



FINANCIAL AID AND STUDENT COSTS

March 2012 Board of Regents

Outline of Discussion

- **Tuition and State Appropriation Revenue Review**
- **Student Tuition, Cost, and Price**
- **Financial Aid and Student Debt**
- **Institutional Perspectives**
 - **Kathy Sahlhoff, UW-Eau Claire**
 - **Susan Fischer, UW- Madison**
 - **Jane Hojan-Clark, UW-Milwaukee**

To Think About ...

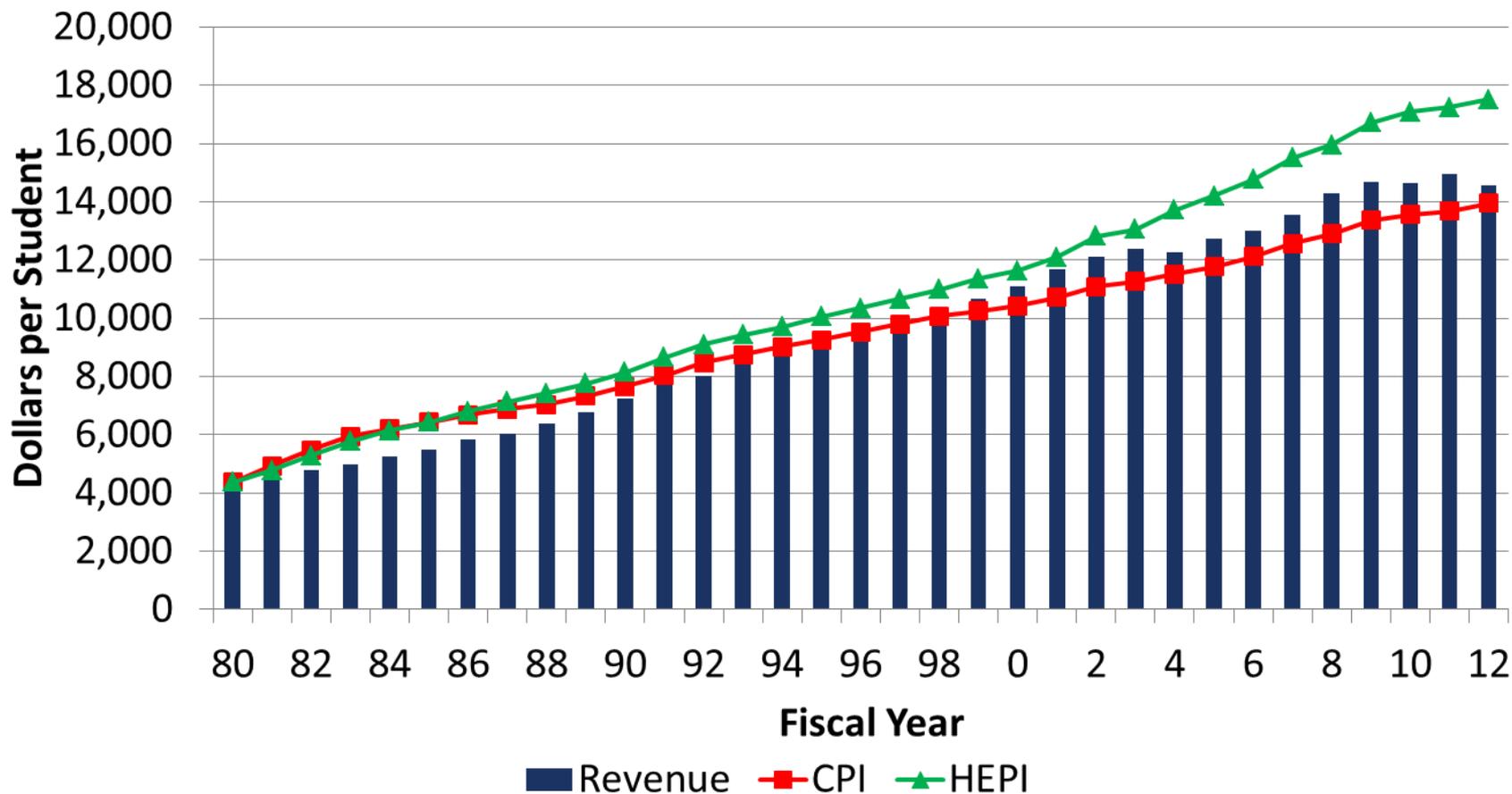
3

Public higher education is subsidized by a state appropriation and federal, state, institutional, and private grants. There is a 30-year trend of decreasing state appropriation per student and increasing tuition without an equivalent increase in total grant funds. At present student debt is rising to fill part of that gap and a larger percentage of students are taking on debt.

- How should we be thinking about student debt relative to other debt that people incur (e.g. auto loans, mortgages, etc.)?
- How do we balance the private and public good of education when we consider costs, state appropriations, tuition, and grant support?
- What are the roles of the Board of Regents in the state and national policy discussions on costs and financial aid?

