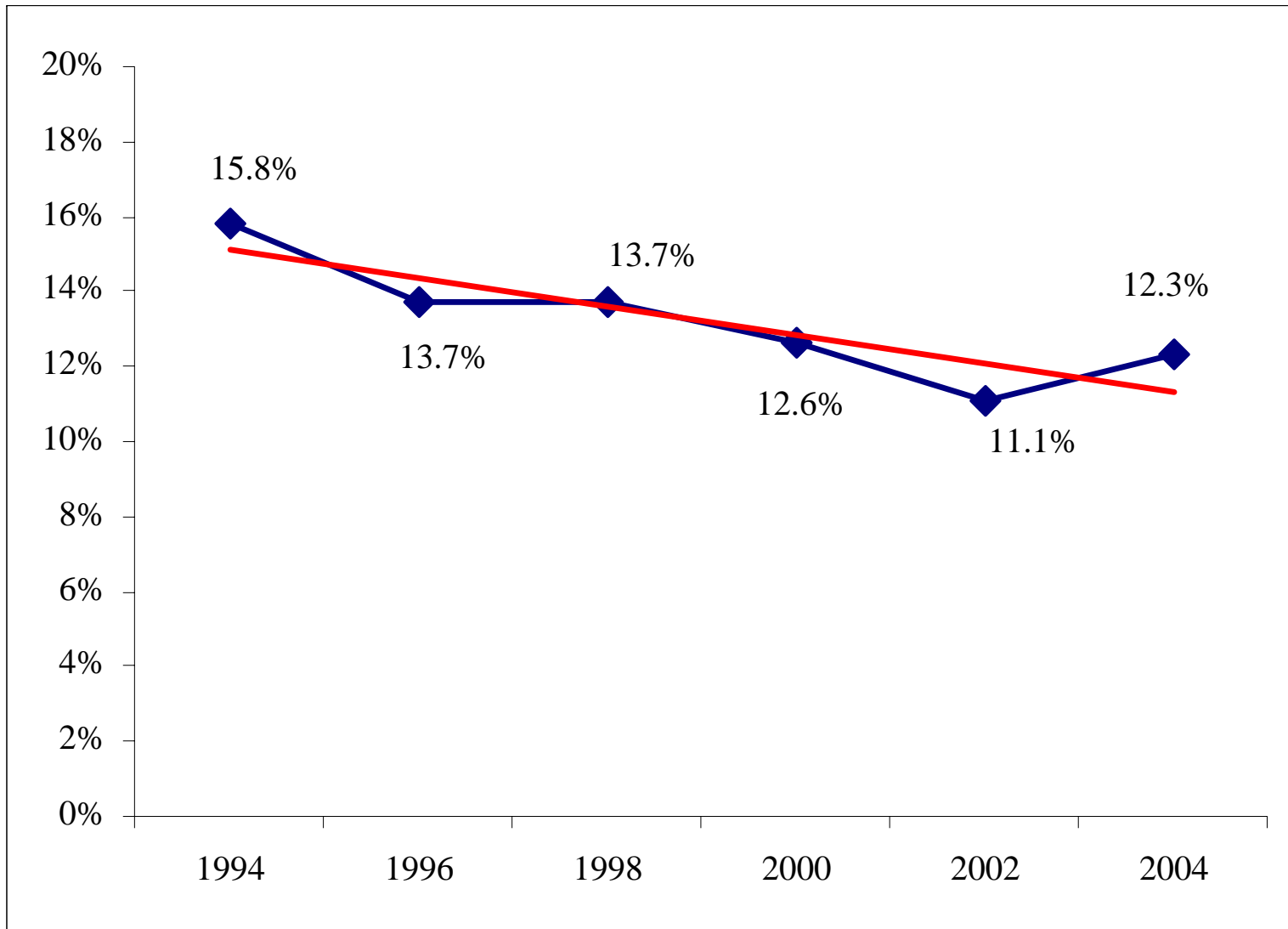
Board of Regents  
December 8, 2005

# Family Incomes of UW Resident New Freshmen

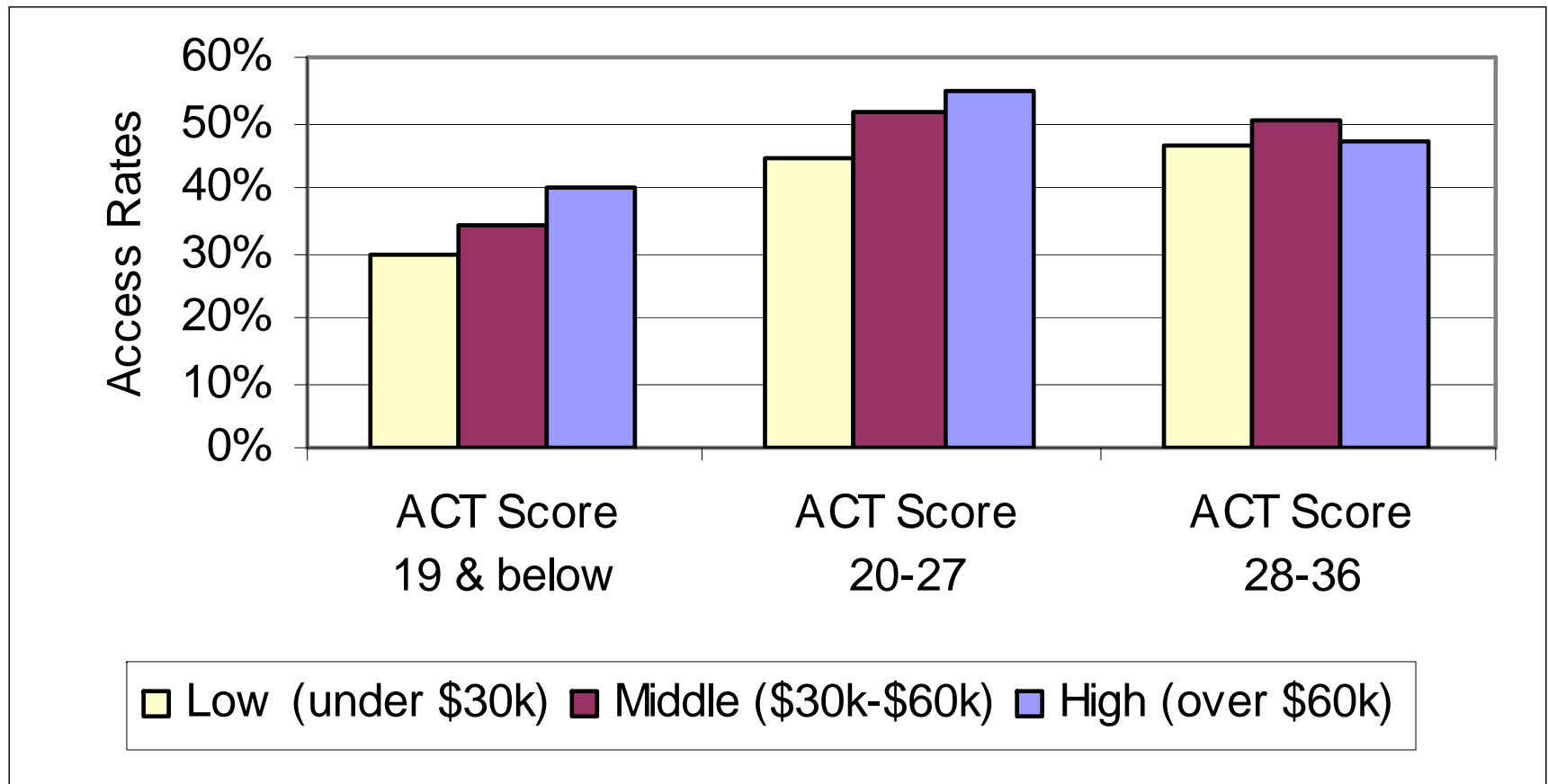
Wisconsin Family Income Quintile	1994	1996	1998	2000	2002	2004
Low (<\$30,000)	15.8%	13.7%	13.7%	12.6%	11.1%	12.3%
Low-Medium (\$30,000-\$47,000)	22.8%	22.8%	21.8%	21.5%	18.3%	19.6%
Medium (\$47,000-\$66,000)	23.1%	23.9%	26.6%	24.9%	24.5%	24.5%
Medium-High (\$66,000-\$92,000)	20.2%	20.3%	22.4%	23.3%	25.4%	24.5%
High (>\$92,000)	18.1%	19.3%	15.4%	17.6%	20.7%	19.2%

