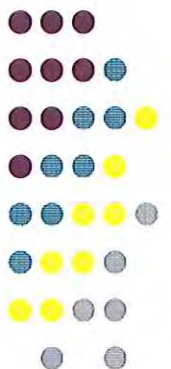




Student Financial Aid

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Student Financial Aid

Introduction

There are four primary sources of student financial aid: (1) the federal government; (2) state programs; (3) higher education institutions; and (4) other private and community-based organizations. Each year, approximately one-half of all resident undergraduate students attending Wisconsin public and private, nonprofit postsecondary institutions at least half-time receive need-based financial aid. In 2008-09, the most recent year for which information is available, there were 450,424 financial aid awards totaling approximately \$1.26 billion in financial assistance. Of the total amount awarded, 63.7% was awarded based on the students' financial need. The federal government determines the amount of need-based financial aid a student is eligible for and funds the largest grant, loan, and work-study programs that make up the financial aid "package" that a student receives.

In 2008-09, three-quarters of need-based aid to resident undergraduates in Wisconsin was provided through a variety of federal programs. In 2008-09 resident undergraduate students received \$799.1 million in need-based student financial aid, consisting of: \$596.9 million in federal assistance (grants, loans, and work study); \$106.7 million in state grants through Higher Educational Aids Board programs (13.5%); \$75.1 million from institutional grant, work, and loan programs (9.4%); \$11.5 million from private sources (1.4%); and approximately \$8.9 million from other programs (1.1%).

In determining a student's financial need, the resources of the student and his or her family are compared to the estimated cost of the student's education. The total cost includes tuition and fees, room and board, transportation, books and supplies, and miscellaneous and personal expenses. The student's financial need is the cost of education

that the current methodology assumes cannot be covered by student or family resources. "Unmet need" is the student's financial need less any financial aid provided. This "unmet need" can be met by additional parental contributions beyond what is assumed, student earnings apart from work-study aid, the assumption of additional non-need-based loans, or reductions in costs by the student.

Table 1 shows need-based financial aid for Wisconsin resident undergraduate students for the most recent five years for which data are available.

Table 1: Wisconsin Undergraduate Need-Based Financial Aid (\$ in Millions)

	2004-05	2005-06	2006-07	2007-08	2008-09
Students Receiving Aid	110,093	110,908	112,877	115,766	122,742
Cost of Education	\$1,534.5	\$1,599.6	\$1,774.2	\$1,887.8	\$2,095.9
Financial Need Total Aid (All Sources)	\$1,049.1	\$1,048.1	\$1,207.3	\$1,322.5	\$1,474.2
Unmet Need	<u>651.9</u>	<u>646.4</u>	<u>672.2</u>	<u>746.0</u>	<u>799.1</u>
	\$397.2	\$401.7	\$535.1	\$576.5	\$675.1
Unmet % of Financial Need	37.9%	38.3%	44.3%	43.6%	45.8%
% Chg in Total Aid	8.8%	-0.8%	4.0%	11.0%	7.3%

In 2008-09, need-based aid covered 54.2% of the financial need of students eligible for aid. Between 2004-05 and 2008-09, the average cost of education for students receiving aid increased by 22.5%, while average need-based aid per student increased by 9.9%. As increases in costs have outpaced increases in need-based aid, unmet need as a percentage of total need has increased from 37.9% in 2004-05 to 45.8% in 2008-09.

This paper presents an overview of state and federal financial aid programs. The first section

discusses the methodology used to determine student financial need. The second section briefly describes the various sources of financial aid. The third section provides a more detailed description of each financial aid program. The fourth section discusses the process used to distribute financial aid. The final section provides interstate comparisons.

Needs Analysis

Financial aid is awarded based upon a systematic evaluation of a student's financial need, using the guiding principle that students and their families are primarily responsible for paying for postsecondary and undergraduate education. Congress has established a needs analysis system, referred to as the "federal methodology," which determines how much families and students are expected to contribute towards the cost of their education. To be eligible for federal financial aid, students and their parents are required to fill out the Free Application for Federal Student Aid (FAFSA). The federal Department of Education determines the amount that the student and his or her parents are expected to contribute to the cost of the student's education, known as the expected family contribution or EFC, based on information provided on the FAFSA. In calculating the EFC, the Department of Education takes into account family income, assets, number of children and other dependents in the household, number of family members enrolled in higher education, liabilities, and unusual financial circumstances. Students earnings and savings are also considered.

EFC is determined based on the amount of income and assets that are deemed "discretionary." In general, EFC increases with the family's discretionary income. Students with the greatest financial need generally have EFCs of \$0. Although costs vary from school to school, the amount one is able to pay remains the same.

The student's financial need is the difference between the total cost of education at the institution attended and the amount the student and his or her family is expected to contribute, which is the EFC. The cost of postsecondary education varies greatly depending on individual student choices. First, costs will vary depending on the institution the student chooses to attend. In Wisconsin, the total cost of education, including tuition and fees, room and board, transportation, books and supplies, and miscellaneous and personal expenses, ranges from an average of \$12,275 at the tribal colleges to \$28,801 at the private colleges. The Wisconsin Technical Colleges and the University of Wisconsin System institutions fall in between with average costs of \$12,664 and \$15,806, respectively. Additional choices made by the student, such as whether to live on campus or at home, will also affect the total cost of education.

Table 2 shows a sample student budget for a full-time resident undergraduate student as prepared by the financial aid office at UW-Milwaukee. This sample budget shows tuition and fees relative to other student costs including room and board, transportation, and books and supplies.

Table 2: Dependent Student Base Budget Estimates -- 2010-11 Academic Year (9 Months)

	Living With Parent	Living Away From Home
Tuition and Fees	\$8,284	\$8,284
Books/Supplies	1,000	1,000
Room	0	5,200
Board	3,700	3,700
Transportation	2,328	2,328
Personal/Misc.	<u>1,600</u>	<u>1,600</u>
Total	\$16,912	\$22,112

Once a student's financial need is determined, the college attempts to meet this need through an offer of a package of financial aid programs. Financial aid can be a combination of one or more types of assistance including scholarships, grants, loans, or employment, depending upon a student's

financial need and eligibility for a variety of programs.

In most cases, to be eligible to receive aid from the general need-based programs discussed in this paper, a student must:

- Demonstrate financial need.
- Have a high school diploma, a general educational development (GED) certificate, or have completed a high school education in a home setting.
- Be enrolled in a degree or certificate program.
- Be a U.S. citizen or an eligible noncitizen.
- Have a social security number.
- Make satisfactory academic progress in a degree or certificate-granting program, which is usually defined by the school, but often viewed as maintaining a "C" average.
- Register with the Selective Service, if required.

Some of the programs described in this paper such as the federal Stafford Loan and PLUS Loan programs require the student to be enrolled at least half-time, which is usually defined as at least twelve credits per year. This is not a requirement to receive federal aid under the Pell Grant, Supplemental Educational Opportunity Grant, Work-Study, and Perkins Loan programs. For students attending less than full-time, the cost of education is proportionately reduced, which in turn decreases their financial need and the amount of financial aid the student is eligible for.

Another determination made when one applies for financial aid is the student's dependency status. Dependency status is based on whether the student is considered a dependent of his or her parents or is considered financially independent. If a student

is a dependent, the student must report his or her parents' income and other financial information on the FAFSA in addition to the student's own. This determination is necessary because most student aid programs are based on the assumption that parents have the primary responsibility of paying for their children's education, whether they choose to or not. According to federal guidelines, students who have access to parental support should not receive financial aid at the expense of students who do not. A student is considered independent for financial aid purposes if he or she is one of the following:

- At least 24 years of age.
- Married.
- A graduate or professional student.
- Someone with legal dependents other than a spouse.
- An orphan or ward of the court.
- A veteran.
- Serving on active duty in the U.S. Armed Forces.

Sources of Financial Aid

Financial aid is provided by a number of sources:

Federal Government. In 2008-09, almost three-quarters of the need-based financial aid to resident undergraduate students was provided by the federal government. This aid included \$214.7 million in need-based grants, \$363.2 million in loans, and \$19.0 million in work study. Approximately one-quarter of the cost of education of those receiving need-based financial aid in 2008-09 was met by federal funds. Table 3 provides expenditure levels

Table 3: Federal Need-Based Financial Aid Programs (\$ in Millions)

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Pell Grant	\$83.4	\$86.7	\$107.8	\$125.6	\$137.7	\$144.0	\$135.5	\$136.6	\$155.5	\$183.5
SEOG	15.0	14.4	15.5	15.8	15.7	15.1	14.3	14.7	13.9	14.1
Bureau of Indian Affairs Academic Competitiveness Grant	3.1	3.0	3.4	3.9	4.2	4.7	4.8	5.6	5.6	6.1
SMART Grant	--	--	--	--	--	--	--	4.2	5.6	5.8
LEAP/SLEAP (formerly SSIG)	--	--	--	--	--	--	--	3.2	3.0	2.7
Other federal grants	0.5	0.9	1.1	1.4	1.4	1.4	1.7	1.4	1.5	1.4
College Work Study	--	--	--	--	--	--	--	--	0.4	1.1
Stafford Loan/SLS	13.7	13.6	14.7	15.6	16.5	18.2	18.0	19.5	17.5	19.0
Perkins Loan	181.7	174.5	184.1	202.5	227.8	255.4	262.2	277.1	325.8	344.7
Other federal loans	22.5	24.3	24.9	28.6	34.7	37.1	34.7	34.9	29.6	17.5
	--	--	--	--	--	--	--	--	1.2	1.0
TOTAL	\$319.9	\$317.4	\$351.6	\$393.5	\$438.0	\$475.9	\$471.2	\$497.2	\$559.6	\$596.9
Percent Change	1.1%	-0.8%	10.8%	11.9%	11.3%	8.7%	-1.0%	5.5%	12.6%	6.7%

for the major need-based financial aid programs administered by the U.S. Department of Education. These include grants, such as the Pell and Supplemental Educational Opportunity Grant (SEOG); federal work study; and loans, such as Stafford and Perkins loans. Table 3 also shows expenditures for the Bureau of Indian Affairs Grant program which is administered by individual tribes. Since 1999-00, total need-based federal financial aid for Wisconsin students has increased by \$277.0 million, or 87%, from \$319.9 million in 1999-00 to \$596.9 million in 2008-09.

In addition, the federal government provides non-need-based financial aid, primarily in the form of repayable loans. In 2008-09, resident undergraduate students received a total of \$288.3 million in non-need-based federal financial aid. Of this amount, 83.4% was provided in the form of unsubsidized Stafford loans.

Higher Educational Aids Board (HEAB). The Higher Educational Aids Board is the primary state agency responsible for the management and oversight of the state's student financial aid system for Wisconsin residents attending institutions of higher education. As such, HEAB administers most

state-funded, student financial aid programs and the Minnesota-Wisconsin tuition reciprocity program. The Board is an independent policy making body composed of 11 members: the State Superintendent of Public Instruction; one member from each of the UW Board of Regents, the Wisconsin Technical College System (WTCS) Board, and a Board of Trustees of an independent college or university in the state; three financial aid administrators and three undergraduate students, including one from the UW System, WTCS, and a private, nonprofit college or university in the state; and one member of the general public. Except for the State Superintendent, all Board members are appointed by the Governor. Student members of HEAB serve two-year terms while nonstudent members serve staggered, three-year terms. HEAB has a staff of 10.5 full-time equivalent employees including an Executive Secretary who is appointed by the Governor.

HEAB awards most state-funded need-based grants based on a student's EFC as calculated by the federal Department of Education. Table 4 shows a history of funding for HEAB-administered need-based financial aid programs. Except for 2010-11, the data shown in the table reflects actual

Table 4: HEAB Need-Based Programs

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11**
Wisconsin Higher Ed. Grant									
UW Students	\$22,213,203	\$28,352,131	\$33,713,710	\$40,992,516	\$43,315,581	\$49,830,841	\$54,986,218	\$54,977,370	\$58,345,400
WTCS Students	14,369,851	14,796,980	14,628,703	15,792,630	16,684,004	16,905,950	18,022,956	16,686,129	18,797,900
Tribal College Students	402,789	402,200	405,800	403,720	408,991	408,558	407,649	416,675	454,200
Tuition Grant	22,431,409	21,738,985	22,483,699	25,510,951	22,757,519	24,928,869	26,567,410	25,909,981	26,870,300
Talent Incentive Grant*	4,575,975	4,454,329	4,508,412	4,426,129	4,453,669	4,228,844	4,575,552	2,928,619	4,458,800
Indian Student Grant	798,865	777,328	791,663	774,117	802,254	764,150	766,691	763,324	779,700
Handicapped Student Grant	96,827	123,800	98,325	115,975	108,540	90,364	98,197	103,191	122,600
Minority Retention Grant	737,850	741,858	767,895	752,284	748,297	751,896	817,658	786,297	819,000
Nursing Student Loan Prog.	449,499	379,486	389,479	407,122	386,653	371,845	433,075	424,702	445,500
TOTAL	\$66,076,268	\$71,767,097	\$77,787,686	\$89,175,444	\$89,665,508	\$98,281,317	\$106,675,406	\$102,996,288	\$111,093,400
Expenditure Change	8.4%	8.6%	8.4%	14.6%	0.5%	9.6%	8.5%	-3.4%	7.9%

*Does not include federal Leveraging Educational Assistance Partnership (LEAP) Supplemental (SLEAP) monies.

**Budgeted

expenditures. Budgeted amounts are shown for 2010-11.