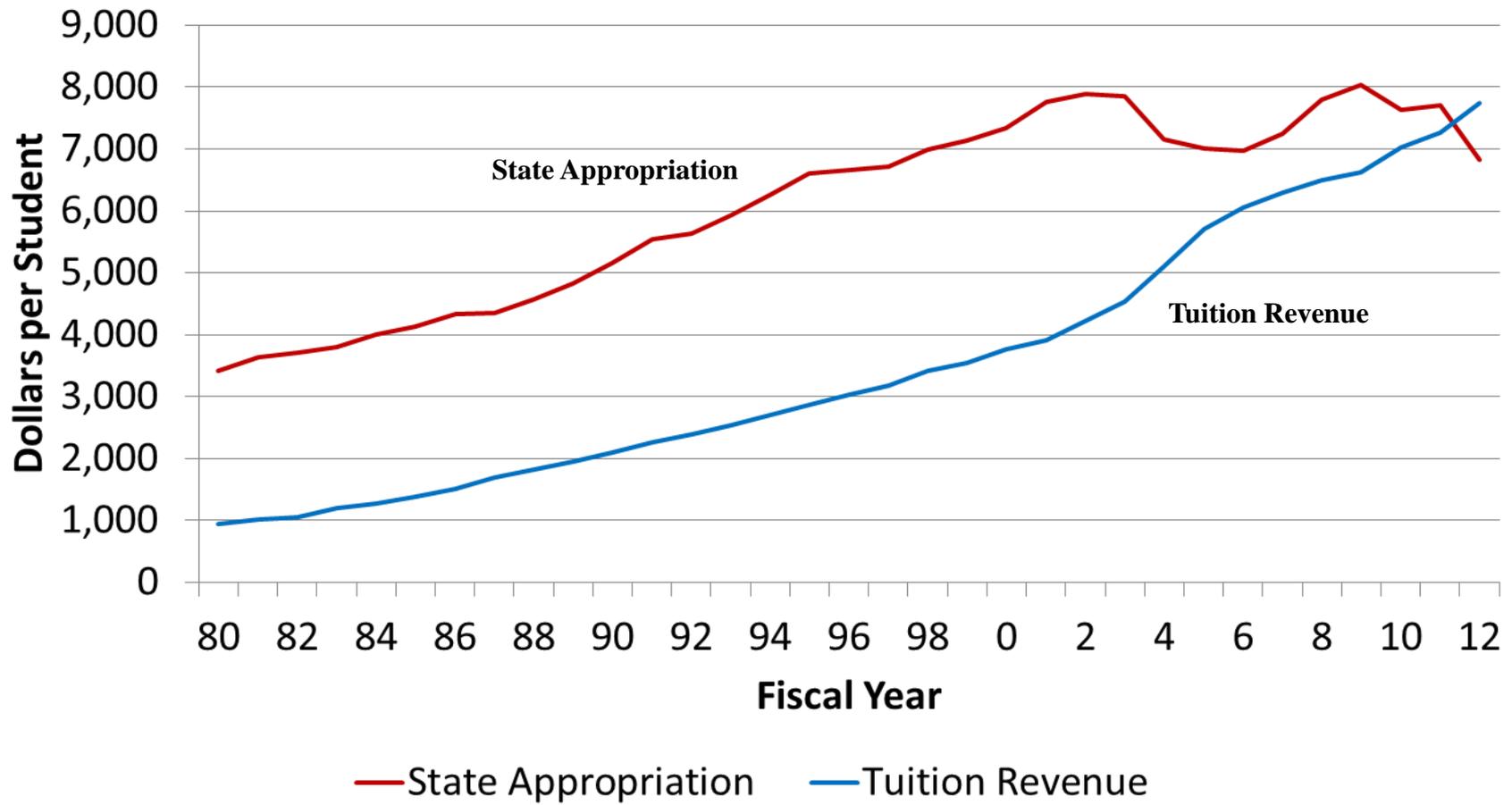
State Appropriation plus Tuition Revenue per Student