Sources: ACT, Inc. and U.S. Census Bureau

# Lowest Income Quintile

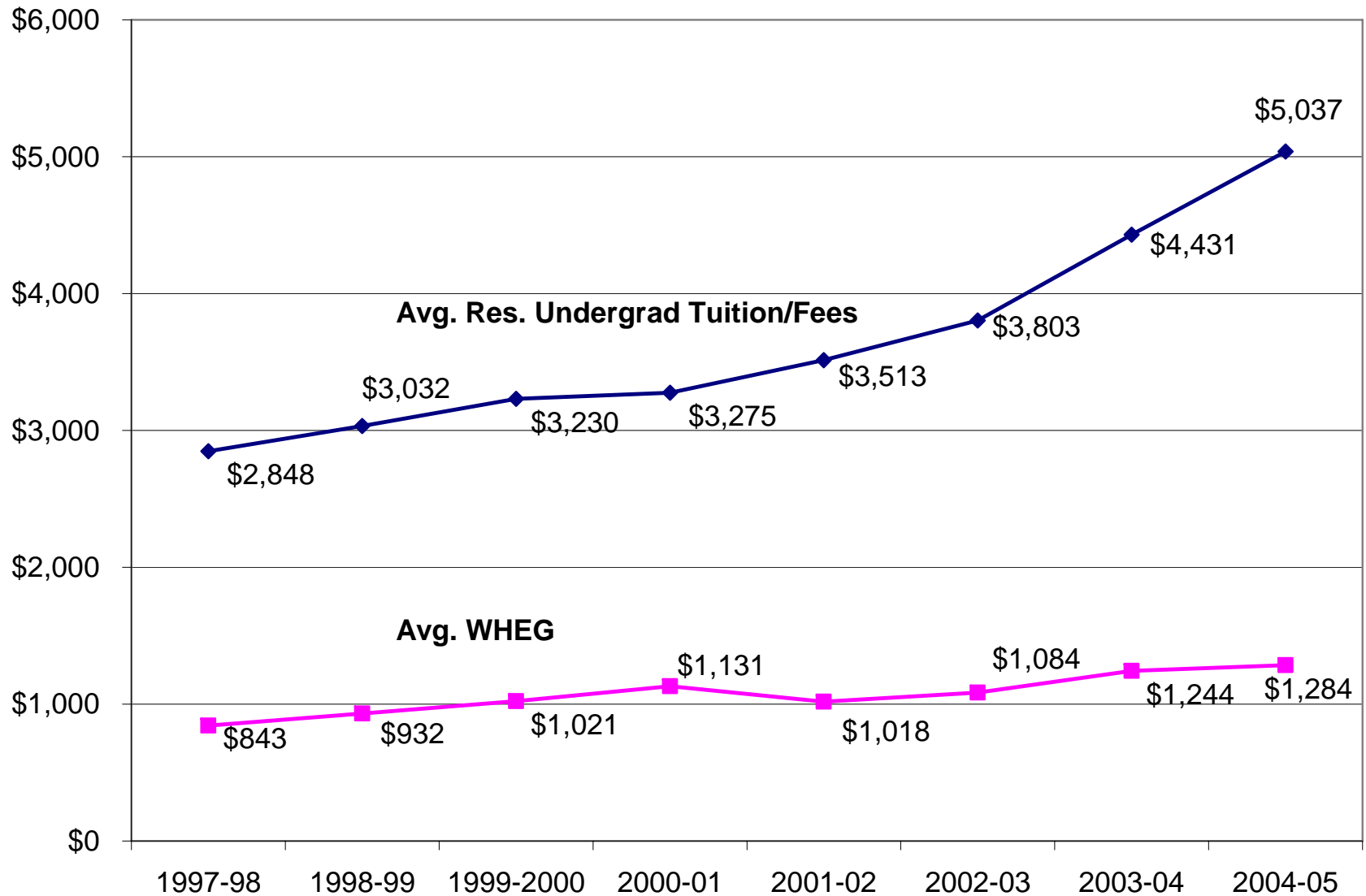


# Access by Income and ACT Score Range



- In each ACT score range, low income students have lower access.