In general, HEAB-administered aid programs are supported with state, general purpose revenue (GPR) dollars. Exceptions include the Indian student assistance grant program and the Wisconsin higher education grant for tribal college students which are both funded with tribal gaming revenues. In addition, in 2009-10, the Wisconsin higher education grant for UW students was partially funded with program revenue (PR) transferred from the UW System's auxiliary enterprises appropriation. In 2010-11, that program is funded entirely with GPR.

In addition to the need-based programs shown in Table 4, HEAB administers the academic excellence scholarship (AES) program, which provides merit-based scholarships, and three non-need-based loan programs. Table 5 shows 2009-10 program expenditures and the number of students receiving aid for all HEAB financial aid programs. The total expenditure amount shown in Table 5 differs from that shown in Table 4 for 2009-10 due to the inclusion of the AES, three non-need-based loan programs, and federal funding provided for talent incentive grants.

University of Wisconsin System and Other State Agencies. The UW System currently admin-

Table 5: HEAB -- 2009-10 Program Expenditures

	Number of Awards	Total Expended	Average Award
WI Higher Education Grant			
UW Students	25,423	\$54,977,370	\$2,163
WTCS Students	18,207	16,686,129	916
Tribal College Students	310	416,675	1,344
Tuition Grant	10,300	25,909,981	2,516
Talent Incentive Grant*	4,311	4,419,019	1,025
Academic Excellence Scholarship	2,853	3,126,180	1,096
Indian Student Grant	823	763,324	927
Minority Student Grant			
Private College Students	310	385,747	1,244
WTCS Students	487	400,550	822
Handicapped Student Grant	65	103,191	1,588
Minority Teacher Loan	80	190,826	2,385
Nursing Loan Program	229	424,702	1,855
Teacher of the Visually Impaired	6	60,000	10,000
Teacher Education Loan	23	64,125	2,788
TOTAL	63,427	\$107,927,819	\$1,702

*Includes federal Leveraging Educational Assistance Partnership monies.

isters seven state-funded financial aid programs and one state-funded loan repayment program. The three largest programs administered by the UW System are the Lawton minority undergraduate retention grant, the advanced opportunity program, and the tuition increase grant. In addition, the Department of Military Affairs, the Department of Public Instruction, the Department of Veterans Affairs, and the Division of Vocational Rehabilitation Services in the Department of Workforce Development each administer financial aid programs

for select student groups.

Institutional Aid. Individual institutions provide need-based and non-need-based financial aid to enrolled students. In 2008-09, Wisconsin's independent colleges and universities provided \$147.5 million in institutional aid to their students. Of this amount, \$70.1 million was distributed through need-based programs. Similarly, a total of \$67.2 million in grants, scholarships, and loans was provided to UW System students by the institution attended. Of this amount, a total of \$14.9 million was distributed through need-based programs.

Private Sources. In addition, students may receive financial aid through private sources such as community organizations, church groups, alumni associations, and private banks. The Fund for Wisconsin Scholars (FWS) also provides privately funded financial aid to resident undergraduate students. FWS is financed through private sources and is endowed by a \$175 million gift from John and Tashia Morgridge made in December, 2007. Due to the manner in which many of these funds are distributed, it is difficult to estimate the total amount of privately-funded financial aid awards.

Financial Aid Programs

Financial aid may be provided in a number of forms:

Grants are direct forms of financial aid, usually provided on the basis of financial need, that do not have to be repaid. In 2008-09, state, federal, and institutional grant programs accounted for 51.9% of need-based financial assistance.

Loans are financial aid that must be repaid. These loans may have their interest partially subsidized by a governmental agency and, in order to gain favorable interest rates, loan repayment may be guaranteed by a public or private agency. Some loans can have their principal forgiven or repaid if

the recipient adheres to certain conditions, such as becoming a teacher in an inner city school or a physician in a medically underserved area. In 2008-09, student loan programs accounted for 45.6% of all need-based undergraduate financial assistance and 73.4% of non-need-based undergraduate financial assistance.

Scholarships are grants awarded completely or partly on the basis of grades, other achievements, or satisfying special conditions, such as a parent working for a particular employer or being a veteran.

Remissions are awarded to students under certain conditions. Students who receive a remission are not charged some portion of tuition and the institution granting the remission forgoes that revenue.

Reciprocity agreements enable a student from one state to attend a public institution in another state without having to pay nonresident tuition. A reciprocity agreement between Minnesota and Wisconsin covers all public institutions in both states. In addition, individual technical colleges have reciprocity agreements with institutions located in Michigan, Illinois, and Iowa. UW-Marquette also has a reciprocity agreement with two community colleges located in Michigan. Additional information on reciprocity programs is provided in the Legislative Fiscal Bureau's informational paper entitled "Education and Income tax Reciprocity Agreements."

Different financial aid programs accommodate a range of different policy objectives. Need-based grant programs are generally used to increase access and to help equalize participation in higher education across income levels. Merit based aid, such as the academic excellence scholarship program in Wisconsin, encourage better high school performance and talent retention. Loans, primarily offered by the federal government, help students and families bridge the financial gap to future earnings. Finally, categorical aid, such as nursing or health professional grants, target specific profes-

sions or student populations for grants or loans.

The following section provides descriptions of the principal financial aid programs available to Wisconsin students. Unless otherwise indicated, program data is for Wisconsin resident undergraduate students attending college in-state. The administering entity is indicated in parentheses after the title of each program.

Grant Programs

1. Pell Grant (Federal). The Pell grant program is the largest source of need-based grant aid for resident undergraduate students. Over 40% of all grant aid awarded to resident undergraduate students is provided through the Pell grant program. In 2008-09, 65,577 Wisconsin students received Pell grants totaling \$183.5 million with an average award of \$2,798.

Students who receive Pell grants tend to be from the neediest households. In 2007-08, three-quarters of all Pell grant recipients came from families with annual incomes of less than \$30,000; 99% come from families with incomes of \$60,000 or less. The Pell grant is intended to be the base upon which the student's financial aid package is built because, in general, students eligible for Pell grants are eligible for other forms of aid. In recent years, the Pell grant program has been administered like an entitlement program in that all eligible students have received the full amount of the grant as determined by their cost of attendance, expected family contribution (EFC), and enrollment status.

In 2010-11, undergraduate students whose EFC is less than \$4,618 are eligible to receive awards ranging from \$659 to \$5,550 annually. For students enrolled less than full-time, grants are reduced proportionately. To maintain eligibility for Pell awards, students must demonstrate satisfactory academic progress as defined by the institution attended.

Table 6 shows the number of resident students

who received Pell grants in each of the past ten years and the average amount of those awards. Over that period of time, the number of Pell grant recipients increased by 46% and the average grant increased by 50%. In addition, significant increases for the Pell grant program were provided under the 2009 federal American Recovery and Reinvestment Act (ARRA). These increases, which should increase the average grant by an estimated \$800, or 29%, took effect beginning in the 2009-10 academic year.

Table 6: Pell Grants

	Number of Recipients	Total Grants	Average Award
1999-00	44,777	\$83,398,540	\$1,863
2000-01	45,966	86,709,017	1,886
2001-02	50,259	107,841,880	2,146
2002-03	55,621	125,560,310	2,257
2003-04	59,757	137,658,111	2,304
2004-05	60,740	143,994,359	2,371
2005-06	57,999	135,477,306	2,336
2006-07	58,957	136,557,843	2,316
2007-08	63,081	151,970,601	2,410
2008-09	65,577	183,487,340	2,798

2. Supplemental Educational Opportunity Grant (Federal). The Supplemental Educational Opportunity Grant (SEOG) program provides need-based grants of up to \$4,000 per year, or up to \$4,400 if the student is participating in an approved study abroad program, to undergraduate students with exceptional financial need, with priority given to Pell Grant recipients. SEOG is a campus-based program and funds are allocated to participating institutions based on the amount received by the institution in 1999. Additional funds, when available, are allocated based on the need of the students enrolled in the institution. The SEOG program is administered by financial aid officers at each institution and awards are based on student financial need and the availability of funds. In 2008-09, SEOG awards of \$14.1 million were provided to 22,932 Wisconsin students, for an average of \$617 per grant.

3. Bureau of Indian Affairs (BIA) Grant (Federal). Need-based grants are available to students who are members of, or at least one-quarter descendents of a member of, a federally recognized tribe and who meet eligibility criteria established by the tribal affiliations. The appropriate tribal office selects eligible students and determines the amount of each award. The student is eligible for a BIA grant for up to five years. In 2008-09, 1,330 students received BIA grants totaling \$6,141,562 with an average award of \$4,618. Of these grant recipients, 474 were enrolled at Wisconsin tribal colleges, 363 were enrolled in Wisconsin technical colleges, 325 were enrolled in UW System institutions, and 168 were enrolled at private colleges or proprietary institutions.

4. Academic Competitiveness Grant (Federal). Created under the federal Higher Education Reconciliation Act (HERA) of 2005 and scheduled to end after the 2010-11 academic year, the academic competitiveness grant program provides up to \$750 for the first year of undergraduate study and up to \$1,300 for the second year of study to eligible students. Actual award amounts are based on the number of eligible students. To be eligible for an academic competitiveness grant, a student must be: (1) a Pell Grant recipient; (2) enrolled at least half-time in an institution of higher education; and (3) have completed a rigorous secondary school program of study. Second-year students must also have a cumulative grade point average of at least 3.0 for the first academic year. In 2008-09, the first year that academic competitiveness grants were awarded, 7,279 Wisconsin students received academic competitiveness grants totaling \$5.8 million with an average award of \$794.

5. National Science & Mathematics Access to Retain Talent (SMART) Grant (Federal). Also established under HERA and scheduled to end after the 2010-11 academic year, this program provides grants of up to \$4,000 for each of the third and fourth years of undergraduate study to eligible students. Students enrolled in degree programs requiring five years of coursework may also receive for a SMART grant in the fifth year. To be

eligible for a SMART grant, a student must be: (1) a Pell Grant recipient; (2) enrolled at least half-time in an institution of higher education; (3) majoring in a physical, life, or computer science, mathematics, technology, engineering, or in a foreign language determined to be critical to national security; and (4) have a cumulative grade point average of at least 3.0. In 2008-09, 843 Wisconsin students received SMART grants totaling \$2.6 million with an average grant of \$3,138.

6. Teacher Education Assistance for College and Higher Education (TEACH) Grant (Federal). Beginning in 2008-09, the TEACH grant program provides grants of up to \$4,000 per year to students who intend to teach in a public or private elementary or secondary school that serves students from low-income families. If grant recipients do not fulfill the obligations of the program, the total amount of TEACH grants received is converted to unsubsidized Stafford Loans. In 2008-09, 23 UW students received TEACH grants totaling \$66,500 and one private college student received a TEACH grant of \$4,000.

7. Wisconsin Higher Education Grant (HEAB). The WHEG program provides grants to resident undergraduate students enrolled at least half-time at a UW institution, a technical college, or a tribal colleges located in Wisconsin. Eligible students may receive grants of \$250 to \$3,150 per year for no more than 10 consecutive semesters. All awards are based on financial need. WHEG award amounts are calculated using formulas approved by HEAB.

WHEG awards are currently funded under three separate appropriations, one each for UW students, WTCS students, and tribal college students. HEAB approves three separate formulas for the distribution of funds under the WHEG program. Current law requires the Board to award grants based on a formula that accounts for expected parental and student contributions and that is consistent with nationally approved needs analysis methodology.

Table 7: Wisconsin Higher Education Grants*

	UW System			Wisconsin Technical Colleges			
	Number of Students	Expenditures	Average Award	Number of Students	Expenditures	Average Award	Total
2000-01	17,943	\$20,641,159	\$1,150	18,892	\$13,879,602	\$735	\$34,520,761
2001-02	19,149	19,380,141	1,012	20,246	14,157,863	699	33,538,004
2002-03	20,505	22,213,203	1,083	20,112	14,369,851	714	36,583,054
2003-04	22,820	28,352,131	1,242	20,232	14,796,980	731	43,149,111
2004-05	26,108	33,713,710	1,291	23,497	14,628,703	623	48,342,413
2005-06	24,345	40,992,516	1,684	24,211	15,792,630	652	56,785,146
2006-07	24,685	43,315,582	1,755	23,945	16,684,004	697	59,999,586
2007-08	26,342	49,830,841	1,892	23,828	16,905,950	709	66,736,791
2008-09	27,162	54,986,218	2,024	22,041	18,022,956	818	73,009,174
2009-10	25,423	54,977,370	2,163	18,207	16,686,129	916	71,663,499

In 2009-10, a total of \$72,080,174 was expended for WHEG grants to students in all three sectors. Of the total, 25,423 UW students received grants totaling \$54,977,370, 18,207 WTCS students received \$16,686,129, and 310 tribal college students received \$416,675. Grants to UW Systems were funded through combination of GPR and PR transferred from the UW System's auxiliary appropriation. Grants for technical college students were funded with GPR and grant to tribal college students were funded through tribal gaming revenues. Table 7 shows WHEG program expenditures from 2000-01 through 2009-10.

Under current law, the WHEG-UW appropriation is a sum sufficient appropriation that is linked to the average percent increase in resident undergraduate tuition in the UW System. This link, which was established by 2001 Act 109 and modified by 2005 Act 25, has been suspended in each biennium since it was established. During the 2009-11 biennium, PR funding was transferred from the UW System's auxiliary enterprises appropriation to offset a GPR funding reduction such that total WHEG-UW funding remained at the 2008-09 base funding level of \$55,000,000 in 2009-10. GPR funding was restored and increased by 6.1% to \$58,345,400 in 2010-11.