4



Comparison of State Appropriation and Tuition Revenue per Student

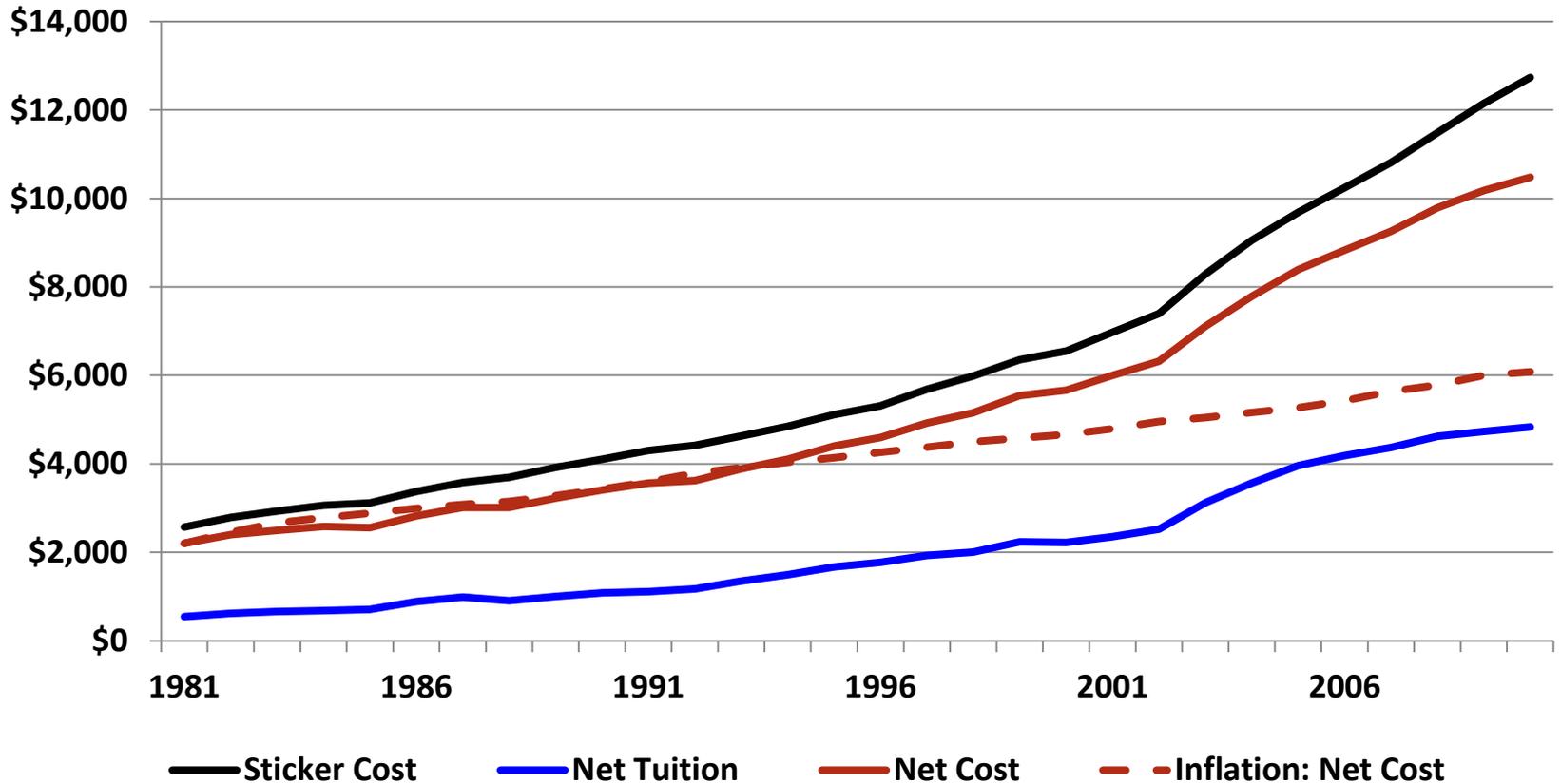
5



UW Comprehensives

Sticker Price, Net Tuition, and Net Cost

6

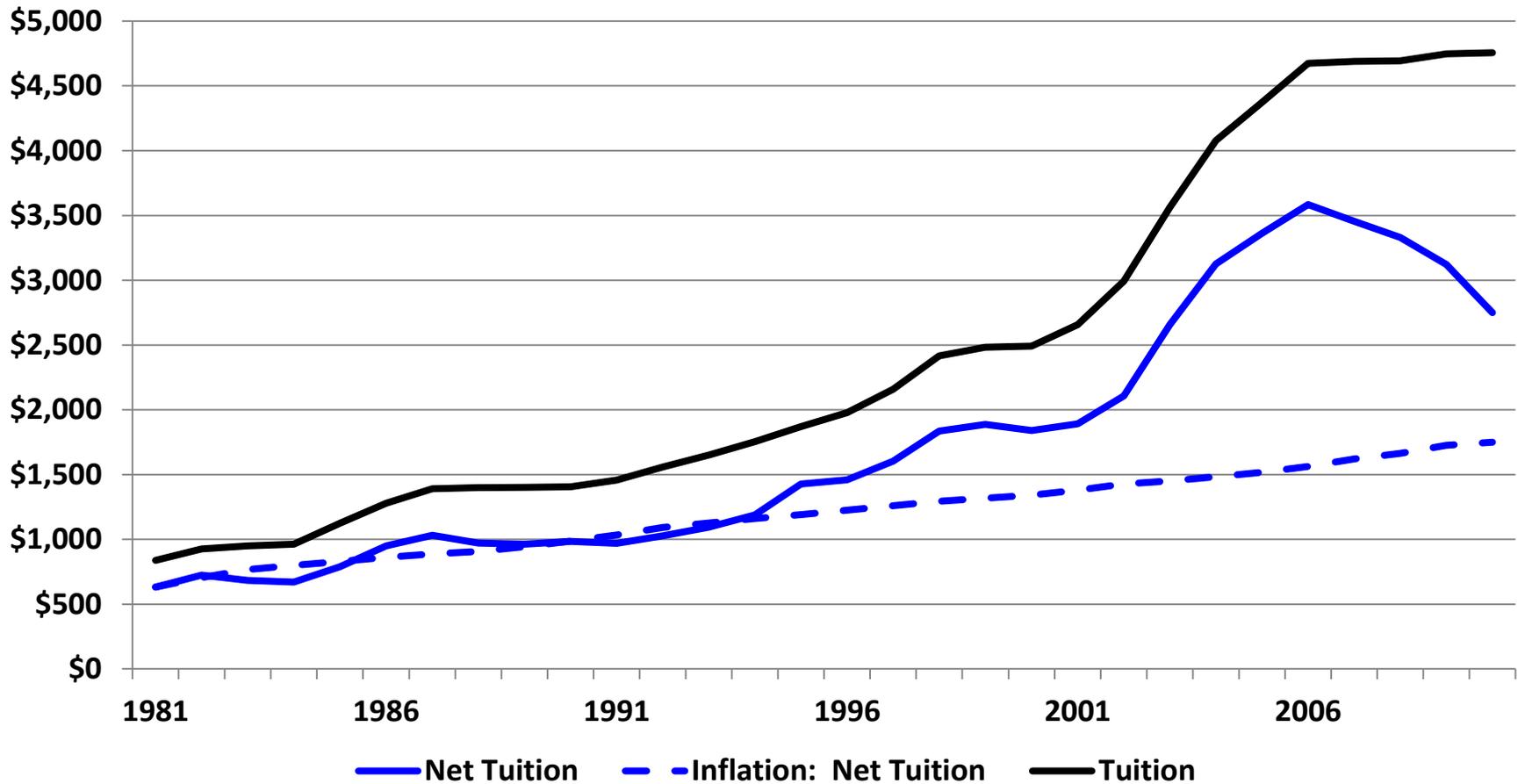


In 2010-2011, grants reduced the sticker price by \$2,253, or 17.7%.



