

ACTION
AUGUST 26, 2022

HIGHER EDUCATIONAL AIDS BOARD
BOARD REPORT #23-06
2023-25 BIENNIAL BUDGET ISSUES
PRIVATE-NON/PROFIT COLLEGES

ALVERNO COLLEGE
BELLIN COLLEGE
BELOIT COLLEGE
CARDINAL STRITCH UNIVERSITY
CARROLL UNIVERSITY
CARTHAGE COLLEGE
CONCORDIA UNIVERSITY
EDGEWOOD COLLEGE
HERZING UNIVERSITY
LAKELAND UNIVERSITY
LAWRENCE UNIVERSITY
MARIAN UNIVERSITY



MARQUETTE UNIVERSITY
MEDICAL COLLEGE OF WISCONSIN
MILWAUKEE INSTITUTE OF ART & DESIGN
MILWAUKEE SCHOOL OF ENGINEERING
MOUNT MARY UNIVERSITY
NASHOTAH HOUSE
NORTHLAND COLLEGE
RIPON COLLEGE
ST. NORBERT COLLEGE
VITERBO UNIVERSITY
WISCONSIN LUTHERAN COLLEGE

August 12, 2022

Steve Willett, Chair
Connie Hutchison, Executive Secretary
Higher Education Aids Board (HEAB)
4822 Madison Yards Way
Seventh floor
Madison, WI 53705

Dear HEAB Chair Willett and Executive Secretary Hutchison,

Thank you for the opportunity to submit the recommendation of the Wisconsin Association of Independent Colleges and Universities (WAICU) for the Wisconsin Grants 2023-25 biennial budget appropriation for students attending private, nonprofit colleges and universities. I am retiring today, August 12, 2022, making this my last appropriation request to the Higher Educational Aids Board (HEAB). I have been honored to work alongside board members and staff, past and present, on our mutual goal of providing educational opportunity for students requiring financial support to pursue higher education. During my time as WAICU President, students at Wisconsin's private, nonprofit colleges and universities received 301,145 awards with a total of \$681,405,467 in Wisconsin Grants. Every year a new class of students urgently needs this assistance to achieve the best in college and career.

This letter constitutes the official 2023-25 state budget request of WAICU. The current annual Wisconsin Grant appropriation of \$28,504,600 represents about 1.56 percent of all state funds for all of higher education. **WAICU is recommending an increase of \$8.5 million in 2023-24 and \$17 million in 2024-25 for a total increase of \$25.5 million over the biennium to account for inflation, recent federal changes, and to update and modernize the Wisconsin Grant private, nonprofit formula that has been in statutes for decades. This modernization is needed to make the formula more simple, transparent, and understandable for students and families.** This appropriation request may also allow larger maximum grant awards for private, nonprofit students as they do in other midwestern states recognizing that private, nonprofit colleges and universities do not receive direct operating support from taxpayers to bring down the cost of tuition. Changes to the Wisconsin Grant private, nonprofit formula and impacts of the federal changes are described in more detail below.

HEAB

WAICU Recommendation for 2023-25 biennial budget

Wisconsin Grants appropriation

Page 2 of 4

August 12, 2022

This budget cycle will require a strong focus to ensure that HEAB programs are working to help low-income students enroll and persist in Wisconsin's colleges and universities. During the COVID-19 pandemic, many low-income students dropped out of college or did not apply. Some students and families lost their jobs. The resultant and deeply concerning drop-off in college enrollment of low-income students and completion of the Free Application for Federal Student Aid (FAFSA) has been studied by many organizations such as the National College Attainment Network, the Wisconsin Policy Forum, and others focused on college attainment, student success, and workforce shortages. WAICU is working closely with concerned Wisconsin stakeholders to address this alarming trend.

Fewer educated workers in the knowledge economy means fewer qualified employees to meet critical workforce needs. Today, there are shortages in engineers, physicians, and teachers. For Wisconsin to be competitive, it is imperative that we focus on increasing the educational attainment of the state's population. Nearly 75 percent of new jobs require a bachelor's degree but only 40 percent of the workforce has one.

The FAFSA Simplification Act included in the federal 2021 Coronavirus Response and Relief Supplemental Appropriations Act mandated significant changes to financial aid eligibility. These changes affect student aid formulas at both the federal and state levels. The FAFSA Simplification Act changed the current eligibility aid formula for federal Pell Grants from the Expected Family Contribution (EFC) formula to a new aid formula known as the Student Aid Index (SAI). Many states, including Wisconsin, use this eligibility metric to determine eligibility for state need-based student aid formulas such as Wisconsin Grants. The Wisconsin Grant formula for students attending private, nonprofit colleges and universities includes EFC within the statutory formula, Wis. Stat. § 39.30(3)(c). Therefore, the statutory language must be changed to reflect the federal changes, while not disrupting students' academic careers.