8. Tuition Grant (HEAB). The tuition grant (TG) program provides need-based funds to resi-

dent undergraduates who attend private, nonprofit postsecondary institutions in Wisconsin. Students enrolled at least half-time are eligible for grants ranging from \$250 to \$2,900 per year for no more than 10 semesters. In 2009-10, a total of \$25,909,981 GPR was expended for tuition grants to 10,300 students. In that year, the average award was \$2,516. The private colleges with the largest number of TG recipients in 2009-10 were Marquette University (1,165), Alverno College (1,129), and Carroll College (826). Table 8 shows TG program funding from 2000-01 through 2009-10.

Table 8: Tuition Grant Program

	Number of Students	Expenditures	Average Award
2000-01	12,343	\$23,181,819	\$1,878
2001-02	11,089	21,141,847	1,907
2002-03	11,673	22,431,409	1,922
2003-04	10,392	21,738,985	2,092
2004-05	10,880	22,483,699	2,067
2005-06	10,818	25,510,951	2,358
2006-07	9,146	22,757,518	2,488
2007-08	10,073	24,928,869	2,475
2008-09	10,613	26,567,410	2,503
2009-10	10,300	25,909,981	2,516

Award amounts for TG recipients are determined using a statutory formula that relies in part on the amount by which the student's tuition exceeds UW-Madison tuition. Therefore, in the case of two applicants with the same expected family

contribution, the applicant for whom this tuition differential is greater would be eligible to receive a larger award. Tuition grants are calculated by HEAB based on student need as established using the Federal Methodology. Separate formulas are used for dependent and independent students such that larger grants are provided to dependent students. Each year HEAB approves a formula for distribution of TG funds which is based on the percentage of students expected to decline the awards (overawards). Overawards are limited by statute to 22% of the anticipated grants.

Prior to 2001 Act 16, the maximum award was statutorily set at \$2,300. Act 16 authorized HEAB to establish the maximum grant award if the Board determines that increasing the grant maximum would not decrease the total number of grant recipients receiving an award in the current year from the number who received an award in the previous year. Since then, the maximum award has increased to \$2,900.

9. Talent Incentive Grant Program (HEAB).

This program (known as "TIP") is intended to enhance educational opportunities and encourage attendance in postsecondary educational institutions. These grants are restricted to the most needy and educationally disadvantaged students selected by the staff of the Wisconsin Educational Opportunity Program (WEOP) in the Department of Public Instruction and institutional financial aid officers. TIP is supported by state general fund monies and federal funds through the Leveraging Educational Assistance Partnership (LEAP) Program and the federal Special Leveraging Educational Assistance Partnership (SLEAP) Program. These monies are distributed to states based on each state's share of the eligible student population and can only be used to supplement financial aid programs open to students with substantial financial need attending all public and private, nonprofit institutions in the state. LEAP funds must be matched on a dollar-for-dollar basis with state funds; for SLEAP funds, the required match is two state dollars for every one federal dollar. Total TIP expenditures in 2009-10 were \$4,419,019, of which \$2,928,619 was GPR

funded.

Only students receiving TIP awards as freshmen are eligible to receive awards as upperclassmen; a student is eligible for a TIP award for no more than 10 consecutive semesters. Freshmen TIP awards are made by financial aid officers and WEOP counselors and HEAB determines the awards for those who continue to enroll as upperclassmen. Unlike other financial aid programs, TIP funding is guaranteed for continuing upperclassmen, thus obligating HEAB to four years of support once an initial award is made.

Students may be awarded both a maximum TIP award as well as a maximum WHEG or TG award. Freshmen may receive TIP awards of \$600 to \$1,800 while the maximum award for upperclassmen varies from year to year depending on the number of eligible students and the amount of federal funds received. In 2008-09, the maximum award was \$1,400. Table 9 shows TIP expenditure levels for the UW System, WTCS, and private college sectors from 2000-01 through 2009-10.

10. Handicapped Student Grant (HEAB).

Under this program, Wisconsin residents who have a severe or profound hearing or visual impairment and are enrolled as undergraduates at an in-state or eligible out-of-state public or private, nonprofit postsecondary institution are eligible for financial assistance. Eligible out-of-state institutions include Rochester Institute of Technology (NY), Gallaudet College (DC), St. Paul Technical and Vocational Institute (MN), St. Mary's Junior College (MN), California State University-Northridge National Center on Deafness, and Northern Illinois University. All awards are based on financial need. Students are eligible for a maximum grant of \$1,800 a year for up to 10 semesters in addition to any grants received under the WHEG or TG programs. Additional costs such as special equipment and materials are included along with expenses covered in the standard student budget.

In 2009-10, 65 hearing impaired or visually impaired students received a total of \$103,191 under

Table 9: Talent Incentive Grant Program*

	UW System			Wisconsin Tech Colleges			Private Colleges		
	Number of Students	Expenditures	Average Award	Number of Students	Expenditures	Average Award	Number of Students	Expenditures	Average Award
2000-01	2,100	\$2,735,493	\$1,303	1,091	\$1,402,828	\$1,286	889	\$1,280,521	\$1,440
2001-02	2,188	2,756,147	1,260	1,119	1,344,032	1,201	901	1,239,707	1,376
2002-03	2,268	2,891,663	1,275	1,253	1,607,669	1,283	948	1,289,432	1,360
2003-04	2,199	2,839,034	1,291	1,180	1,497,729	1,269	982	1,324,902	1,349
2004-05	2,293	2,979,541	1,299	1,435	1,707,479	1,190	1,030	1,404,122	1,363
2005-06	2,244	2,896,636	1,291	1,492	1,723,192	1,155	993	1,342,824	1,352
2006-07	2,245	2,867,590	1,277	1,327	1,580,302	1,191	948	1,255,985	1,325
2007-08	2,290	2,908,293	1,270	1,221	1,417,426	1,161	954	1,251,200	1,312
2008-09	2,418	3,077,153	1,273	1,339	1,498,029	1,119	985	1,355,744	1,376
2009-10	2,308	2,404,817	1,042	1,019	995,865	977	927	962,472	1,038

*Includes both state and federal grant monies. Excludes grants to students enrolled in tribal colleges.

this program with awards averaging \$1,588. Most award recipients attended UW System institutions (23) or a Wisconsin technical college (21). Five students attended out-of-state colleges, with three enrolled at Rochester Institute of Technology and two enrolled at Gallaudet University.

11. Indian Student Assistance Grant (HEAB).

These funds are awarded to residents who are at least one-quarter Native American or are recognized as a member of a tribe by the appropriate tribal government. Full- and part-time undergraduate and graduate students who attend accredited institutions of higher education in the state are eligible for financial assistance. Grants are based on financial need and may be received for a total of five years. Funding for the program is from program revenues derived from the state's Indian gaming compacts. In 2009-10, 823 students received grants totaling \$763,324. Of these students, 380 enrolled at Wisconsin tribal colleges, 205 enrolled at the Wisconsin Technical Colleges, 193 enrolled at UW institutions, and 45 enrolled in private, nonprofit institutions. Statewide, the average grant was \$927.

12. Minority Undergraduate Retention Grant (HEAB). Under this program, awards are made to resident minority undergraduates, excluding freshmen, enrolled at least half-time at the Wisconsin Technical Colleges, tribal colleges, or private, nonprofit postsecondary institutions in the state.

By statute, a minority student is defined as a student who is African American, Native American, Hispanic, or from Cambodia, Laos, or Vietnam and admitted to the U.S. after December 31, 1975. Awards are based on financial need with a maximum grant of \$2,500 a year for up to eight semesters. HEAB allocates half of all funds to the technical colleges and half to private institutions and tribal colleges.

In 2009-10, \$400,550 was awarded to 487 technical college students with an average award of \$822. A total of 310 students attending private colleges or tribal colleges received \$385,747 with an average award of \$1,244.

13. Ben R. Lawton Minority Undergraduate Grant (UW System).

The Lawton Grant provides financial assistance to minority resident and Minnesota reciprocity undergraduate students most of whom demonstrate financial need. Sophomores, juniors, and seniors, enrolled for at least six credits, are eligible for up to eight semesters of support and an annual maximum grant of \$3,000. Since freshmen are not eligible for Lawton grants, this is a retention, rather than a recruitment, program. Lawton grants are provided as "last dollar" grants, which means that they are awarded after all other aid for which a student is eligible has been determined. In 2009-10, 3,643 students received a total of \$6,339,500 averaging \$1,740 per grant.

Like WHEG-UW, the appropriation for the Lawton grant program is a sum sufficient appropriation that is linked to the average percent increase in resident undergraduate tuition in the UW System. This link, which was also established by 2001 Act 109 and modified by 2005 Act 25 has similarly been suspended in each biennia since it was established. Although the sum sufficient link was suspended by statute, during the 2005-07, 2007-09, and 2009-11 biennia, all increases in Lawton program funding were based on estimates of future tuition increases. Funding for the Lawton program is \$6,757,900 in 2010-11.

14. Tuition Increase Grants (UW System). Created under 2009 Act 28, the tuition increase grant program provides need-based grants to students whose family income is less than \$60,000 and who do not receive a WHEG grant. Grant amounts are determined by the Board of Regents and must correspond to increases in resident undergraduate tuition. Individual grants may not exceed the amount of unmet need. In 2009-10, 11,839 students received grants totaling \$3,013,900 with an average grant of \$255. In that year, tuition increase grants were funded wholly with PR transferred from the UW System's auxiliary enterprises appropriation. In 2010-11, the program is split funded with \$1,900,000 PR transferred from the UW System's auxiliary enterprises appropriation and \$6,400,000 GPR. Under current law, only students who attended UW System institutions in 2010-11 and who maintain continuous enrollment will be eligible for tuition increase grants in 2011-12 and 2012-13.

15. Advanced Opportunity Program (UW System). The AOP program provides grants to minority and economically disadvantaged graduate students enrolled at UW institutions. In 2009-10, the most recent year for which data are available, 74% of the grants were provided to minority students. Eligibility requirements vary by campus but are primarily based on financial need and academic performance. This is the only state-funded financial aid program that provides funds to non-resident students who are not covered by the Minnesota-Wisconsin Higher Education Reciprocity

Agreement. There are no statutory limits on the grant amount or number of eligible semesters.

In 2009-10, 658 students received AOP awards totaling \$8,056,900. Of this amount, \$6.3 million was awarded in the form of grants; 429 residents received grants averaging \$7,383 and 229 nonresidents received grants averaging \$13,638. The UW treats AOP as a fellowship, rather than a grant program, thus making AOP recipients eligible for fringe benefits, such as health insurance. A total of \$1.8 million of AOP funding was used to fund fringe benefit costs associated with AOP recipients. Because nonresident AOP recipients also receive tuition remissions, the value of these AOP awards to nonresidents is considerably higher than the amount of the grant and fringe benefits. Total funding is \$8,322,800 in 2010-11.

16. Student Abroad Grants (UW System). In 2009-10, grants totaling \$990,000 were provided to 862 students through this GPR-funded program. Although statutes do not specify how grants shall be awarded, the UW System administers this program as a need-based grant program.

17. Nelson Institute for Environmental Studies (UW System). Created under 2009 Act 28, this program provides need-based grants to students who are members of underrepresented groups and who are enrolled in a program leading to a certificate or a baccalaureate degree from the Nelson Institution for Environmental Studies at UW-Madison. In 2009-10, 17 students received grants totaling \$99,400 with an average award amount of \$5,847. This program is funded with income and interest transferred from the normal school fund, which is a segregated fund.

18. Tuition-Funded Need-Based Grant Aid (UW-Madison). A portion of the tuition revenue generated by two separate differential tuition programs at UW-Madison is used to provide need-based grants to low-income students.

Beginning in fall, 2007, undergraduate students enrolled in the business administration baccalaure-

ate degree program and the certificate in business programs have been charged a differential tuition. As approved by the Board of Regents, 25% of the revenues generated by this differential tuition, which \$1,000 per year for baccalaureate degree students and \$300 per year for students enrolled in the certificate program, are used to fund financial aid for students enrolled in these programs. In 2009-10, 252 students received grants totaling \$232,500.

Beginning in fall, 2009, all undergraduate students enrolled at Madison have been charged a differential tuition. In 2009-10, this differential tuition was \$250 per year for resident students and \$750 per year for nonresident students. By 2012-13, this differential will increase to \$1,000 per year for resident students and \$3,000 per year. Approximately half of all revenues generated by this differential tuition are used to support two financial aid programs. The first provides grants in the amount of the differential to students who demonstrate financial need and whose family income is \$80,000 or less. The second program provides additional need-based grants to students. In 2009-10, 7,317 students received grants totaling \$5,100,000 through these programs.

19. Veterans Tuition and Fee Reimbursement Grants (Veterans Affairs). This program provides reimbursement, upon an eligible veteran's successful completion of a semester, of up to 100% of the cost of the individual's undergraduate tuition and fees, less any other grants, scholarships, or remissions received, based on the costs of a UW-Madison resident undergraduate. A separate program, described later in this paper, provides tuition remissions to eligible veterans who attending UW System and Wisconsin Technical College System institutions. The veterans tuition and fee reimbursement grants apply to the unremitted portion of tuition and fees at those institutions. The veteran may enroll on a full-time or part-time basis at any UW institution, Wisconsin technical college, approved private post-secondary institution, public or private high school, or similar institution that

has a reciprocity agreement with Wisconsin. Part-time students may also be reimbursed for courses taken at out-of-state institutions if the institution is within 50 miles of the veteran's residence and the state boundary and if a correspondence course is not offered in this state.