UW Colleges Tuition and Net Tuition

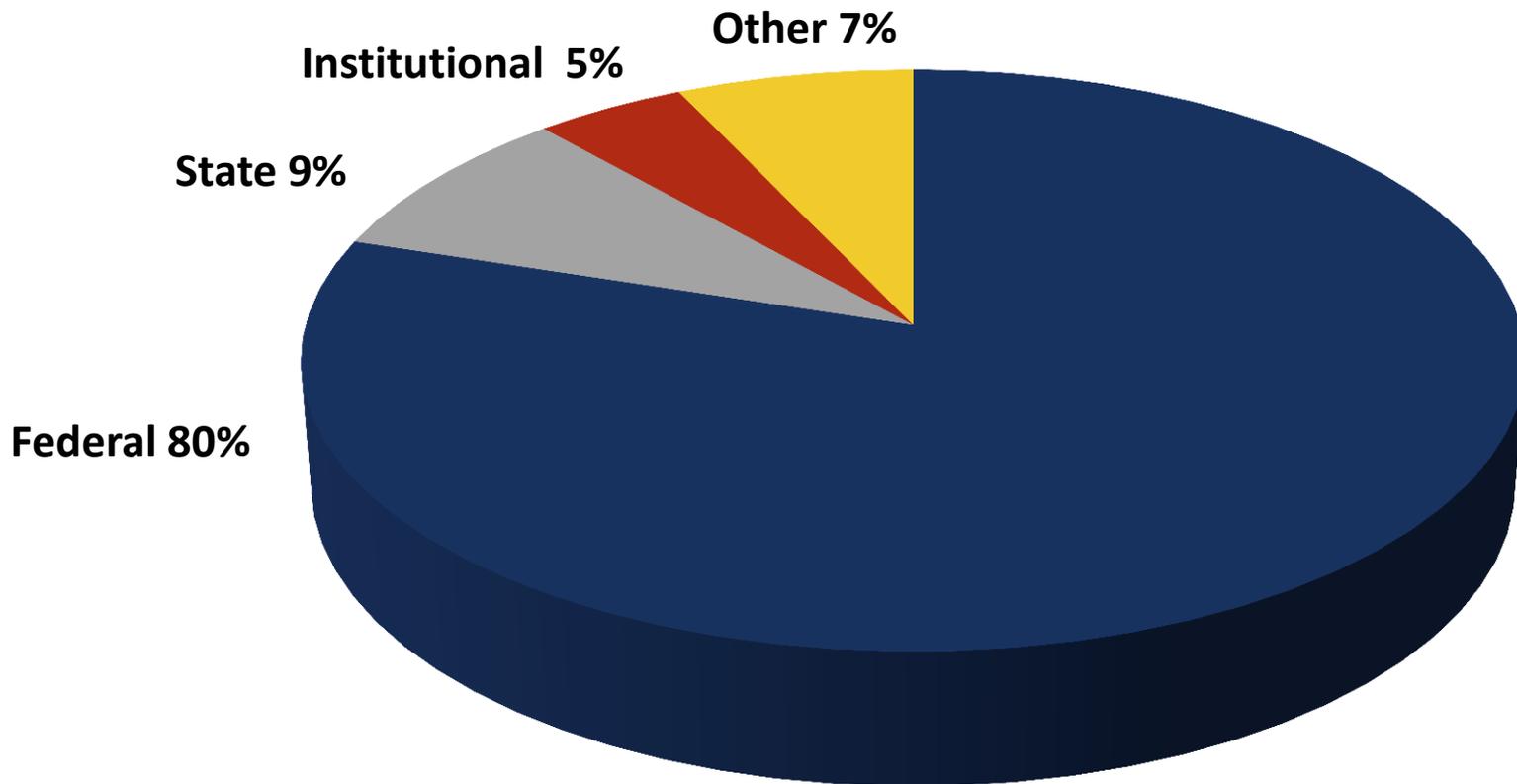
7



Sources of Financial Aid 2010-2011

Wisconsin Resident Undergraduates

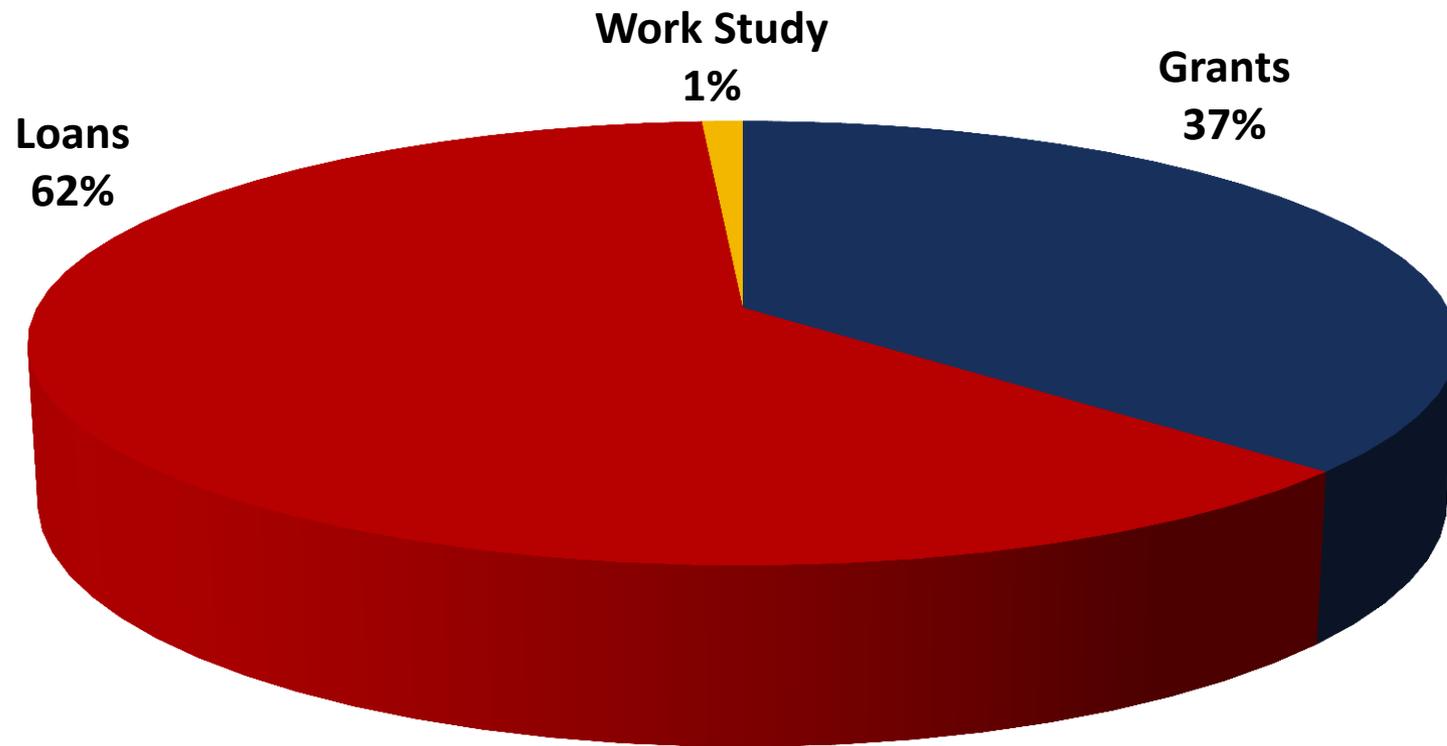
8



Types of Financial Aid 2010-2011

Wisconsin Resident Undergraduates

9



Financial Aid for Wisconsin Resident UW Students: Grants 2010-2011

10

	Pell Grants	Wisconsin Higher Education Grants (WHEG)
Total Funds	\$161.3 M	\$59.5 M
Recipients	43,306	30,344
Average Grant	\$3,725	\$1,962