WAICU and the other sectors will be seeking changes to the Wisconsin Grants formulas given the change from federal EFC to the new SAI calculation. The change in methodology will require an appropriation increase to prevent harm to students while still meeting the needs of eligible Wisconsin Grant recipients.

WAICU, along with its member colleges and universities, is hoping to modify the current Wisconsin Grant formula to modernize the statutory language and to better serve students. The statutory changes WAICU is proposing will achieve the following goals:

- provide simplicity for students applying for financial aid,
- provide transparency for students regarding the financial aid awards they will be receiving regardless of the private, nonprofit college or university they attend,
- create a more efficient, targeted distribution methodology for student aid awards, and
- address the needs of today's students.

Additionally, WAICU and the other higher education sectors aim to structure the formulas to follow the same methodology as Pell Grant awards. WAICU, along with the other sectors of higher

HEAB

WAICU Recommendation for 2023-25 biennial budget

Wisconsin Grants appropriation

Page 3 of 4

August 12, 2022

education, view this as an opportunity to improve the formula methodology to promote greater efficiency in the distribution process. The current formula for students attending private, nonprofit institutions has been in the Wisconsin statutes for decades. It is outdated and does not recognize the needs of the changing student populations or allow for flexibility essential to the efficient management of the awards to the ever more diverse student populations. In other words, it is difficult to predict from year to year which students will apply and from which EFC (now SAI) populations. Having flexibility in the formula will allow HEAB and WAICU institutions to serve students in a more effective, efficient, and transparent manner.

Acknowledging that the new SAI methodology will have a significant impact on the way HEAB administers the Wisconsin Grant Program for all sectors and needed updates to sector formulas, HEAB has established a workgroup to examine these changes in greater detail. To implement these changes, HEAB will need significantly more resources for new technology and upgrades, programing, and staff to administer the programs. The agency has been underfunded and understaffed for years making it difficult to implement programs that have been recently added without additional administrative funding. Two examples include the Veterans Grant for students at private, nonprofit colleges and universities and the nurse educator program, in addition to administering other existing programs. Implementing these changes is complex and labor intensive and upgrading the system will better serve students in all sectors.

Wisconsin Grants are a proven, cost-effective vehicle for expanding opportunity. By expanding state grant aid and targeting those, who, without help, could not attend a college or university, Wisconsin will expand its qualified workforce. State appropriations for needs-based aid also helps ensure that low-income students who do enroll in college emerge with an on-time degree and manageable debt levels.

Unlike public institutions, WAICU members do not receive direct operating support from taxpayers. WAICU members help students by:

- Raising funds. Two-thirds of the grant aid distributed to students enrolled in Wisconsin's private, nonprofit colleges or universities are private funds raised by the institutions themselves.
- Educating more than 53,000 students each year and graduating 23 percent of the state's bachelor's degrees and 35 percent of the state's graduate degrees.
- Having an outstanding four-year graduation rate. A student attending a WAICU college or university has a 49 percent better chance of graduating in four years than if they attended a public institution.

The Wisconsin Grant is the primary state-funded need-based financial aid program for Wisconsin students attending private, nonprofit colleges or universities and represents a significant return on investment of taxpayer funding and for the State of Wisconsin.

HEAB

WAICU Recommendation for 2023-25 biennial budget

Wisconsin Grants appropriation

Page 4 of 4

August 12, 2022

A recent economic impact report found that Wisconsin's private, nonprofit colleges generated \$7.2 billion in economic impact for the state of Wisconsin in 2018-19 and supported 62,825 jobs. The Wisconsin Grant private, nonprofit is a public/private partnership fostering economic mobility of our low-income students, and a stronger economy for all citizens.

I want to thank the Higher Educational Aids Board staff and the staff at the University of Wisconsin System, the Wisconsin Technical College System, and Wisconsin's Tribal Colleges for their collaboration and their commitment to this process.

Please do not hesitate to contact Ms. Rebecca Larson, WAICU senior vice president for advocacy, with any questions you may have.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rolf Wegenke', written in a cursive style.

Rolf Wegenke, Ph.D.

President

C: WAICU Presidents
WAICU Financial Aid Officers
Ms. Rebecca Larson
Dr. Eric Fulcomer