

ACTION
SEPTEMBER 7, 2022

HIGHER EDUCATIONAL AIDS BOARD
BOARD REPORT #23-05
2023-25 BIENNIAL BUDGET ISSUES
UNIVERSITY OF WISCONSIN SYSTEM



Office of Finance

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September 2022

Stephen Willett, Chair
Connie Hutchison, Executive Secretary
Higher Educational Aids Board
Via Electronic Mail

Dear Board Chair Willett and Executive Secretary Hutchison:

Enclosed with this letter please find a resolution adopted by the Board of Regents of the University of Wisconsin System at their August 2022 meeting. This resolution contains the recommendation for the Wisconsin Grant-UW program that the Board has requested be included in the Higher Educational Aids Board's (HEAB) 2023-25 biennial budget submission.

Total state funding for the Wisconsin Grant-UW program is \$61,894,100 annually. In the 2021-23 biennial budget, state funding for the Wisconsin Grant-UW program remained flat at the 2018-19 level. Since 2009-10 the number of students eligible for Wisconsin Grant-UW has increased from 25,624 in 2009-10 to 29,786 in 2020-21, an increase of 16 percent. To provide financial aid through the Wisconsin Grant to the growing population of eligible students, the UW System has been unable to increase award amounts to individual recipients due to statutory restraints.

The UW System seeks funding for two initiatives related to this grant program:

- Change statutory language and provide additional funding of \$22,000,000 over the 2023-25 biennium to allow for a higher maximum award amount, and
- Provide ongoing funding of \$2,500,000 to recognize new federal legislation that will result in more students being eligible for the Wisconsin Grant in the future.

The UW System has been unable to increase award amounts to individual recipients due to current statutory restraints limiting a student's annual maximum grant to \$3,150. The \$3,150 maximum does not meet the historic intent of the UW System to cover half of tuition with the Wisconsin Grant for students with the most financial need. Therefore, we request that the \$3,150 cap be deleted in statute and the maximum award would not exceed 50 percent of the total tuition and fees at the UW System comprehensive institutions.

Should the statutory cap be lifted, the UW System requests \$11,000,000 ongoing in 2023-24, for a biennial total of \$22,000,000, to meet the higher grant award.

The *FAFSA Simplification Act*, as part of the federal *Consolidated Appropriations Act, 2021*, changes the Expected Family Contribution (EFC) generated on the Federal Application for Student Aid (FAFSA) to a Student Aid Index (SAI) starting in award year 2024-25. These future changes will result in increases in Wisconsin Grant eligibility. To fill this gap and provide funding for all currently eligible students, the UW System requests \$2,500,000 ongoing funding in 2024-25.

The requested 2023-25 funding for the Wisconsin Grant program will help more students access and complete a quality higher education program, producing a more highly skilled and educated workforce. Additional resources for the Wisconsin Grant program will also help address student debt and affordability, two areas of growing concern to the citizens of Wisconsin.

Thank you for considering this proposal for inclusion in HEAB's 2023-25 biennial budget request. If you have any questions regarding this request, please do not hesitate to contact my office.

Sincerely,
Sean P. Nelson