Range	\$555 to \$5,550	\$843 to \$2,563

Federal loans total \$538.3 M. 47.3% of federal loans are need-based, and loans comprise 72.3% of federal aid to Wisconsin resident undergraduate students.

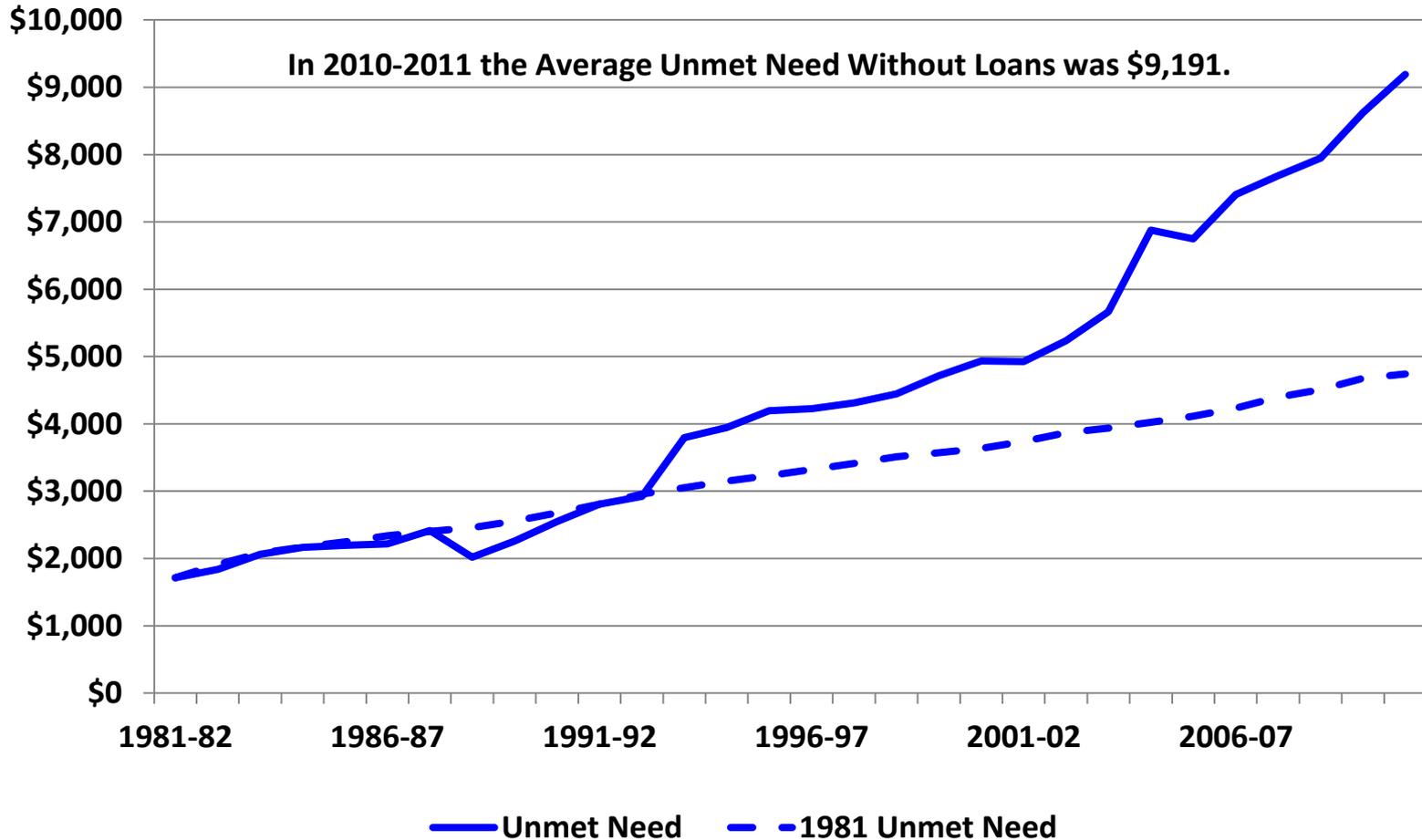
State-Funded Financial Aid: Interstate Comparisons (2009-10)

11

	Wisconsin	Minnesota
State Grant Dollars per Population age 18-24	\$181.49	\$353.73
State Grant Dollars per Undergraduate FTE	\$415.37	\$742.56
Need-based State Grant Dollars per FTE	\$403.25	\$742.25