# Gap Between Average Tuition/Fees and WHEG Award

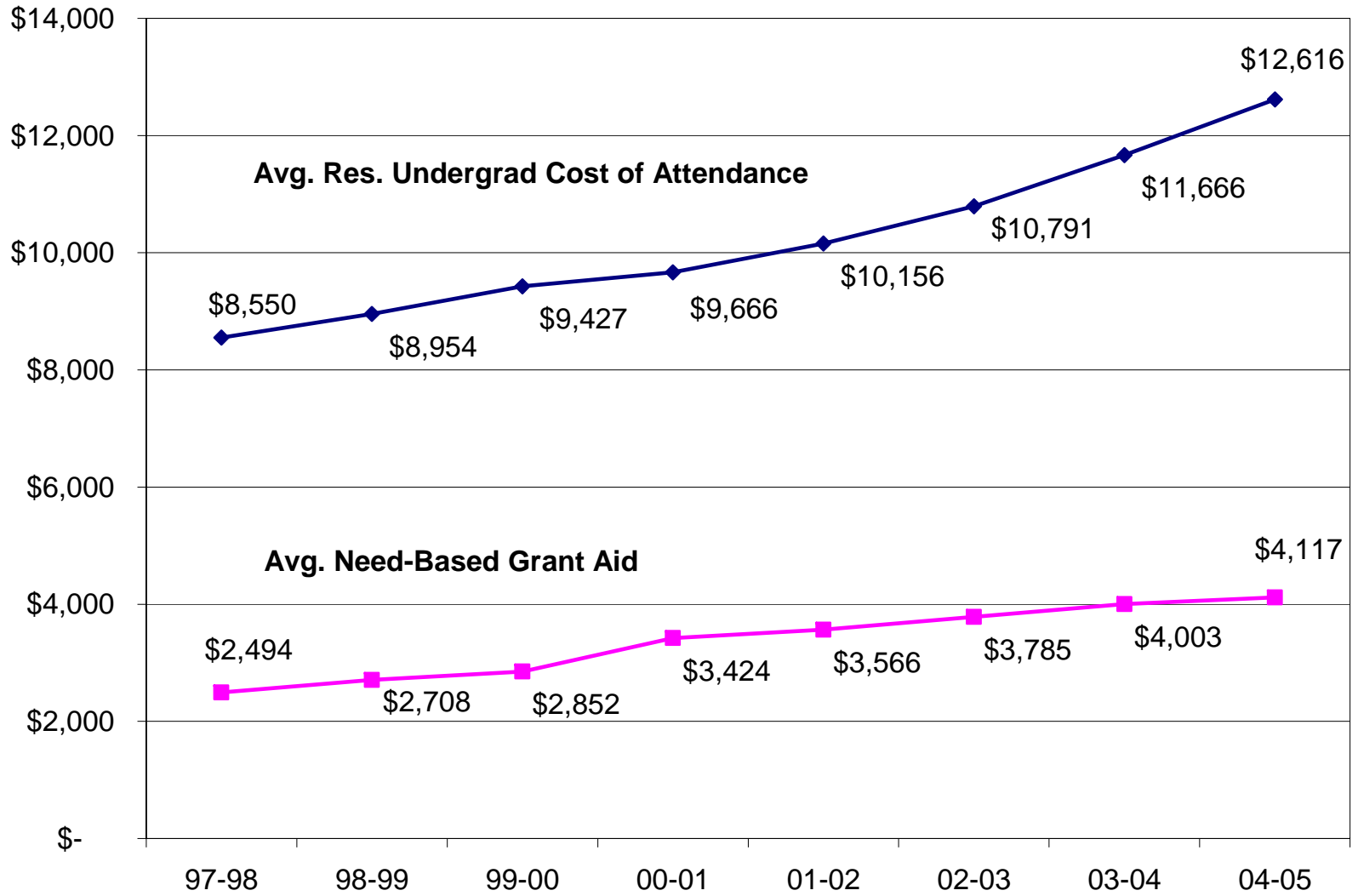


Financial Aid and Tuition





# Gap between Average Cost of Attendance and Need-Based Grants



# Federal and State Aid Provided to UW Resident Undergraduates

Between 2001-02 and 2004-05:

- Average Federal Pell Grant increased \$217
- Average State WHEG Grant increased \$266  
\$483
- Average student borrowing increased \$963
  
- Average UW Tuition/Fees increased \$1,524
- Average Cost of Attendance increased \$2,460

# Policy Goals

- **Access**
  - Ensure all academically qualified Wisconsin residents equal access to attend a UW institution.
- **Retention**
  - Reduce the financial barriers for low-income UW students so they can remain in school and complete their degrees in a timely fashion.
- **Brain Gain**
  - Use financial aid incentives to encourage UW graduates to work in Wisconsin after graduation.

Source: UW Board of Regents Study *Charting a New Course*

## BOR Goals for 2005-06

- Improve Access to the UW System
- Increase Baccalaureate Degrees
- Improve the Quality of the Student Experience
- Strengthen and Build Relationships with our Stakeholders

Source: Minutes of the BOR Meeting, September 9, 2005

# Guiding Principles

- I. Socio-economic diversity enhances the learning environment for all students and bolsters state economic growth.
- II. Student recruitment, retention, and degree completion are most successful when financial barriers are eliminated.
- III. It is essential to provide a clear message that college is possible and within reach, regardless of financial resources.