Veterans are eligible for reimbursement based on their length of service. Veterans that were on active duty for at least 90 days may be reimbursed for up to 30 credits or two semesters; veterans with at least 181 days of active duty service are eligible for up to 60 credits or four semesters; and veterans with at least 731 days of active duty service are eligible for up to 120 credits or eight semesters.

Veterans are eligible for full tuition and fee reimbursement for full-time study only for credits begun prior to their 10-year anniversary of their separation from active duty. After the 10-year delimiting date, full-time students may be reimbursed for no more than 11 credits per semester and 60 credits total. Up to 60 credits of part-time study may be reimbursed with no time limits.

Eligibility is restricted to veterans with incomes of \$50,000 or less (plus \$1,000 for each dependent in excess of two). Veterans are not eligible for reimbursement if they are eligible for National Guard tuition reimbursement or if they have an under-graduate degree. For information on claiming reimbursement, see the Legislative Fiscal Bureau's informational paper entitled "State Programs for Veterans".

In 2009-10, 838 tuition and fee reimbursement grants were awarded, totaling \$1,726,300 SEG from the veterans trust fund and averaging \$2,060 each.

20. National Guard Tuition Grants (Military Affairs). Wisconsin National Guard members are eligible to receive reimbursement grants equal to 100% of the maximum resident undergraduate tuition rates charged by UW-Madison for a comparable number of credits. The grants may be received for up to eight semesters of full time study or 120

credits of part-time study. Eligibility is limited to enlisted members and warrant officers of the Wisconsin National Guard who do not hold a bachelor's degree or its equivalent. Reimbursement of tuition may be obtained by National Guard members who were enrolled at any accredited institution of higher education in Wisconsin or an out-of-state institution that has a reciprocity agreement with this state, including certain institutions in Minnesota, Michigan, Illinois and Iowa. No National Guard member may receive a reimbursement grant under this program in any semester in which the person also receives a grant under the veterans tuition and fee reimbursement grant program. In 2009-10, 1,660 grants were awarded, totaling \$2,905,500 GPR. Average fall grants were \$1,817, average spring semester grants were \$1,796 and average summer session grants were \$1,076.

National Guard members that classify as veterans may be eligible for tuition remissions at University of Wisconsin System and Wisconsin Technical College System institutions.

21. Fund for Wisconsin Scholars (Private). Established in 2007, the Fund for Wisconsin Scholars provides need-based grants to students who have graduated from Wisconsin public high schools and are enrolled in University of Wisconsin institutions and Wisconsin technical colleges. The first grants were awarded during the 2008-09 academic year and ranged in value from \$1,000 to \$5,000 annually. In 2009-10, the Fund for Wisconsin Scholars provided grants and stipends totaling \$5.3 million to 2,642 UW System and Wisconsin technical college students. These grants are awarded through the financial aid office of the institution the student attends and are not paid directly to the student. The Fund is financed through private sources and is endowed by a \$175 million gift from John and Tashia Morgridge made in December, 2007.

Forgivable Loan and Loan Repayment Programs

1. Nursing Student Loan (HEAB). Created under 2001 Act 16, the nursing loan program provides loans to Wisconsin residents who are en-

rolled at least half-time at an eligible in-state institution that prepares them to be licensed as registered (RN) or licensed practitioner (LPN) nurses. The maximum award per year is \$3,000 with an overall maximum of \$15,000. To be eligible for the program, students must agree to be employed as a licensed nurse in this state. Loans are forgiven at a rate of 25% for each of the first two years that the recipient is employed full-time as a nurse or nurse educator in Wisconsin. Forgiveness may be prorated for individuals working less than full-time. The balance remaining after forgiveness must be repaid at an interest rate not to exceed 5% annually. If the student does not practice nursing in Wisconsin or otherwise meet the eligibility criteria, the loan must be repaid at an interest rate not to exceed 5%. In 2009-10, 229 students received loans totaling \$424,702. Half of the recipients (114) attended WTCS institutions, 75 attended an independent college or university, and 40 attended the UW System. In 2010-11, \$445,500 GPR is budgeted for the nursing student loan program.

2. Minority Teacher Loan (HEAB). This program provides loans, at 5% interest, of up to \$2,500 per year to a maximum of \$5,000, to resident minority undergraduate students who: (1) are enrolled at least half-time at a UW campus or private, nonprofit postsecondary institution in Wisconsin; (2) are registered as juniors or seniors, or hold a bachelor's degree and are registered as special students; (3) are enrolled in programs leading to teacher licensure and are not currently licensed; (4) meet academic criteria specified by HEAB; and (5) agree to teach in a school district located in the state in which minority students constitute at least 29% of total enrollment or in a school district participating in the interdistrict pupil transfer (Chapter 220) program. The loan principal and interest is forgiven at a rate of 25% for each year the recipient teaches in an eligible school district. If the student does not teach in an eligible district, the loan must be repaid with the funds deposited in the general fund.

For 2009-10, a total of \$190,826 was expended for 80 students, averaging \$2,385 per student. Of

these students, 73 were enrolled at UW institutions and seven were enrolled at private colleges. UW-Milwaukee, with 56 students, had the most participants.

3. Teacher Education Loan Program (HEAB). This program provides loans to Wisconsin residents enrolled in the teacher education programs at the Milwaukee Teacher Education Center (MTEC). Loan recipients must agree to teach in a first-class city school system under Chapter 119 of the statutes (Milwaukee Public Schools). For each year the student teaches in the eligible school district, 50% of the loan is forgiven. If the student does not teach in the eligible district, the loan must be repaid at an interest rate of 5%.

For 2009-10, a total of \$64,125 was expended for 23 students with an average award of \$2,788. For 2010-11, \$272,200 GPR is appropriated for this program.

4. Loans for Teachers and Mobility Instructors of Visually Impaired Pupils (HEAB). This program provides loans of up to \$10,000 per year to defray the cost of tuition, fees, and expenses for students enrolled in a degree-granting program that prepares them to be licensed as teachers of visually impaired pupils or as orientation and mobility instructors. A student may receive a maximum of \$40,000 in loans under the program. Loan recipients must be Wisconsin residents who are enrolled at least half-time at an accredited institution of higher education in Wisconsin, Minnesota, Iowa, Illinois, or Michigan. HEAB is required, to the extent possible, to give preference to persons who are likely to return to Wisconsin to work with visually impaired persons.

Once a recipient completes the degree program, their loans are forgiven if they are licensed and employed as a teacher of visually impaired pupils or as an orientation and mobility instructor by a Wisconsin school district, the Wisconsin Center for the Blind and Visually Impaired, or a cooperative educational service agency. For loan recipients

who are employed full-time, HEAB is required to forgive 25% of the principal and interest on the loan for each of the first and second years of employment and 50% of the principal and interest amount for the third year. For persons who are employed less than full-time, HEAB may forgive loans on a prorated basis. For 2010-11, \$99,000 GPR is appropriated for the program.

For 2009-10, a total of \$60,000 was expended for six students, averaging \$10,000 per student. Of these students, five were enrolled at in-state institutions and one was enrolled at an out-of-state institution.

5. Physician and Dentist and Health Care Provider Loan Assistance Programs (UW System). This program is different from the state-funded loan programs described above in that the state does not make loans to students through this program. Rather, the state agrees to repay a portion of the participant's existing student loans.

Under the physician and dentist loan assistance program, the UW Board of Regents may repay up to \$50,000 in education loans on behalf of a physician or dentist who agrees to practice in one or more eligible practice areas or dental health shortage areas in this state. For physicians who additionally agree to practice in a rural area, the UW Board of Regents may make loan repayments of up to \$100,000. Under the health care provider loan assistance program, the Board may repay up to \$25,000 in education loans on behalf of a health care provider, defined as a dental hygienist, physician assistant, nurse midwife, or nurse-practitioner, who agrees to practice in one or more eligible practice areas in this state.

To be eligible for loan repayment, the physician, dentist, or health care provider must enter into a written agreement with the Board in which he or she agrees to practice at least 32 clinic hours per week, 45 weeks per year, for three years in an eligible practice area. Physicians and dentists must also agree to treat patients who are insured by or

for whom health benefits are payable under Medicare, medical assistance (MA), or other government programs. Program participants who meet additional requirements may also be eligible for federally funded loan repayments through the expanded loan assistance program.

Loans to physicians and dentists are repaid as follows: (1) 40% of the principal up to \$20,000 in each of the first and second years; and (2) 20% of the principal up to \$10,000 in the third year. For physicians practicing in rural areas, maximum annual repayments are set at \$40,000 for each of the first and second years and \$20,000 for the third year. Loans to health care providers are similarly repaid as follows: (1) 40% of the principal up to \$10,000 in each of the first and second years; and (2) 20% of the principal up to \$5,000 in the third year.

Total state funding for the physician and dentist and health care provider loan assistance programs is \$738,700 in 2010-11. Of this amount, \$488,700 is from tribal gaming revenues and \$250,000 is from the critical access hospital assessment fund. The critical access hospital assessment funds may only be used to make repayments on behalf of physicians, dentists, and health care providers practicing in rural areas. In addition, \$300,000 in annual federal funding is provided. In 2009-10, loan assistance was provided to seven physicians, one psychiatrist, two dentists, two nurse practitioners, four physician assistants, and one dental hygienist.

Repayable Loan Programs

1. Perkins Loan (Federal). This is a campus-based program that provides loans at 5% interest to undergraduate and graduate students with exceptional financial need to help pay for educational costs. Each participating educational institution is required to match federal funds with an amount equal to one-third of the federal contribution. Repaid loans become part of a revolving account from which new loans are made. With the exception of students enrolled in certain required teacher

certification coursework, students do not have to be enrolled at least half-time to be eligible for Perkins loans. Awards are based on financial need, the availability of funds and the amount of other aid a student receives. In 2008-09, a total of \$17.5 million was provided to 9,838 resident students, with loans averaging \$1,777.

The maximum amount that may be borrowed under the Perkins Loan program is \$5,500 annually for undergraduates, with a maximum total of \$27,500 for undergraduate study, and \$8,000 per year for graduate students, with a maximum total of \$60,000 including any amounts borrowed as an undergraduate. Interest does not accrue while the student is enrolled at least half-time or in deferment. Repayment begins nine months after the student has completed his or her studies or after the student has been enrolled less than half-time. Students have up to ten years to repay Perkins loans.

Loan repayments may be deferred up to three years in the event of economic hardship or if the borrower is unable to find full-time employment. In addition, loan repayments may be deferred for armed services members on active duty and National Guard members on qualifying duty under some circumstances. Perkins loans may be canceled in the event of the death or total and permanent disability of the borrower.

Federal law provides that individuals whose employment meets certain requirements may have up to 100% of their Perkins loans forgiven. These individuals include: (a) teachers working in high-poverty schools, special education teachers, teachers working in shortage areas, and teachers working for low-income educational service agencies; (b) librarians with master's degrees working in high-poverty schools or public libraries located in high-poverty areas; (c) staff members of Head Start preschool programs or comparable prekindergarten or child care programs; (d) providers of early intervention services employed by a public or non-profit program; (e) certain employees of qualifying child or family service agencies; (f) speech pa-

thologists with master's degrees employed at high-poverty schools; (g) faculty members of tribal colleges and universities; (h) nurses or medical technicians providing health care services; (i) law enforcement and corrections officers and fire fighters; and (j) Armed Forces members engaged in service in an area of hostilities that qualifies for special pay. In general, loans are forgiven at a rate of 15% for each of the first two years, 20% for each of the third and fourth years, and 30% in the fifth year. For Head Start staff members, loans are forgiven at a rate of 15% a year. In addition, Peace Corps and VISTA volunteers may have up to 70% of their loans forgiven at a rate of 15% for each of the first two years and 20% for each of the third and fourth years.

2. Direct Stafford Student Loan (Federal).

The Direct Stafford Student Loan program is a federal loan program that provides low-interest loans to undergraduate and graduate students who are enrolled at least half-time. Direct Stafford loans are made by the U.S. Department of Education and delivered through the school. Prior to the 2010-11 academic year and a change in federal law, most Stafford loans were made by a private lender, insured by a guarantee agency, such as the Great Lakes Higher Education Corporation (GLHEC) in Wisconsin, and reinsured by the federal government. In 2008-09, 101,942 Wisconsin undergraduates received Stafford Loans averaging \$3,381, for a total value of \$344.7 million.

There are two types of direct Stafford loans: subsidized and unsubsidized. Students with demonstrated financial need may qualify for subsidized loans. These loans offer lower interest rates and interest is paid by the federal government while the student is enrolled or in deferment. Under the unsubsidized loan program, interest accrues during enrollment and deferment and must be paid by the student or be added to the principal of the loan. Students who qualify for the subsidized loan program may take out additional unsubsidized loans.

Dependent undergraduate students may borrow up to \$5,500 in the first year, \$6,500 in the sec-

ond year, and \$7,500 in subsequent years, up to a maximum of \$31,000. Independent undergraduate students may borrow up to \$9,500 in the first year, \$10,500 in the second year, and \$12,500 in subsequent years, up to a maximum of \$57,500. Of these amounts, up to \$3,500 in the first year, \$4,500 the second year, and \$5,500 in subsequent years, up to a maximum of \$23,000, may be subsidized.