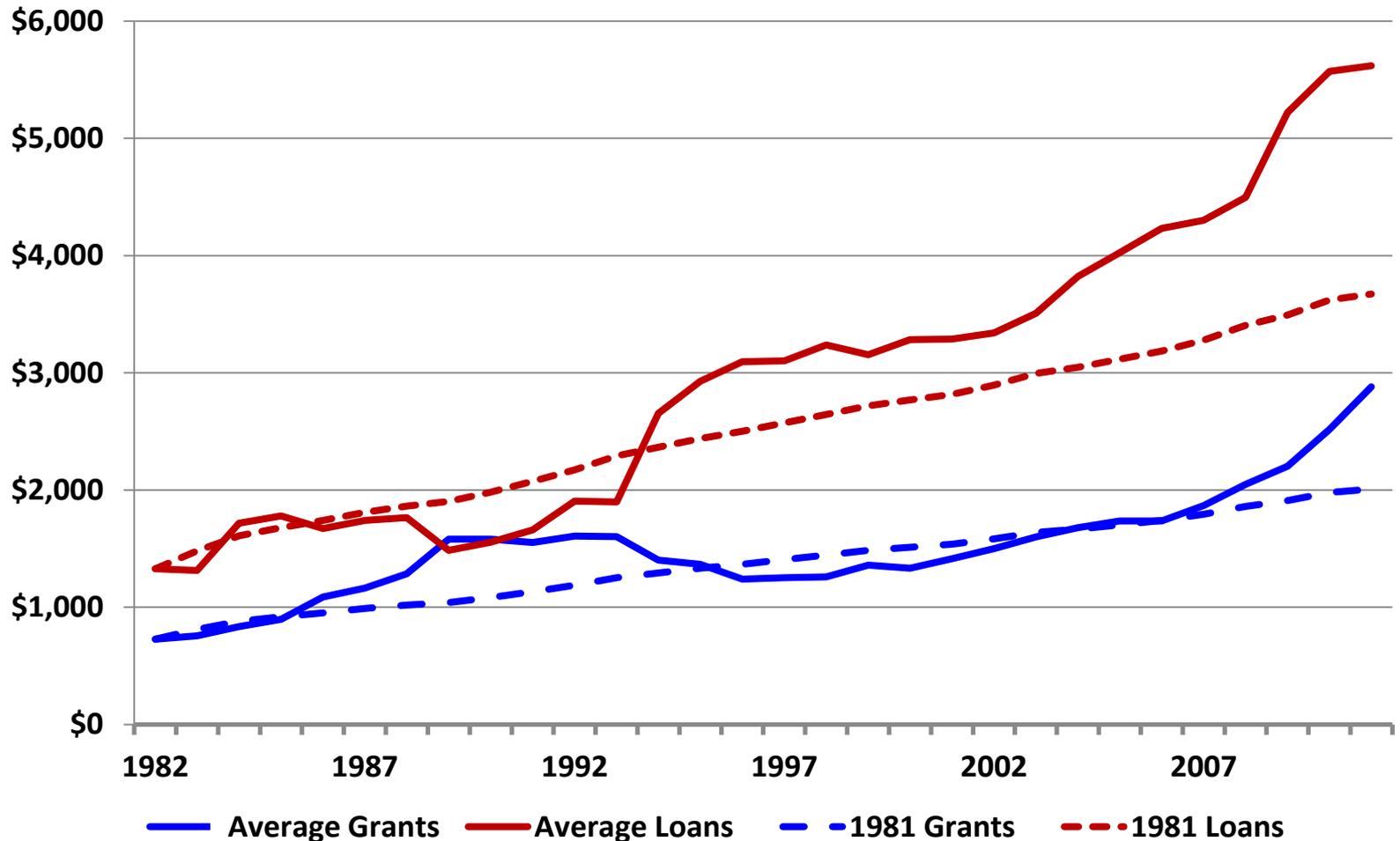
Average Unmet Need Without Loans

12



Data are for students with need.

Average Annual Grant and Federal Loan Awards



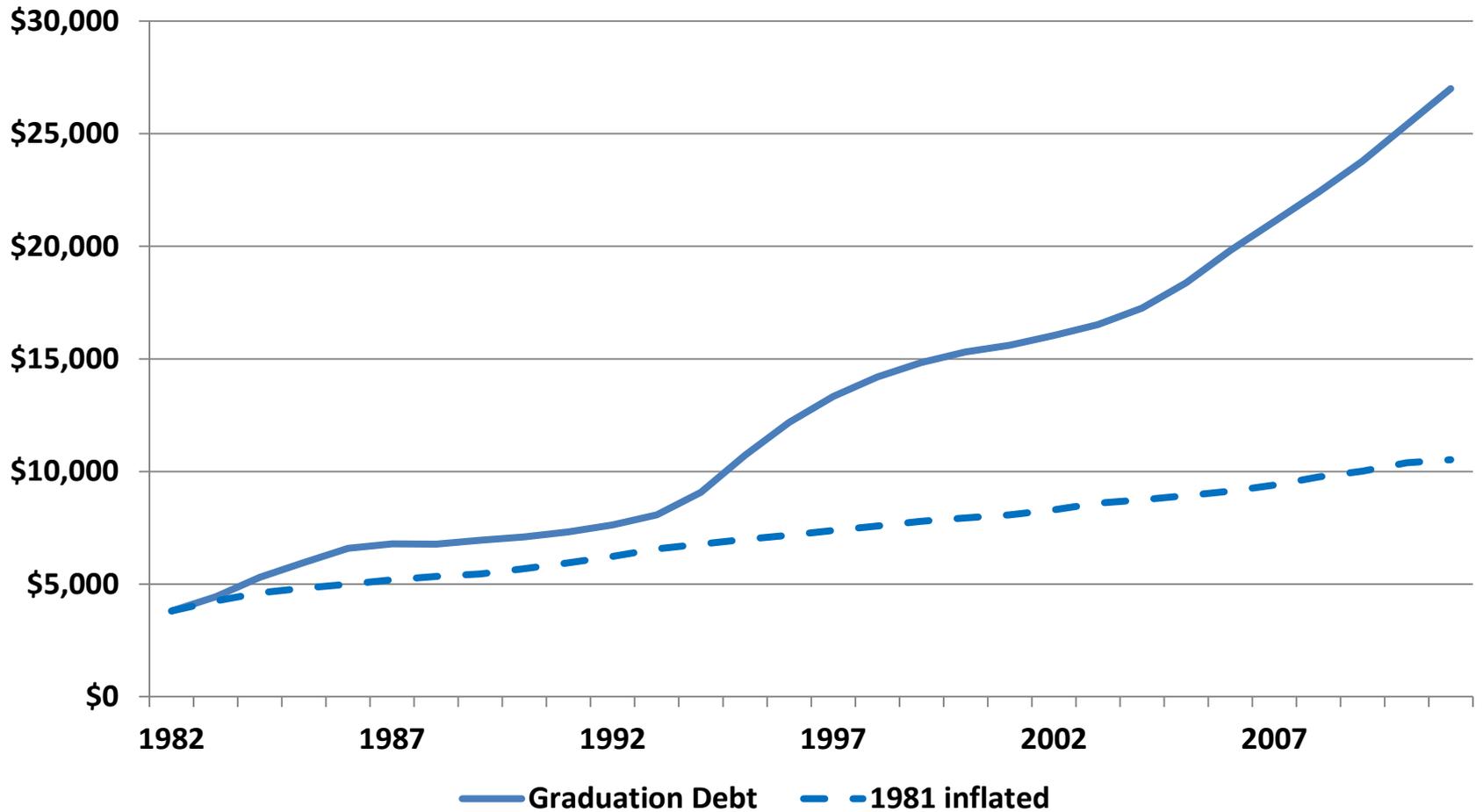
Cumulative Student Loan Debt at Graduation