- IV. Progress towards achieving financial aid goals should be monitored.

# Financial Aid Models

	<b>Need Guarantee</b>	<b>Pledge</b>
Univ/States:	•North Carolina, Virginia, Illinois, Minnesota	Indiana, Oklahoma
Covers:	•Cost of attendance	•Tuition and fees
Program:	<ul style="list-style-type: none"> <li>• Eliminates borrowing</li> <li>• Work requirement</li> <li>•“Last grant” (after all federal and state grants and scholarships)</li> </ul>	<ul style="list-style-type: none"> <li>•High School academic requirement</li> <li>•“Last state grant”</li> </ul>

# Financial Aid Models

	Large State Grant	Hold Harmless
States:	<ul style="list-style-type: none"> <li>•Minnesota, New York, Illinois, New Jersey, Pennsylvania</li> </ul>	Virginia Tech
Covers:	<ul style="list-style-type: none"> <li>•Tuition and fees</li> </ul>	<ul style="list-style-type: none"> <li>•\$ <b>increases</b> to tuition and fees</li> </ul>
Program:	<ul style="list-style-type: none"> <li>•Expands existing state need-based grant program</li> </ul>	

# Financial Aid Models

## Loan Repayment/Loan Forgiveness

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- Covers:           •Repays \$2,000 of loan per year for 4 years
- Program:           •Repayment of loan if graduate stays in state after graduation

# Goals

- Who will be covered?
  - Lowest quintile? 2 lowest quintiles?
- What will be covered?
  - All costs of attendance? Just tuition and fees?
  - Just tuition increases? Repayment of Loans?
- Should there be a student commitment?
  - High School academic requirement?
  - Work requirement while in college?
  - Stay in state after graduation?