Graduate and professional students may borrow up to \$20,500 per year of which up to \$8,500 may be subsidized. In total, a graduate or professional student may borrow up to \$138,500 including up to \$65,500 in subsidized loans. Any amount borrowed by the student while an undergraduate is counted against these limits. An exception may be made for graduate and professional students enrolled in certain approved health professions programs who may borrow up to a total of \$224,000.

Beginning in the 2006-07 academic year, all new Stafford loans have been subject to a fixed interest rate. This means that loans disbursed during a given period are subject to the same interest rate until they are fully repaid, forgiven, or canceled. The interest rate for subsidized loans to undergraduates is 4.5% for loans disbursed from July 1, 2010, to June 30, 2011, and will be 3.4% for loans disbursed from July 1, 2011, to June 30, 2012. Subsidized loans made to graduate and professional students and all unsubsidized loans are subject to a fixed interest rate of 6.8%. In addition to these interest rates, borrowers are charged a loan fee equal to 1% of the amount of the loan. This fee is deducted from each disbursement.

In most cases, borrowers must begin repayment of Stafford loans six months after graduating, leaving school, or enrolling less than half-time. Borrowers may choose to repay their loans through one of four repayment plans: (1) the standard plan, which offers fixed payments over up to ten years; (2) the extended plan, which offers fixed payments over up to 25 years; (3) the graduated plan, which offers increasing payments over ten years; or (4) the income based plan, which offers payments

based on income and family size.

Loan repayments may be deferred up to three years in the event of economic hardship or if the borrower is unable to find full-time employment. In addition, loan repayments may be deferred for armed services members on active duty and National Guard members on qualifying duty under some circumstances. Loans may be canceled in the event of the death or total and permanent disability of the borrower. Loan forgiveness is offered to certain teachers and public service employees. Teachers who have worked for five years in a low-income school may have up to \$5,000 of their loans forgiven while teachers working in shortage areas, such as mathematics, science, and special education, may have up to \$17,500 of their loans forgiven after five years. In addition, public service employees may have the balance of their loans forgiven after 120 on-time monthly payments.

3. Direct PLUS Loans for Parents (Federal).

Through this non-need based loan program, the U.S. Department of Education makes loans to the parents of dependent students who are enrolled at least half-time. PLUS loans can only help finance educational costs and the amount of the loan cannot exceed the difference between the student expense budget and all other financial aid. Prior to the 2010-11 academic year and a change in federal law, most PLUS loans were made by a private lender, insured by a guarantee agency, such as the Great Lakes Higher Education Corporation (GLHEC) in Wisconsin, and reinsured by the federal government.

All new PLUS loans are subject to a fixed rate of 7.9%. The loans also carry a 4% fee which is deducted from each disbursement. Like unsubsidized Stafford loans, parents may defer payments of the principal while the student is enrolled at least half-time and for up to six months after the student ceases to be enrolled at least half-time. However, interest does accrue during these periods and is added to the principal of the loan. Members of the military may be charged an interest rate of 6% during service periods. For loans disbursed after Octo-

ber 1, 2008, the federal government pays interest charges for service people during periods of active duty and for National Guard members under certain circumstances.

Parents may choose to repay PLUS loans through one of three payments plans: (1) the standard plan, which offers fixed payments over up to ten years; (2) the extended plan, which offers fixed payments over up to 25 years; or (3) the graduated plan, which offers increasing payments over ten years. Loan repayments may be deferred up to three years in the event of economic hardship or if the borrower is unable to find full-time employment. In addition, loan repayments may be deferred for armed services members on active duty and National Guard members on qualifying duty under some circumstances. The loan may be cancelled if the borrower dies or becomes totally and permanently disabled or if the student for whom the parent borrowed dies.

4. Direct PLUS Loans for Graduate and Professional Degree Students (Federal).

This program provides loans to graduate and professional degree students who are enrolled at least half time. The terms and conditions of this program are the same as for the direct PLUS loans for parents program except that: (1) applicants are required to complete the FAFSA; (2) students may opt to repay their loan under the income based repayment plan; and (3) public service employees may have the balance of their loans forgiven after 120 on-time monthly payments.

5. Consolidation Loan (Federal). This program allows the borrower to replace Stafford, Perkins, and other federal loans with one loan having a lower payment than the total payments on the original loans. Parents may also be able to consolidate PLUS loans. Consolidation loans give the borrower up to 30 years to repay loans which may reduce monthly payments but increase total costs. Interest rates on consolidation loans are fixed and equal to the weighted average of the interest rates on the original loans, rounded up to the nearest 1/8%. By law, the interest rate on consolidated

loans cannot exceed 8.25%.

6. Personal Loan Program (Veterans Affairs). Under the personal loan program, eligible veterans may receive a low-interest loan of up to \$25,000 for up to 10 years for a variety of purposes, including the education of a veteran, spouse, or child. The Department has established variable interest rates, depending on the securitization of the loan. As of August 31, 2010, interest rates ranged from 5.25% for five-year loans secured by a mortgage to 9.5% for five-year loans secured by a guarantor. There were 6 personal loans issued specifically for educational purposes in 2009-10, averaging \$9,500 per loan.

Scholarship Programs and Institutional Aid

Generally, scholarships are financial aid funds that are awarded on a basis other than need. Scholarship money may come from a variety of governmental and private sources. The academic excellence scholarship is the largest state-supported scholarship program. Institutional financial aid are financial aid funds allocated by the institutional other than state and federal funds provided for that purpose.

1. Academic Excellence Higher Education Scholarships (HEAB). This program provides scholarships to selected 12th grade students who have the highest grade point average (GPA) in each public, private, and tribal high school in the state. The number of scholarships for which each high school is eligible is based on total student enrollment. One scholarship is awarded to each high school with an enrollment of between 80 and 499 students. If a high school has an enrollment of 500 students or more, scholarships are awarded as follows: 500-999 students, two scholarships; 1,000-1,499, three scholarships; 1,500-1,999, four scholarships; 2,000-2,499, five scholarships; and over 2,500, six scholarships.

For those high schools with total enrollments of less than 80 students, no more than 10 scholar-

ships, in aggregate, may be awarded. Under HEAB administrative rule, the 10 students with the highest GPAs are awarded scholarships. In the event of a tie, eligible students are ranked according to ACT or SAT scores. If a tie still remains, students are chosen based on the quality and content of letters submitted by the students indicating the reasons they feel qualified to receive the scholarship.

For those high schools with enrollments greater than 80 students, the faculty of each public, private, or tribal high school is required to name the 12th grade student who has the highest GPA, as it is normally determined by that high school, as eligible to receive a scholarship. Except under certain circumstances, if two or more students in the same high school have the same GPA, the faculty is required to select the student to receive the scholarship and designate the other student as an alternate. HEAB administrative rules require each high school to have a written policy that describes tie-breaking procedures and criteria used to determine and rank scholars.

In order to receive a scholarship, a student must be enrolled full-time at a participating UW, Wisconsin Technical College, or private, nonprofit postsecondary institution in the state by September 30 of the academic year following the year in which the student graduated from high school. If the student who is initially selected does not use the scholarship by September 30 following high school graduation, the scholarship is awarded to the alternate. The scholarship may be awarded to a student with the same GPA as the originally designated scholar or, if there is no remaining senior with the same GPA, the student with the next highest GPA of 3.8 or greater. In 2009-10, 182 alternates received scholarships.

Scholars receive a maximum of \$2,250 per year of which half is funded by the state through a GPR sum sufficient appropriation and half is funded by the institution. Tuition and fees in excess of \$2,250 are paid by the student.

For each year the student is enrolled full-time, he or she must maintain at least a 3.0 cumulative grade point average and make satisfactory progress toward a vocational diploma or an associate or bachelor degree. A student may lose and then regain program eligibility as their cumulative grade point fluctuates. No student is eligible for a scholarship for more than four years at a UW or private, nonprofit postsecondary institution or for more than three years at a Wisconsin technical college.

In 2009-10, a total of 2,853 academic scholars were enrolled in eligible schools: 756 freshmen, 699 sophomores, 664 juniors, and 734 seniors. The enrolled students represent approximately 81% of the 3,523 available scholarships with the remaining 19%, or 670 scholarships, going unused. The total value of these scholarships was \$6,252,360 of which \$3,126,180 was funded through HEAB.

In 2010-11, of the 848 freshman scholarships available, 729 (86%) of the eligible recipients have indicated that they will enroll in Wisconsin institutions. Scholarships were awarded to 157 alternates, due in part to eligible scholars enrolling in non-Wisconsin institutions. Table 10 details Academic Excellence Scholarship recipients by campus for the past four years.

2. License Plate Scholarships (Department of Transportation and UW System). This program is funded with revenues generated by a \$20 annual fee charged to drivers who have a University of Wisconsin specialty license plate. Specialty plates are available for each of the 13 four-year institutions and the revenues generated by each institutions plates are used to fund scholarships awarded by the chancellor of the institution. In 2009-10, 102 scholarships totaling \$160,100 were awarded through this program.

3. Sustainable Management Scholarship (UW-Extension). Created by 2009 Act 28, this program provides scholarships to students enrolled in the sustainable management degree program through UW-Extension. During 2009-10, the first

Table 10: Enrollment Data for Academic Scholars Attending Wisconsin Postsecondary Institutions

	2006-07	2007-08	2008-09	2009-10
UW System				
Madison	1,496	1,537	1,500	1,442
Milwaukee	96	85	81	82
Eau Claire	140	146	158	160
Green Bay	53	47	93	42
La Crosse	191	183	190	182
Oshkosh	95	82	69	61
Parkside	17	12	12	12
Platteville	56	54	54	56
River Falls	53	42	37	29
Stevens Point	81	89	94	100
Stout	24	25	23	22
Superior	16	17	17	20
Whitewater	59	62	55	60
Colleges	<u>18</u>	<u>15</u>	<u>21</u>	<u>30</u>
Subtotal	2,395	2,396	2,404	2,298
WI Technical				
Milwaukee Area	17	13	10	12
All Others	<u>20</u>	<u>11</u>	<u>17</u>	<u>20</u>
Subtotal	37	24	27	32
Independent Colleges				
Alverno	6	8	10	11
Bellin	3	6	6	5
Beloit	11	12	13	12
Cardinal Stritch	4	5	6	5
Carroll	26	22	18	20
Carthage	21	25	20	21
Concordia	19	15	18	20
Edgewood	12	11	11	10
Lakeland	4	3	3	1
Lawrence	41	37	36	31
Maranatha	9	12	13	13
Marian	4	5	7	7
Marquette	177	181	172	184
Milw. Art & Design	3	3	3	2
Milw. Sch. of Engineering	27	32	29	40
Mount Mary	8	9	7	5
Northland College	8	4	7	9
Northland International	0	0	0	1
Ripon	26	24	31	34
St. Norbert	48	50	46	47
Viterbo	18	24	23	24
Wisc. Lutheran	<u>18</u>	<u>15</u>	<u>15</u>	<u>21</u>
Subtotal	493	503	494	523
TOTAL	2,925	2,923	2,925	2,853

year in which funds were available, no scholarships were awarded. In 2010-11, \$100,000 transferred from the normal school fund is budgeted for this program.

4. UW Institutional Financial Aid. In 2009-10, UW students received \$67.2 million in need-based and non-need-based financial aid through institutionally funded grant, scholarship, and loan programs. Of this amount, \$14.9 million was distributed through need-based programs and \$52.3 million was distributed using other criteria. These programs are funded through gifts and donations, trust funds, the UW Alumni Research Foundation, and UW-Madison tuition differentials.

UW-Madison provides the greatest amount of institutional financial aid. In 2009-10, Madison provided \$45.3 million in aid to its students. This amount includes financial aid funded through differential tuitions, described previously in this paper, and athletic scholarships. Milwaukee and Green Bay provided the second and third most institutional aid at \$8.4 million and \$2.5 million, respectively.

5. Technical College Institutional Financial Aid. Technical colleges offer institutional assistance to students through grants from technical college foundations and student employment. For 2008-09, technical colleges provided approximately \$1.2 million in institutional assistance to students. These funds were distributed as scholarships (\$859,800), non-need-based employment (\$287,300), matching funds for academic excellence scholars (\$23,600), loans (\$27,100), and need-based grants (\$6,800).

6. Aid Provided by Independent Colleges and Universities for Resident Undergraduates. For 2008-09, individual private colleges and universities in Wisconsin provided a total of \$147.6 million in institutional aid to resident undergraduate students. Need-based grants (\$68.1 million) and non-need-based scholarships (\$72.2 million) accounted for over 95% of the aid funded by these institutions. Approximately one-third of all need- and non-need-based aid provided to resident undergraduates attending independent colleges was funded by the institution.

Special Programs

1. Minnesota-Wisconsin Reciprocity Program (HEAB). This agreement allows Minnesota and Wisconsin residents to attend public postsecondary institutions in the adjacent state without having to pay nonresident tuition. Students participating under the agreement pay a reciprocal fee that cannot exceed the higher of the two states' resident tuition rates. The agreement is negotiated and administered jointly by HEAB and the Minnesota Office of Higher Education (MOHE). While the agreement is not included in the Minnesota statutes, Wisconsin law specifies that the agreement is subject to the approval of the Joint Committee on Finance. In addition, HEAB and MOHE are required to jointly prepare an annual administrative memorandum that establishes the policies and procedures for implementation of the agreement, including a description of how the reciprocal fees will be calculated for the upcoming academic year. The administrative memorandum is subject to the approval of the Joint Committee on Finance under a 14-day passive review process. While the current agreement does not contain a specific expiration date, it may be modified at any time upon mutual agreement of both states. Additional details on this agreement are contained in the Legislative Fiscal Bureau's informational paper entitled, "Education and Income Tax Reciprocity Agreements."