Wisconsin Resident Undergraduates Completing a Bachelor's Degree Who Borrowed While in College

Year	Loan Recipients	% UG Res Degrees	Average Debt	Avg Debt (FY86 \$)	% \$ Non-Need
84-85	10,016	62%	\$5,954	\$6,123	21%
88-89	9,301	56%	\$6,946	\$6,235	5%
92-93	8,345	50%	\$8,076	\$6,166	16%
96-97	9,261	58%	\$13,332	\$9,129	27%
01-02	10,374	62%	\$16,046	\$9,797	31%
02-03	10,475	62%	\$16,523	\$9,932	32%
03-04	11,885	63%	\$17,250	\$10,085	34%
04-05	11,661	64%	\$18,378	\$10,430	35%
05-06	12,140	66%	\$19,809	\$10,830	36%
06-07	12,735	67%	\$21,104	\$11,250	39%
07-08	13,307	68%	\$22,401	\$11,513	41%
08-09	13,459	69%	\$23,789	\$12,106	43%
09-10	13,878	71%	\$25,397	\$12,745	46%
10-11	14,065	71%	\$27,004	\$13,288	48%

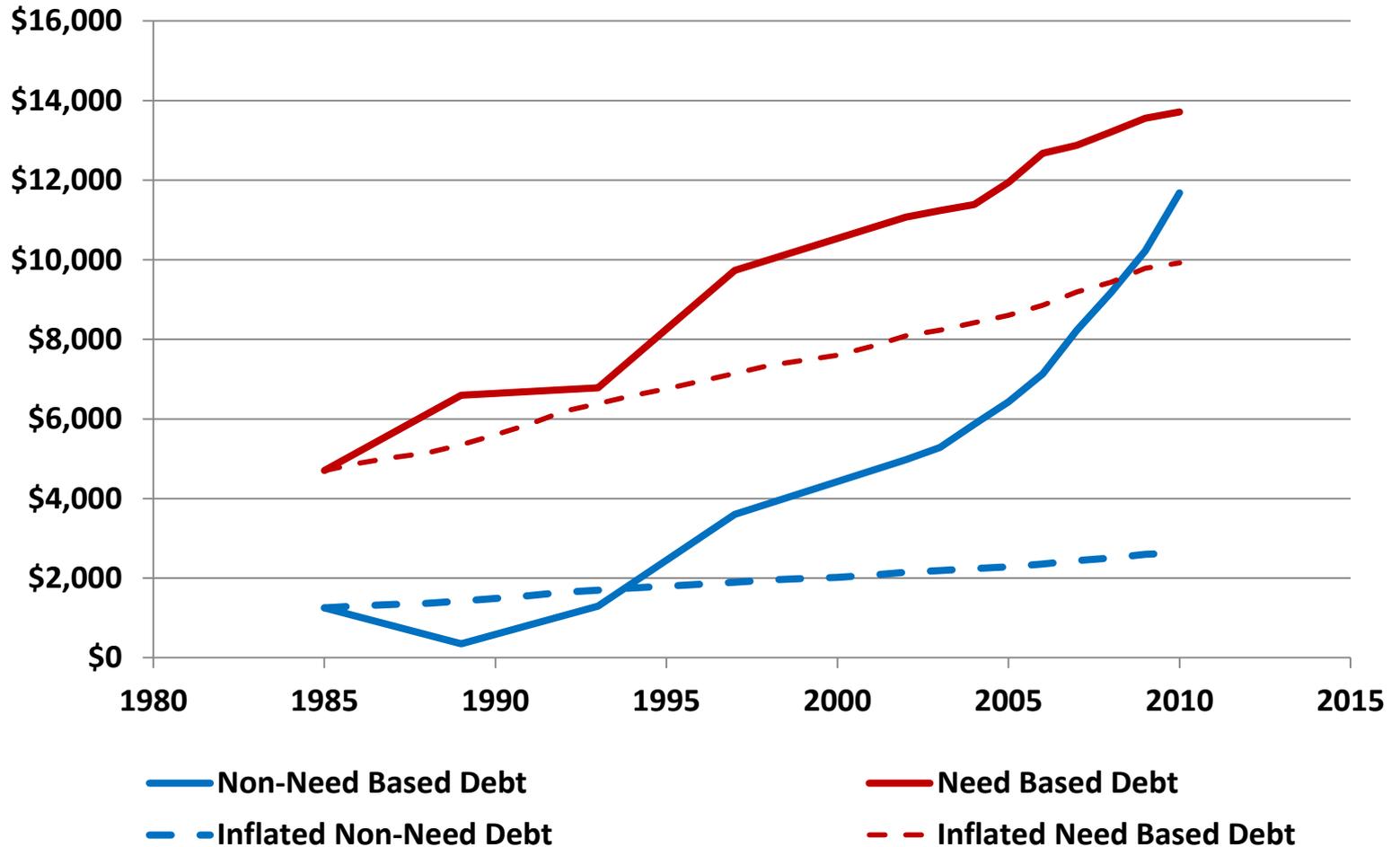
Cumulative Student Loan Debt at Graduation