# TUITION OPTIONS

## Primary Grant Programs in Midwest States Average Grant Comparison

Midwest States	Average Grant Award**	# of Awards
OH	\$3,279	3,711
IN	\$2,838	45,300
IA	\$2,829	15,976
IL	\$2,355	140,898
MN	\$1,656	69,620
MI	\$1,343	29,485
<b>WI</b>	<b>\$1,244</b>	<b>22,808</b>

\*\* Most states include funding provided to public and private institutions except Wisconsin, which includes only UW System, and Iowa, which includes only private institutions.

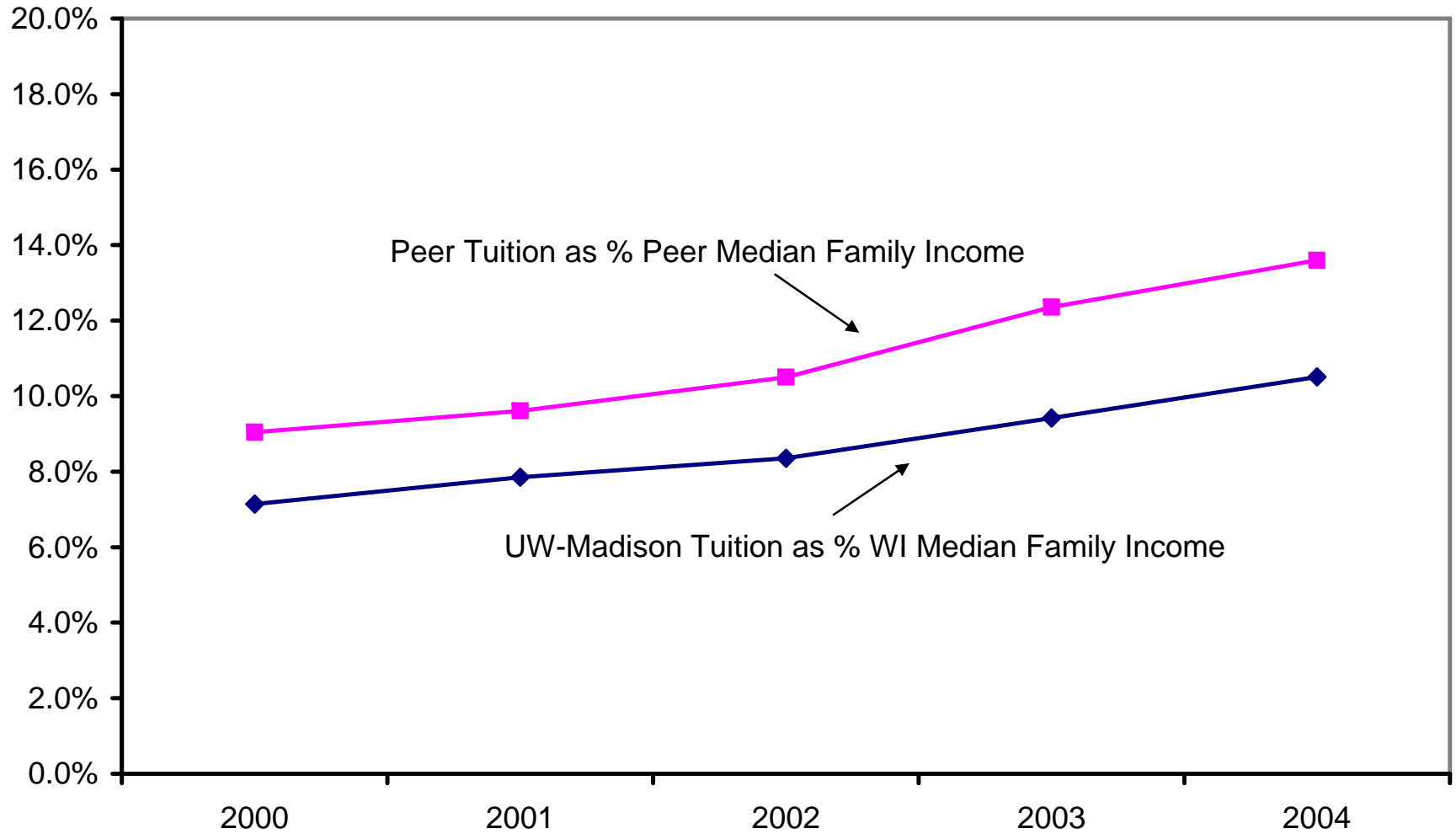
## State Fiscal Environment

- Wisconsin continues to have a structural deficit
- Other competing UW needs:
  - Utilities
  - Health Insurance
  - Debt Service
  - Compensation
  - Other Board Initiatives

## UW System Resident Undergraduate Tuition and Fees versus Peers

Institution	Tuition & Fees	Rank	Peer Mid-Point Tuition and Fees	Tuition and Fees Below Mid-Point
UW-Madison	\$6,280	8 of 9	\$8,172	-\$1,892
UW-Milwaukee	\$6,220	11 of 15	\$7,355	-\$1,135
UW Comprehensives	\$5,059	32 of 35	\$6,129	-\$1,070

# Tuition as a Percent of Median Family Income



## Tuition Funded Financial Aid

- This proposal would increase tuition rates for all students and would increase financial aid to hold down the net costs for lower income students.
- Issues:
  - Program administration
  - Statutory link
  - Sticker shock

## Tuition Funded Financial Aid

- This approach would require legislative approval:
  - Biennial Budget Request
  - Statutory Language Change

## Tuition Rules of Thumb

- Every one percent increase in resident undergraduate tuition generates approximately \$5.5 million dollars in tuition revenue annually.
