



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

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Joint Committee on Finance

Paper #466

WHEG Maximum Grant (HEAB)

[LFB 2009-11 Budget Summary: Page 399, #8]

CURRENT LAW

The Wisconsin higher education grant (WHEG) program provides need-based grants to resident undergraduate students enrolled at least half-time at UW System institutions, technical colleges, and tribal colleges located in the state. Under current law, the maximum WHEG award is \$3,000.

GOVERNOR

Delete the statutory WHEG program maximum grant and authorize HEAB to establish the maximum grant award for the WHEG program. Permit HEAB to increase the maximum grant award only if it determines, to the best of its ability, that increasing the maximum grant award would not decrease the total number of students receiving grants in the current year from the number of students who received grants in the previous academic year. Specify that this provision would first apply to WHEG awards granted in the 2009-10 academic year.

DISCUSSION POINTS

1. By law, HEAB must award WHEG grants using formulae that consider student and parental expected contributions and are consistent with generally accepted definitions and nationally approved needs analysis methodology. Each year, HEAB, in cooperation with the presidents of the UW System and WTCS and representatives of the two tribal colleges, approves the formulae that will be used to determine award amounts in the coming academic year. In practice, the maximum grant award for each program is determined by these formulae with the statutory maximum providing an upper bound. Under the formulae approved by HEAB for 2009-10, the maximum

allowable grants would be \$3,280 for UW students, \$1,170 for technical college students, and \$1,800 for tribal college students. The 2009-10 WHEG formulas are based on the amounts of funding provided under the Governor's budget for each program and assumes that current law would be changed to allow HEAB to increase the WHEG maximum grant.

2. Under current law, HEAB may increase the maximum grant award under the tuition grant (TG) program, which provides need-based grants to private college students, if it determines that increasing the maximum grant award would not decrease the total number of students receiving grants in the current year from the number of students who received grants in the previous academic year. Prior to the 2001-02 academic year, the maximum grant was set by statute as the maximum WHEG award is under current law.

3. Since HEAB was granted the authority to increase the maximum TG award, the maximum grant has been increased four times. In total, the maximum grant has increased by \$600 from \$2,300 in 2000-01 to \$2,900 in 2009-10. The maximum TG award has not changed since the 2006-07 academic year when it was increased from \$2,850 to \$2,900. By comparison, the maximum WHEG award, which is set by statute, has been increased twice during that time from \$1,800 in 2000-01 to \$2,500 in 2003-05 to \$3,000 in 2005-07, a total increase of \$1,200.

4. By law, HEAB may only increase the maximum TG award if it determines that increasing the maximum grant award would not decrease the total number of students receiving grants in the current year from the number of students who received grants in the previous academic year. However, in three of the four years in which HEAB has increased the maximum TG award, the number of TG recipients has decreased from the prior year. The following table shows the maximum TG award and the number of recipients in each year from 2000-01 to 2008-09.

Tuition Grant Program

	<u>Maximum Award</u>	<u>Number of Recipients</u>
2000-01	\$2,300	12,343
2001-02	2,300	11,089
2002-03	2,350	11,673
2003-04	2,500	10,392
2004-05	2,500	10,880
2005-06	2,850	10,818
2006-07	2,900	9,146
2007-08	2,900	10,073
2008-09*	2,900	10,433

*Preliminary data.

5. The statutory language change proposed by the Governor would allow HEAB to increase the maximum grant without legislative approval. As an alternative, the Committee could increase the statutory maximum grant amount from \$3,000 to \$3,700. This increase would be consistent with the funding provided for WHEG-UW under AB 75 which is intended to increase

WHEG awards by an amount equal to the dollar increase in UW System tuition in 2009-10 and 2010-11. If tuition increases by 5.5% in each year of the biennium as estimated by the UW System, tuition at UW-Madison, which is the highest in the system, would increase by \$387 in 2010-11. Under this alternative, the statutory maximum would need to be increased by the Legislature in future biennia to permit HEAB to award grants under the WHEG programs of more than \$3,700 (Alternative 3).

6. One possible effect of allowing HEAB to increase the WHEG maximum grant is that the number of students who receive grants could decrease. The Governor's budget recommendations would permit HEAB to increase the maximum grant only if it determines that by doing so the number of students who receive awards would not decrease. Under current law, HEAB may increase the TG maximum grant if it determines that by doing so the number of students who receive awards would not decrease. However, in three of the four years in which HEAB has increased the TG maximum grant, the number of students who received awards has decreased. In addition, fewer students received TG awards in 2008-09 than received awards in 2000-01, before HEAB was permitted to increase the maximum grant.

7. As the maximum grants provided to technical and tribal college students are below the existing statutory limit, the Committee could create a separate statutory maximum grant for the WHEG-UW program and maintain the statutory maximum at \$3,000 for the other two programs. This would reflect difference in the amounts of grants awarded by the WHEG-UW program and the WHEG-TCS and WHEG-tribal college programs (Alternative 2).

8. The formulae for determining WHEG awards in the 2009-10 were approved by HEAB in February, 2009. The approved formula for the WHEG-UW program would provide grants of up to \$3,280 to eligible students. As this amount exceeds the statutory maximum grant, HEAB would have to modify the approved formula for WHEG-UW if the Legislature does not approve the Governor's recommendation or increase the statutory maximum (Alternative 4).

ALTERNATIVES

1. Approve the Governor's recommendation.
2. Delete provision and, instead, create a separate maximum grant award for the WHEG-UW program. Set the maximum grant at \$3,700. The maximum grant for the WHEG-TCS and WHEG-tribal colleges would continue to be \$3,000.
3. Delete provision and, instead, modify current law to increase the maximum grant for all three WHEG programs from \$3,000 to \$3,700.
4. Delete provision, which would retain the current \$3,000 limit on the maximum grant. Under this alternative, HEAB would need to modify its proposed 2009-10 formula for WHEG-UW.

Prepared by: Emily Pope