2. UW System Tuition Remissions for Graduate Assistants. UW-Madison and UW-Milwaukee provide full remission of resident and nonresident tuition for teaching assistants, program/project assistants, and research assistants as part of the collective bargaining agreements for these groups. Remissions for graduate assistants on the comprehensive campuses are handled on a campus-by-campus basis.

In 2009-10, a total of 5,023 graduate assistants and fellows received approximately \$104.1 million in remissions. Of these, 1,604 students were residents who received remissions totaling \$13.5 million. Of graduate students who received remissions

under this provision, 85% were employed at UW-Madison while approximately 13% attended UW-Milwaukee.

3. UW System Nonresident Tuition Remissions. Current law permits the Board of Regents to remit the nonresident portion of tuition for a number of students including: (1) needy and worthy students on the basis of merit; (2) students who are deserving of relief due to extraordinary circumstances; and (3) needy and worthy foreign students and U.S. citizens not currently residing in the U.S. The value of these remissions is limited to the value of such remissions in 1970-71 adjusted for tuition increases since 1976-77. In 2009-10, 1,892 nonresident undergraduate students received remissions totaling \$12.2 million and 252 nonresident graduate students received remissions totaling \$3.0 million under these provisions.

4. Athletic Scholarships (UW System). The Regents may remit both resident and nonresident tuition as athletic scholarships. Currently, four UW campuses (Madison, Milwaukee, Green Bay and Parkside) are in NCAA divisions that allow the granting of athletic scholarships. For 2009-10, the value of these remissions was \$7.8 million. For all sports except football and basketball, the NCAA allows campuses to divide a scholarship among several athletes.

5. Tuition Remissions for Veterans (UW System and WTCS). The UW System Board of Regents and each technical college district board must remit 100% of tuition and fees, less any amount paid under the federal Post-9/11 G.I. Bill and certain federal programs providing for the education of officers and disabled veterans, to students who are qualified veterans. Qualified veterans are eligible for remission of up to 128 credits or eight semesters, whichever is longer. To qualify as a veteran for this remission, a student must: (a) be verified by the Department of Veterans Affairs as a resident of this state for the purpose of receiving benefits; and (2) have been a resident of this state at the time of entry into the armed services. In addition, a student's military service must meet one or

more of the following criterion: (1) service of at least one term under honorable conditions during a war period or in a crisis period; (2) service on active duty under honorable conditions for the full period of the initial service obligation; (3) service qualifying for certain service-related medals; (4) service ending in honorable discharge for a service-related disability or for reasons of hardship; or (5) service ending in release under honorable conditions due to a reduction in the armed forces. For students who qualify for this remission but do not qualify for resident tuition as determined by the UW System or the technical college district boards, the nonresident portion of tuition is also remitted.

In 2009-10, the UW System provided tuition and fee remissions totaling \$12.6 million to 3,051 veterans. Of this amount \$2.5 million was remitted to veterans enrolled as graduate and professional students. The Wisconsin technical colleges provided remissions totaling \$4.2 million to 2,833 veterans.

Beginning in the spring, 2010, semester, veterans who are eligible for benefits under the newly-enacted federal Post-9/11 G.I. Bill must use those benefits before accessing state tuition and fee remissions. This applies even if the student is eligible for benefits under the Montgomery G.I. Bill or certain other federal education programs for veterans unless the student is eligible for 12 months or less of benefits under those programs. Veterans whose stipend under the Montgomery G.I. Bill or certain other federal education programs would have exceeded the amount of the monthly housing allowance provided under the Post-9/11 G.I. Bill (adjusted to reflect the annual books and supplies stipend) are reimbursed for the difference in these benefits. In 2009-10, the UW System provided reimbursement payments totaling \$0.6 million to 517 veterans and the Wisconsin technical colleges provided \$0.5 million to 456 veterans.

A GPR appropriation under the Higher Educational Aids Board (HEAB) has been provided to partially reimburse the UW Board of Regents and the Wisconsin technical college district boards for

remissions provided to veterans, for remissions provided to the children and spouses of certain veterans, and for reimbursement payments made to veterans, children, and spouses. In 2009-10, the appropriation was set at \$6,496,700 GPR. In that year, the UW Board of Regents received a reimbursement payment of \$4.8 million and the Wisconsin technical college district boards received reimbursements totaling \$1.7 million. This amount fully funded all reimbursement payments made directly to veterans and reimbursed the institutions for approximately 22% of remissions provided to veterans, children, and spouses. Remissions costs beyond the amount reimbursed through the HEAB appropriation must be absorbed within the UW System's and the Wisconsin Technical college district boards' budgets or funded through other revenues such as increases in tuition charged to other students.

6. Tuition Remissions for Children and Spouses of Eligible Veterans (UW System and WTCS). The UW System Board of Regents and each technical college district board must remit 100% of tuition and fees, less any amount paid under the federal Post-9/11 G.I. Bill, to the spouse, unremarried surviving spouse, and children of eligible veterans. An eligible veteran is one who: (1) was a resident at the time of entry into the armed services; (2) served under honorable conditions; (3) either died on active duty, died on inactive duty for training purposes, died as the result of a service-related disability, or has been awarded at least a 30% service-related disability rating; and (4) was a resident of this state at the time of death or service-related disability.

Children and spouses may receive remissions for up to 128 credits or eight semesters, whichever is longer. The spouse, in the case of disability, or the unremarried surviving spouse, in the case of death, of an eligible veteran is eligible for this remission during the first ten years after the receipt of the disability rating or the death of the eligible veteran or until 10 years after the youngest child the spouse had with the veteran reaches or would have reached 18 years of age. Children of eligible

veterans may receive this remission as long as they are at least 17 years of age and not yet 26 years of age, regardless of when the eligible veteran died or received his or her disability rating.

In 2009-10, the UW System provided tuition and fees remissions totaling \$6.4 million to 1,114 students under this provision. In addition, the technical colleges remitted \$1.4 million in tuition and fees to 810 students. The UW Board of Regents and the individual technical college district boards were reimbursed for approximately 22% of the cost of these remissions through a GPR appropriation under HEAB.

7. Tuition Remissions for Children and Spouses of Certain Protective Services Officers (UW System and WTCS). Current law requires UW and WTCS institutions to grant full remission of fees, including tuition and student segregated fees, to any resident student who is enrolled in a college parallel program or a program leading to a bachelor's degree, associate degree, or vocational diploma and who is the child or surviving spouse of a correctional officer, fire fighter, law enforcement officer, ambulance driver, or emergency medical services technician who was killed in the line of duty in this state or died as the result of a qualifying disability. In order to be eligible to receive the remission, a child must have been under the age of 21 or not yet born when his or her parent was killed. In 2009-10, the UW System remitted \$39,776 to 12 students under this provision; the technical colleges remitted \$14,200 to 7 students. In each year of the 2009-11 biennium, \$29,700 GPR is provided to the UW Board of Regents and \$14,200 GPR is provided to the WTCS Board to cover the cost of remissions.

8. Tuition Remissions for Funeral Assistants (UW System). Under 2005 Act 22, a funeral director may issue a tuition voucher in the amount of \$25 to a student who sounds "Taps" during a funeral for which military honors are held. To be eligible for this voucher, the student must be enrolled in grades 6 through 12 or at a post-secondary institution. These tuition vouchers

may be used for the payment of tuition at any UW institution. In 2009-10, 17 students used vouchers totaling \$3,475.

9. Tuition Award Program (UW System). Under the tuition award program (TAP), the Board of Regents may exempt from nonresident tuition up to 300 juniors and seniors at UW-Parkside and up to 225 students at UW-Superior who are enrolled in programs identified by the campuses as having excess capacity. In 2009-10, 262 students enrolled at Parkside and 200 students enrolled at Superior under the TAP program.

10. Wisconsin Educational Opportunity Programs (Public Instruction). The Department of Public Instruction administers five statewide programs and one federal program whose primary goal is to assist minority and economically disadvantaged middle school and high school students in pursuing postsecondary educational opportunities. Currently, students in all school districts are counseled through seven district offices located in Ashland, Eau Claire, Green Bay, Madison, Milwaukee, Racine, and Wausau. A total of 33.7 full-time equivalent positions, including 12.5 GPR positions, are currently authorized for Wisconsin Educational Opportunity Programs. In 2009-10, \$1,312,600 GPR was expended to operate the district offices. One of the five programs, the talent incentive program, was discussed earlier in this paper. The other four programs are:

Talent Search Program. Counselors assist high school students and adults in defining educational goals, applying and enrolling in postsecondary institutions and obtaining financial aid. WEOP staff members also work with institutions, schools, community organizations, and churches by giving presentations and acting as a resource for materials and information. In 2009-10, a total of \$257,800 supported these activities, including 5,803 individual counseling sessions with students, provided under the program.

Early Identification Program. WEOP annually identifies and recruits economically disadvantaged

eighth-grade students to participate in this program which provides early intervention services to students in order to reduce attrition at the secondary and postsecondary levels. Program staff work with eighth- through twelfth-grade students, their parents, and schools to address the problem of low matriculation through long-term counseling and career goal assessment. Students remain in the program throughout high school and into college. Of the 418 students in the program in 2009-10, 58 were seniors. Of these seniors, 47 enrolled at postsecondary institutions. Each year, many of these students are selected to receive TIP grants.

Precollege Scholarship Program. This program provides grants to economically disadvantaged middle school and high school students to cover full student costs of precollege programs, including courses, books, supplies, and room and board, if necessary. Precollege programs which emphasize academic skills development, career guidance, curriculum enrichment, and financial aid information are offered to eligible students through UW campuses, Technical Colleges, and private colleges. The student must first be admitted to a precollege program to qualify for a scholarship. In 2009-10, 2,977 middle and high school students received a total of \$2,107,300 to fund their participation in precollege programs statewide. All 424 school districts are eligible to participate in the program.

Gear Up Program. Since 1995-96, WEOP has administered this federal program. In 2009-10, 423 low-income students received college and precollege scholarships under the program and an additional 2,587 students in 11 school districts received support services, such as college visitations and parental involvement programs. Total funding was \$3.5 million.

11. College Work-Study (Federal). This is a campus-based program that provides part-time jobs for undergraduate and graduate students. Students may be employed by the institution or public or private employers and must be paid the federal minimum wage. In most cases, the employer must provide at least 25% of the student's

salary with the remainder being paid by the federal work-study program. Individual institutions may require that employers pay a greater share of the student's salary; by reducing the percentage of the salary paid by the federal work-study program, the institution is able to increase its number of work-study participants. The award amount is based on financial need, availability of funds, and the amount of aid the student receives from other programs. Earnings from work-study jobs are not included in the student's income when reapplying for financial aid in subsequent years. In 2008-09, a total of \$19.0 million was provided to 13,153 students, averaging \$1,444.

12. Wisconsin's Section 529 College Savings Program. The State Treasurer's office manages two section 529 college savings plans: EdVest and Tomorrow's Scholar. These programs were initially established by 1999 Act 44 and subsequently modified by 2001 Act 7. Both EdVest and Tomorrow's Scholar are available nationwide. These plans represent two of more than 80 qualified state tuition plans under section 529 of the U.S. Internal Revenue Code (IRC 529), designed as a savings vehicle for higher education expenses with certain tax advantages. They are administered by the Office of the State Treasurer under the authority of the College Savings Program Board.

The College Savings Program Board is composed of 11 members (the State Treasurer, the President of the University of Wisconsin Board of Regents, the President of the Wisconsin Association of Independent Colleges and Universities, the President of the Wisconsin Technical College System, the Chair of the State Investment Board (or their designees), and six public members appointed by the Governor to four year terms). Day-to-day management of the program is contracted to Wells Fargo Funds Management, LLC, which is responsible for the program's investment management, marketing activities, account administration, and record-keeping.

Under either of the savings plans, any person aged 18 or over may open an account and the bene-

ficiary may be any person including the account owner. Within each owner-beneficiary relationship, multiple accounts are permitted to allow for investment diversification.

There is no state residency requirement or income limitation. A minimum initial investment of \$250 is required unless an automatic investment plan is selected. There is no limit on the maximum annual contribution except that the maximum amount that may be contributed to a single beneficiary from all sources in any plan is currently \$330,000. The beneficiary may use the proceeds of the account at any eligible post-secondary school in this country or elsewhere. The money may be used for a wide-range of educational expenses such as tuition and other fees, room and board, and educational supplies.

Both plans offer a range of investment choices. There are currently 12 different static portfolio choices under the EdVest college savings plan. There are also three age-based choices where the contributions in the account are periodically shifted from more aggressive to more conservative fund portfolios based on the number of years remaining before the account beneficiary will be enrolled in a higher educational institution. Investors can choose an aggressive, moderate, or conservative growth track. These age-based portfolio offerings are all currently invested in various Wells Fargo Advantage Funds.

Under the Tomorrow's Scholar college savings plan, there are currently 10 investment choices. There are seven different static portfolio choices: aggressive, growth, moderate, balanced, conservative, income, and ultra-conservative. There are also three different age-based portfolios, which are aggressive, moderate, or conservative growth. The underlying investments in the Tomorrow's Scholar portfolios include funds from Columbia, Harbor, ING, RiverSource and Wells Fargo Advantage. A Tomorrow's Scholar plan may only be opened through a financial planner or broker.

Currently, IRC 529 regulations allow investment

reallocation or changes only once during any 12-month period. A twice-per-year exception was allowed for tax years 2009 and 2010.

