



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #446

WHEG-UW Maximum Award (Higher Educational Aids Board)

[LFB 2003-05 Budget Summary: Page 271, #4]

CURRENT LAW

The WHEG-UW program provides grants to resident undergraduate students enrolled at least half-time. Eligible students may receive grants of \$250 to \$1,800 per year for no more than ten consecutive semesters. Under 2001 Act 109, the WHEG-UW appropriation will change from a biennial sum certain to a sum sufficient appropriation effective July 1, 2003, and annual funding increases for the WHEG-UW appropriation will be linked to the highest prior year increase for undergraduate resident tuition at any UW System starting in 2003-04. Base GPR funding in 2002-03 for this program is \$21,839,600.

GOVERNOR

Delete the current \$1,800 limit on the maximum grant award for the Wisconsin higher education grant (WHEG) program for UW System.

DISCUSSION POINTS

1. The WHEG-UW program provides grants to resident undergraduate students enrolled at least half-time at UW System campuses. Currently, WHEG grants are limited by statute to a minimum of \$250 and a maximum of \$1,800 per academic year. The number of students who will receive awards and the average amount of each award are determined by formula using nationally approved needs methodology. The average grant was \$1,012 in 2001-02.

2. In 2001-02, a total of \$19,380,141 was expended for WHEG-UW providing approximately 19,100 UW System students with grants. Base funding for the WHEG-UW program is \$21,839,600 in 2002-03. Under SB 44, total funding available for WHEG-UW grants would increase from base funding of \$21,839,600 in 2002-03 to \$27,199,600 in 2003-04 and \$34,959,600

in 2004-05, which would represent 24.5% and 28.5% annual increases, respectively.

3. The Governor's proposal would eliminate the maximum grant statutory language under the WHEG-UW program and allow the administering agency and policy body to determine the maximum grant award. According to executive budget staff, the Governor lifted the current \$1,800 maximum award cap to help the most needy WHEG-UW award recipients. Based on 2001-02 applicant data, approximately 47% of the grant recipients are eligible for the maximum \$1,800 award. It could be argued that since almost half of the program's recipients are eligible for the maximum grant, it is becoming more difficult to distinguish the neediest students, who should receive larger grants, from those who show less need. Thus, it could be argued that the grant is losing its effectiveness in providing the greatest assistance to the neediest students. Allowing the HEAB Board (or the UW Board of Regents under SB 44) to set the maximum under the WHEG-UW formula would allow the formula to be set to provide greater financial aid to the neediest students.

4. It could be argued that increasing the maximum grant award amount would result in fewer overall awards for the WHEG-UW program. However, that is less of a concern with the WHEG-UW awards given the level of funding provided by the Governor for the program under SB 44, and the continued link between WHEG-UW appropriation increases to tuition increases. Nonetheless, the Committee may wish to add language that would allow the administering agency and policy making board to increase the maximum grant award if it is determined, to the best of its ability, that increasing the grant maximum would not decrease the total number of grant recipients receiving an award. Such a provision was added under 2001 Act 16 related to eliminating the tuition grant statutory maximum.

5. The current \$1,800 limit has remained unchanged since 1979-80. As a further alternative to the Governor's recommendation, the current \$1,800 limit could be increased to \$2,500. This would maintain legislative oversight by retaining a statutory maximum on these grants, but would allow a maximum grant that is approximately 39% higher than under current law.

ALTERNATIVES

1. Approve the Governor's recommendation
2. Modify the Governor's recommendation to require that HEAB determine that the total number of awards would not be affected by the proposed increase in the maximum grant award.
3. Delete the Governor's recommendation and, instead, increase the current statutory limit on maximum grants from \$1,800 to \$2,500.
4. Delete provision.

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