- Every one percent increase is between \$40 and \$60 dollars for a UW student.

## Tuition Based on Ability to Pay

- This proposal would freeze tuition rates for lower income students and assess higher tuition to students from families above a certain income level.
- The Board of Regents has the authority to set different tuition rates by income level, so this proposal could be implemented as soon as the 2006-07 academic year.

## Tuition Based on Ability to Pay

- Issues:
  - Two different tuition rates
  - Impact on enrollment of middle and higher income students
  - Program administration
  - Communication plan

## Nonresident Undergraduate Tuition Rollback

- Nonresident undergraduate tuition would be set at three times the resident undergraduate rate at all institutions except UW-Madison.
- Setting nonresident rates at three times resident tuition would cover the full cost of educating a nonresident student, plus provide an amount equal to the current state share of the cost of educating a resident student.

## UW System Non-Resident Undergraduate Tuition and Fees versus Peers

Institution	Tuition & Fees	Rank	Peer Mid-Point Tuition and Fees	Tuition and Fees Above Mid-Point
UW-Madison	\$20,280	3 of 9	\$19,892	\$388
UW-Milwaukee	\$18,972	3 of 15	\$15,834	\$3,138
UW Comprehensives	\$15,155	9 of 35	\$12,563	\$2,592

- The UW has lost more than 900 non-resident undergraduate students since 2001-02.

# Goals

- Who will be covered?
  - Lowest quintile? 2 lowest quintiles?
- What will be covered?
  - All costs of attendance? Just tuition and fees?
  - Just tuition increases? Repayment of Loans?
- Should there be a student commitment?
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