Under current law, Wisconsin residents may deduct up to \$3,000 annually, per beneficiary, from state taxes except that married couples filing separately and divorced parents may only deduct up to \$1,500 each. Parents, grandparents, great grandparents, aunts, and uncles of the beneficiary who made contributions to the program are eligible for the Wisconsin tax deduction. Account owners may also claim a deduction for contributions made to their own account.

Investment earnings and distributions from an account established through a section 529 qualified program, including Wisconsin's EdVest and Tomorrow's Scholar, programs of other states, and by private institutions, are exempt from both federal and Wisconsin income taxes if the withdrawals are used for qualified higher education expenses.

Investment earnings on the contributions may be withdrawn for non-higher education expenses, but would be subject to state and federal taxes and may be subject to an additional 10% federal tax on the earnings. The 10% federal tax addition does not ap-

ply for amounts withdrawn for the following: (a) a qualified educational expense; (b) withdrawals due to death or disability of the intended beneficiary; (c) withdrawals equal to amounts received in scholarships by the beneficiary; (d) transfers to another qualified 529 account; or (e) qualified higher education expenses of the beneficiary in qualifying for an American Opportunity Credit, Hope Scholarship Credit, or Lifetime Learning Credit. Section 529 also allows for the transfer of beneficiaries to another family member of the account holder without tax penalty.

Under both EdVest and Tomorrow's Scholar college savings plans, there is a \$20 per year account maintenance fee, which is waived for Wisconsin residents. It is also waived if an automatic deduction plan has been elected, or if the account balance is above \$25,000. In addition, there are annual asset-based fees, based on percentage amounts that vary based on the fund or funds selected and levied against the total assets in the account invested in the respective investment option. Tables 10 and 11 show the applicable fees for each investment option as of November, 2010, for the direct-sold (no load) version of EdVest (Table 11) and the Share Class A, fixed portfolio (commissioned) version of Tomorrow's Scholar (Table 12). The tables do not show the

Table 11: College Savings Program Summary of EdVest Portfolio Expenses for Direct-Sold (no load) version -- Assessed as % of Account Assets for Wisconsin residents

	<u>Administrative Fee</u>		Underlying Fund Expense	Audit Fee	Expense Total
	State*	Program Manager			
Baird Bond Portfolio	0.00%	0.30%	0.30%	0.002%	0.602%
CD - Bank Portfolio	0.00	0.30	0.00	0.002	0.302
CD - Credit Union	0.00	0.30	0.00	0.002	0.302
Legg Mason Aggressive	0.00	0.30	0.79	0.002	1.092
Vanguard Balanced	0.00	0.30	0.23	0.002	0.532
Vanguard Stock Index	0.00	0.30	0.05	0.002	0.352
Wells Fargo Aggressive	0.00	0.20	0.84	0.002	1.042
Wells Fargo Balanced	0.00	0.20	0.66	0.002	0.862
Wells Fargo Bond	0.00	0.20	0.46	0.002	0.662
Wells Fargo Conservative	0.00	0.20	0.58	0.002	0.785
Wells Fargo Moderate	0.00	0.20	0.75	0.002	0.962
Wells Fargo Money Market	0.00	0.20	0.20	0.002	0.402

*The College Savings Program Board has voluntarily waived the entire Board Fee of 0.10% (or 0.05% for the CD portfolios). The State Administration Fees shown include these waivers. Voluntary waivers may be modified or terminated at any time. The \$20 Account Maintenance Fee is also waived for Wisconsin residents.

Table 12: Tomorrow's Scholar Program Summary of Portfolio Expenses for Share Class A version -- Assessed as % of Account Assets for Wisconsin Residents

Fixed Portfolio	State	Administrative Fee		Distribution and Service Fee	Audit Fee	Portfolio Expense Total
		Program Manager	Underlying Fund Expense			
Aggressive Growth	0.00%	0.20%	0.87%	0.25%	0.002%	1.322%
Moderate Growth	0.00	0.20	0.75	0.25	0.002	1.202
Balanced	0.00	0.20	0.70	0.25	0.002	1.152
Conservative	0.00	0.20	0.63	0.25	0.002	1.182
Income	0.00	0.20	0.57	0.25	0.002	1.022
Ultra-Conservative	0.00	0.20	0.20	0.25	0.002	0.652

Note: The portfolio expenses listed above do not include sales charges and fees required to be paid to financial advisors who sell the fund shares. The \$20 Account Maintenance Fee is also waived for Wisconsin residents.

sales charges for EdVest or Tomorrow's Scholar accounts purchased through a financial advisor, which are variable in nature. Other share classes not shown in Table 11 may be sold by financial advisors, and have differing asset based fees and caps on deferred sales charges.

As of June 30, 2010, both versions of EdVest totaled 169,793 open accounts with total assets of \$1,405,713,814, and Tomorrow's Scholar had 86,689 open accounts with total assets of \$816,711,600.

College Tuition and Expenses Program. From July, 1997, to December, 2002, investors could participate in the college tuition and expenses program, also known as the tuition unit purchase program. The State Treasurer discontinued this program in December, 2002, barring any future enrollments or the sale of any new tuition units to current account holders. Current tuition unit account holders may continue to hold their tuition unit investments until maturity or may convert their account to any of the investment choices now offered under the college savings program. As of June 30, 2010, there were a total of 757 accounts under this program with total assets of \$6,223,771.

Tax Incentives

1. Higher Education Tax Deduction (State).

Since tax year 1998, state law has allowed a deduction from income for tuition expenses. The deduction applies to tuition paid on behalf of the taxpayer or the taxpayer's dependent. Allowable tuition expenses include tuition paid to attend any university, college, or technical college; a school approved by the Education Approval Board that is located in Wisconsin; or an institution under the Minnesota-Wisconsin tuition reciprocity agreement.

For tax years prior to 2005, the maximum tuition deduction was \$3,000 per eligible student. Under 2005 Act 25, the maximum deduction was increased to twice the average amount of resident undergraduate tuition charged by UW System four-year institutions for the most recent fall semester. Under 2007 Act 20, the maximum deduction per eligible student per year was increased to the greater of the amount calculated by the UW System four-year institutions or \$6,000 in tax year 2009. For tax years 2009 and 2010, the maximum deduction was \$6,000. Act 20 also extended the deduction to mandatory student fees. In addition, Act 20 provided that a student could not claim a tuition

deduction for tuition and fees amounts paid using a distribution from a Wisconsin 529 account.

The deduction is phased out by federal adjusted gross income (AGI) and filing status. The phase-out ranges are as follows: (a) \$50,000 to \$60,000 for single and head-of-household filers; (b) \$80,000 to \$100,000 for married couples filing joint returns; and (c) \$40,000 to \$50,000 for married couples filing separate returns.

2. Post-Secondary Education Tax Credit (State). Beginning in tax year 2010, a post-secondary education tax credit is provided under the state individual income and corporate income/franchise taxes equal to 25% of the tuition that the claimant pays or incurs for an individual to participate in an education program of a qualified post-secondary institution, if the individual is enrolled in a course of instruction and is eligible for a federal Pell grant. The credit percentage is increased to 30% if the student is enrolled in a course of instruction that relates to a projected worker shortage in the state.

A claimant cannot claim a tax credit for any tuition amounts that are paid or incurred for a family member, or for a family member of a managing employee, unless all of following criteria are met: (1) the family member is employed an average of at least 20 hours per week as an employee of the claimant, or the claimant's business, during the one-year period prior to commencing participation in the education program for which the tax credit is claimed; and (2) the family member is enrolled in a course of instruction that is substantially related to the claimant's business.

A "qualified post-secondary institution" means: (1) a University of Wisconsin System institution, a technical college system institution, or a regionally accredited four-year, nonprofit college or university having its regional headquarters and principal place of business in Wisconsin; and (2) a school approved by the Educational Approval Board, if the delivery of education occurs in Wisconsin.

3. American Opportunity Tax Credit (Federal). The American Opportunity tax credit, which replaces the Hope Scholarship tax credit through tax year 2012, is available to individuals who pay qualified tuition and related expenses of higher education for either themselves or a dependent. Unlike the Hope credit, which can only be claimed for two years, the American Opportunity tax credit is available for up to four years. Degree-seeking students who are enrolled at least half-time are eligible for a tax credit of up to 100% of the first \$2,000 and 25% of the second \$2,000 in tuition expenses. Eligible expenses include tuition, required fees, and course materials less any grants, scholarships or other tax-free financial assistance. For tax year 2010, the credit is gradually phased out for taxpayers with taxable incomes between \$80,000 and \$90,000 for single filers and between \$160,000 and \$180,000 for joint filers. Up to 40% of the credit is refundable.

4. Lifetime Learning Tax Credit (Federal). Tax filers may claim a lifetime learning tax credit if they pay qualified tuition and related expenses of higher education for an eligible student, either themselves, a spouse, or a dependent, that is claimed as an exemption. Students beyond the first two years of college or those enrolled less than half-time are eligible for a 20% tax credit on the first \$10,000 in expenses. Eligible expenses include tuition and required fees less any grants, scholarships, or other tax-free financial assistance. In 2010, credit phased out for taxpayers with taxable incomes between \$50,000 and \$60,000 for single filers, and between \$100,000 and \$120,000 for joint filers.

5. Coverdell Education Savings Accounts (State and Federal). Married taxpayers filing joint tax returns and individual filers (including the beneficiary) may contribute up to \$2,000 per designated beneficiary per year to a Coverdell Education Savings Account (CESA, formerly called an Education IRA). There are no relationship requirements between the contributor and the beneficiary. While contributions are not deductible from income, interest earnings are tax exempt and

withdrawals are excluded from the beneficiary's income if used for eligible education expenses. Under coordination rules with other tax deductions and credits for education, qualified expenses for purposes of a CESA are reduced to reflect other education tax benefits taken.

The ability of an individual to make a contribution to a CESA is gradually phased out for contributors with taxable income between \$95,000 and \$110,000 (between \$190,000 and \$220,000 for joint filers). Funds from a CESA may be used to pay for qualified elementary and secondary education expenses in addition to qualified higher education expenses.

6. IRA Withdrawals (Federal). Early (before age 59½) withdrawals from a traditional IRA are not subject to the 10% tax penalty provided the distributions are used for postsecondary education expenses of the taxpayer, or the taxpayer's spouse, child, or grandchild.

7. Student Loan Interest Deduction (State and Federal). An individual may deduct up to \$2,500 annually for interest paid on student loans during the life of the loan. For tax years 2009 and 2010, the deduction is phased out for single filers with taxable income between \$60,000 and \$75,000 and for joint filers with taxable income between \$120,000 and \$150,000.

8. Employer-Provided Education Benefits (State and Federal). Taxpayers may exclude from their taxable income up to \$5,250 in educational assistance benefits received from their employer. Eligible benefits include payments for tuition, fees, books, supplies, and equipment. Courses do not have to be related to the business of the employer.

Wisconsin Covenant

Since the spring of 2007, Wisconsin resident students enrolled in the eighth grade have been

invited to sign the Wisconsin covenant pledge. Students who sign the pledge receive support from the "Wisconsin covenant community" while in high school. During the senior year of high school, students who have fulfilled the pledge will be designated as Wisconsin covenant scholars. Designated covenant scholars are guaranteed: (1) a place in a UW System institution, a Wisconsin technical college, or a private college or university located in Wisconsin; and (2) a financial aid package, including a Wisconsin covenant scholars grant, based on the student's federally-defined financial need. As of December, 2010, 71,400 students have signed the Wisconsin covenant pledge including 17,900 expected members of the class of 2011 and 18,400 expected members of the class of 2012.

According to the administrative rules governing the program, to be designated a Wisconsin covenant scholar, a student must:

- enroll in the program by September 30th of the student's freshman year in high school;
- receive a diploma from a Wisconsin high school;
- maintain a B average while in high school, meaning:
 - a cumulative grade point average (GPA) of 2.85 or higher on a 4.0 scale, or
 - a GPA of 3.0 or higher for at least five semesters and a GPA of not less than 2.0 in any semester, or
 - a GPA of 3.25 or higher during the first semester of senior year and consistent improvement since beginning high school;
- complete a course of study that prepared the student for enrollment in a college or university and apply and do all that is necessary to gain admission to an eligible institution, meaning:
 - the student has been admitted to at least one eligible institution, or
 - the student's coursework meets or exceeds the

admission requirements at three eligible institutions;

- demonstrate good citizenship, meaning:
 - has participated in an extracurricular activity that involved an element of community service and can document at least 30 hours of service, or
 - has participated in a school sponsored service learning experience that meets a high school graduation requirement, or
 - has participated in a service learning experience that was designed by the student the results of which were shared with the student's teachers, and
 - has not been convicted of a felony or misdemeanor involving bodily harm or a dangerous weapon, and
 - if a student has been suspended during high school, has submitted two letters of recommendation from school faculty or other community members that show substantial personal growth since the suspension; and
- submit a FAFSA by April 1 of the student's senior year;
- complete the Wisconsin covenant scholar verification form by April 1 of the student's senior year of high school.

Students who are designated as Wisconsin covenant scholars may be eligible for Wisconsin covenant scholars grants. Under 2009 Act 28, \$25,000,000 was provided for Wisconsin covenant scholars grants in 2010-11. However, since the first Wisconsin covenant scholars will not enroll in higher education until fall, 2011, this amount will lapse to the general fund at the end of the 2010-11 fiscal year. Future funding for the Wisconsin covenant scholars grant program will be determined by the 2011-13 Legislature.

Students may receive grants for up

to eight semesters during the first five years after high school graduation. To maintain eligibility, students must: (1) enroll in at least six credits at an eligible institution; (2) maintain acceptable academic standards as determined by the institution attended; (3) file the FAFSA annually; and (4) not be convicted of a felony or a misdemeanor involving bodily harm or a dangerous weapon.

Wisconsin covenant scholars grants may be awarded to designated Wisconsin covenant scholars based on each student's EFC. Table 13 shows the grant amounts that may be provided to full-time students designated as scholars in the first and second years of enrollment. Students enrolled half-time, defined as enrollment in more than six credits but less than 12 credits, may receive annual grants of \$750, \$500, or \$125 depending on their EFC. Grants for the third and fourth years of enrollment may be determined using a formula developed by the Office of the Wisconsin Covenant. All students would receive the full amount of the award except in cases where such an award would violate federal law regarding overawards.

As shown in the Table 13, the Wisconsin Covenant Foundation has committed to providing grants of at least \$1,500 in the first year to designated scholars with EFCs of \$0. The Wisconsin Covenant Foundation is a nonprofit corporation

Table 13: Wisconsin Covenant Grant Amounts for Full-Time Students During the First Two Years of Enrollment

Student EFC	Wisconsin Covenant Scholars Grant	Wisconsin Covenant Foundation Grant	Total
Equal to \$0	\$1,000	At least \$1,500	At least \$2,500
Greater than \$0, not more than \$3,499	\$1,500	\$0	\$1,500
Greater than \$3,499, not more than \$11,999	\$1,000	\$0	\$1,000
Greater than \$12,000	\$250	\$0	\$250

Source: Chapter 80, Department of Administration Administrative Rules.

whose primary purpose is to raise funds to provide financial aid to low-income students who fulfill the Wisconsin covenant pledge. In November, 2007, the Great Lakes Higher Education Corporation and Affiliates, which guarantees and service loans made to students enrolled in Wisconsin postsecondary institutions, pledged \$40 million to endow the Wisconsin Covenant Foundation. As of June, 2010, the Foundation had a total of \$41 million in assets. The administrative rules specify that if the Wisconsin Covenant Foundation does not provide grants of at least \$1,500 to these students during the first two years of enrollment, then these students may receive Wisconsin covenant scholars grants of \$1,500. The Foundation is expected to meet in January, 2011, to determine whether awards will be made to students in their second year of enrollment.

The Wisconsin covenant scholars grants program is administered by HEAB with the assistance of the Office of the Wisconsin Covenant Scholars Program. The Office of the Wisconsin Covenant Scholars Program is located in the Department of Administration and has a budget of \$216,000 GPR and 2.0 authorized positions in 2010-11. In addition to assisting HEAB in the administration of the Wisconsin covenant scholars grants program, the Office serves as the state's liaison to and coordinates the postsecondary promotional activities of HEAB, the Department of Public Instruction (DPI), the University of Wisconsin System, the Wisconsin technical college system (WTCS), and certain other public and private organizations. To this end, the Wisconsin covenant college access network council was created by administrative rule. Members of the council include: (1) the director of the Office of the Wisconsin Covenant Scholars Program; (2) the President of the UW System; (3) the President of the Wisconsin Technical College System; (4) the President of WAICU; (5) the Superintendent of Public Instruction; and (6) the Executive Secretary of HEAB. The Council appoints three associate members representing one of each of the following: (1) a nonprofit organization with significant college access programming; (2) a nonprofit organization that provides significant funding for college access

programming; and (3) a representative of the business community.

Financial Aid Package

After a student applies for financial aid, the college attempts to meet as much of a student's need as possible by the offer of a financial aid package. Institutional financial aid officers are responsible for packaging a student's financial aid based on the needs analysis. Packaging is the selection of various types and amounts of aid which enable a student to pay for educational costs. Some elements of a financial aid package are automatically included such as Pell Grants, which is determined when EFC is determined by the federal processor, and WHEG and tuition grants, which are calculated by HEAB. Meanwhile, funding from programs such as Supplemental Educational Opportunity Grants, college work-study, Perkins Loans, and institutional grants are controlled and distributed by an institution's financial aid office.

The package is developed in a hierarchy. Generally, students are awarded all available grants before any loans, which are less desirable, are added to the package. One exception to this rule is state grant programs for minority students. These are added last to the financial aid package, replacing federal loan aid with state grant aid. For 2008-09, grant funds accounted for 51.9% of need-based financial aid, with loans at 45.6%, and work-study at 2.6%. This ratio varies by the type of institution attended: grants account for 59.3% of the aid at independent colleges (where costs, and consequently need, are the highest), 53.4% at technical colleges, and 46.0% at UW campuses.

Once the financial aid office has compiled the student's financial aid package, the student must accept or decline the aid provided through each program. A student is not obligated to accept the entire package. For example, a student could accept the grant and work-study aid but refuse the

loans. Students must be registered for classes before aid can be issued to them at the beginning of a semester. They are also required to pay their tuition and fees with the proceeds of the aid before the remaining aid can be distributed to them.

Table 14 compares the average cost, need, and need-based aid awarded per student by type of institution over the most recent five-year period for which information is available. As the table shows, total cost and average need has increased at all three types of institutions over the period shown. Costs at all three institutional types increased by approximately 25%. Need similarly increased by approximately 25% for both UW System and technical college students but increased by 33% for private college students. Increases in aid were less than increases in costs and need for students enrolled in UW System and private institutions. This resulted in an increase in unmet need for students enrolled at those institutions. Aid to technical college students increased by 28.5%, which was slightly higher than the increase in the need of those students, resulting in a reduction in unmet need as a percentage of average cost. In dollar terms, unmet need still increased for technical col-

lege students and was 16% higher than that of UW System students in 2008-09.

UW students generally receive more financial aid than technical college students. While the average cost of attending a UW institution is only 25% greater than the cost of attending a technical college, on average, UW students receive approximately 47% more aid.

Interstate Comparisons

The appendix to this paper compares need-based and total grant aid provided by Wisconsin in 2008-09 to that provided by other states in the same year. Wisconsin is above the U.S. midpoint in three of the four measures shown: need-based grants per full-time undergraduate student, need-based grants as a percentage of total grants, and aid as a percentage of state general funds for higher education. However, Wisconsin falls below the midpoint in terms of the percentage of students who receive aid meaning that relatively fewer students receive relatively larger grants in Wisconsin as compared

Table 14: Financial Aid Data by Institution Type: Resident Undergraduates

	No. of Recipients	Avg. Cost	Avg. Contribution	Avg. Need	Avg. Aid	Unmet Need
UW System						
2004-05	52,449	\$12,724	\$4,137	\$8,588	\$6,026	29.8%
2005-06	52,182	13,544	4,460	9,084	6,170	32.1
2006-07	53,501	14,450	4,688	9,762	6,423	34.2
2007-08	55,730	15,090	4,798	10,292	6,576	36.1
2008-09	57,465	15,806	5,016	10,790	6,628	38.6
Technical Colleges						
2004-05	35,544	\$10,119	\$2,630	\$7,490	\$3,512	53.1%
2005-06	35,990	10,455	2,930	7,525	3,503	53.4
2006-07	35,968	11,146	3,048	8,098	3,496	56.8
2007-08	37,892	11,881	3,083	8,798	4,077	53.7
2008-09	42,186	12,665	3,335	9,329	4,512	51.6
Private Colleges						
2004-05	21,419	\$23,348	\$8,125	\$15,223	\$9,662	36.5%
2005-06	21,812	23,232	9,710	13,522	8,941	33.9
2006-07	22,545	26,209	9,119	17,090	8,791	48.6
2007-08	21,416	27,438	8,429	19,009	9,875	48.1
2008-09	22,382	28,802	8,581	20,221	9,943	50.8

to other states.

Over the past decade, the amount of need-based aid provided by states has increased nationwide. From 1998-99 to 2008-09, the total amount of state-funded need-based grant aid more than doubled increasing from \$2.9 billion to \$6.0 billion. In Wisconsin, funding for HEAB administered need-based similarly doubled over that time period increasing from \$53.2 million in 1998-99 to \$106.2 million in 2008-09.

During that same time period, state-funded non-need-based aid increased by approximately 250% from \$0.7 billion to \$2.3 billion. In 2008-09, non-need-based grants accounted for 27.9% of all state-funded grant aid compared to 18.5% in 1998-99. In Wisconsin, the academic excellence scholarship (AES) program is the only GPR-supported non-need-based grant program. AES expenditures have not increased since 1998-99. In 2008-09, AES expenditures accounted for 2.8% of all expenditures for HEAB-administered financial aid programs. This was significantly less than the nationwide average reflecting a greater emphasis on need-based, as opposed to merit-based, financial aid in this state.

When comparing funding for student financial aid across the states, it is important to do so in the context of the tuition policy decisions made by those states. In general, high tuition states provide greater amounts of need-based financial aid while low tuition states provide lesser amounts. States that have low tuition provide a large higher education subsidy to all students by requiring students to pay a smaller amount of educational costs; by contrast, states with high tuition and high amounts of need-based financial aid are targeting the higher

education subsidy to those students who have the greatest financial need. Amongst the seven Midwestern Big Ten states charge, Minnesota and Illinois could be considered high tuition-high aid states while Wisconsin, with its somewhat lower tuition and proportionate financial aid, could be considered a medium-high tuition and medium-high financial aid state. Some states, such as New York, Washington, and North Carolina, offer both low tuition and high amounts of need-based financial aid.

Table 15 compares tuition at flagship public universities in Midwestern states for 2008-09 and the estimated need-based grants funds available to students in those states. As the table shows, despite providing more need-based grant aid in dollar terms, need-based grant aid provided by Minnesota and Illinois was approximately equal in terms of percent of tuition as grants provided by Wisconsin due to Wisconsin's relatively low tuition. By comparison, Indiana provides an above-average amount of need-based aid while charging a below average amount of tuition.

Table 15: Tuition at Flagship Universities and Estimated Need-Based State Undergraduate Grant Dollars per Undergraduate Enrollment (2008-09)

	Resident Undergraduate Tuition-Fees	Estimated Grant Dollars per FTE*	Grants as % of Tuition
Indiana	\$8,231	\$829	10.1%
Minnesota	10,273	648	6.3
Illinois	12,240	746	6.1
Wisconsin	7,564	443	5.9
Ohio	8,679	482	5.6
Iowa	6,293	315	5.0
Michigan	11,112	220	2.0

* Grant dollars per FTE data from National Association of State Student Grant and Aid Programs.

APPENDIX

2008-09 State Grant Dollars to Undergraduate Students by State

	<u>Grants Per Full-Time Student</u>		Estimated % of FTE Students Receiving Aid	Grant Aid as a % of State Higher Ed. Funds
	Need-Based Aid	Need-Based Aid as a Percentage of Total Aid		
New Jersey	\$1,022	90.6%	38.2%	16.1%
New York	980	96.6	35.0	17.5
Washington	915	98.3	35.6	12.3
North Carolina	859	82.6	50.7	10.5
Indiana	829	95.5	25.1	15.5
Illinois	746	95.2	28.2	14.0
Pennsylvania	719	100.0	26.9	17.4
District of Columbia	648	100.0	8.0	N.A.
Minnesota	648	100.0	40.2	10.0
Vermont	559	99.5	36.3	23.1
California	537	100.0	11.6	8.4
Kentucky	535	49.1	62.0	15.0
Texas	515	100.0	24.2	7.7
Oklahoma	501	88.1	60.2	7.9
Oregon	494	99.9	37.6	10.4
Connecticut	491	99.5	19.2	6.1
West Virginia	483	43.2	40.7	18.0
Ohio	482	79.2	36.5	11.5
Maryland	462	94.5	24.5	6.1
Wisconsin	443	97.2	25.6	8.7
South Carolina	396	20.6	68.1	32.6
Virginia	395	67.1	31.7	10.9
Missouri	376	71.9	24.1	11.7
Delaware	371	79.0	20.8	7.4
Maine	347	100.0	36.2	6.1
Colorado	338	87.6	25.9	13.0
Tennessee	329	24.2	53.2	20.2
Iowa	315	92.8	12.1	7.2
Massachusetts	298	94.0	32.9	9.2
New Mexico	265	29.5	49.7	7.8
Florida	236	25.5	45.4	14.3
Arkansas	232	71.8	13.6	4.6
Michigan	220	55.4	34.4	8.5
Nevada	218	35.7	45.7	7.0
Puerto Rico	168	100.0	41.3	N.A.
Rhode Island	167	100.0	17.2	6.5
Louisiana	163	17.6	37.1	9.3
Nebraska	147	100.0	42.9	2.0
Kansas	140	99.1	8.9	2.3
Montana	139	87.6	14.8	2.8
Alaska	110	100.0	102.1	0.6
Alabama	100	88.2	8.2	1.5
North Dakota	76	79.8	11.0	1.4
New Hampshire	71	99.9	9.5	2.6
Arizona	54	99.0	2.6	1.8
Utah	51	76.9	7.2	1.4
Idaho	45	32.1	17.0	2.0
Hawaii	44	100.0	2.0	0.3
Mississippi	24	13.1	23.0	2.4
Wyoming	7	100.0	1.1	0.0
South Dakota	5	4.8	7.7	2.5
Georgia	4	0.2	70.8	18.0
U.S. Average	\$476	80.3	29.8	10.9
U.S. Midpoint	\$334	93.4	27.6	8.2

Source: National Association of Student Grant and Aid Programs 40th Annual Survey Report.