Wisconsin Resident Undergraduates Completing a Bachelor's Degree Who Borrowed While in College



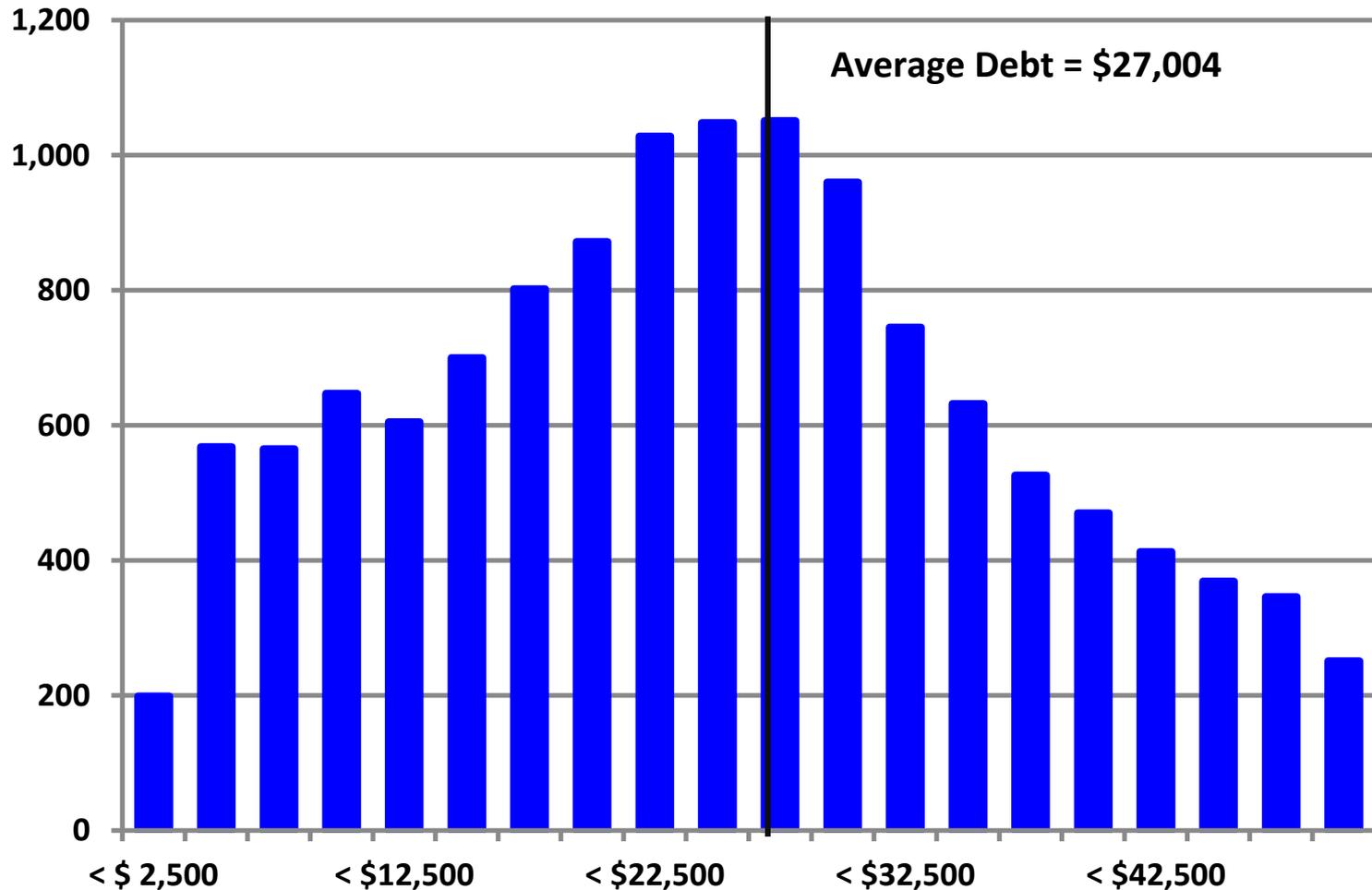
Cumulative Student Loan Debt at Graduation

Wisconsin Resident Undergraduates Completing a Bachelor's Degree Who Borrowed While in College



Cumulative Student Loan Debt for 2010-11

Resident Undergraduates Completing a Bachelor's Degree Who Borrowed While in College



Student Loan Default Rates

	1995	2002	2004	2005	2006	2007	2008	2009
UW System	4.2%	2.5%	1.6%	1.4%	1.3%	1.8%	2.3%	2.8%
National	10.4%	5.2%	5.1%	4.6%	5.2%	6.7%	7.0%	8.8%

Source: U.S. Department of Education

UNIVERSITY OF
WISCONSIN SYSTEM



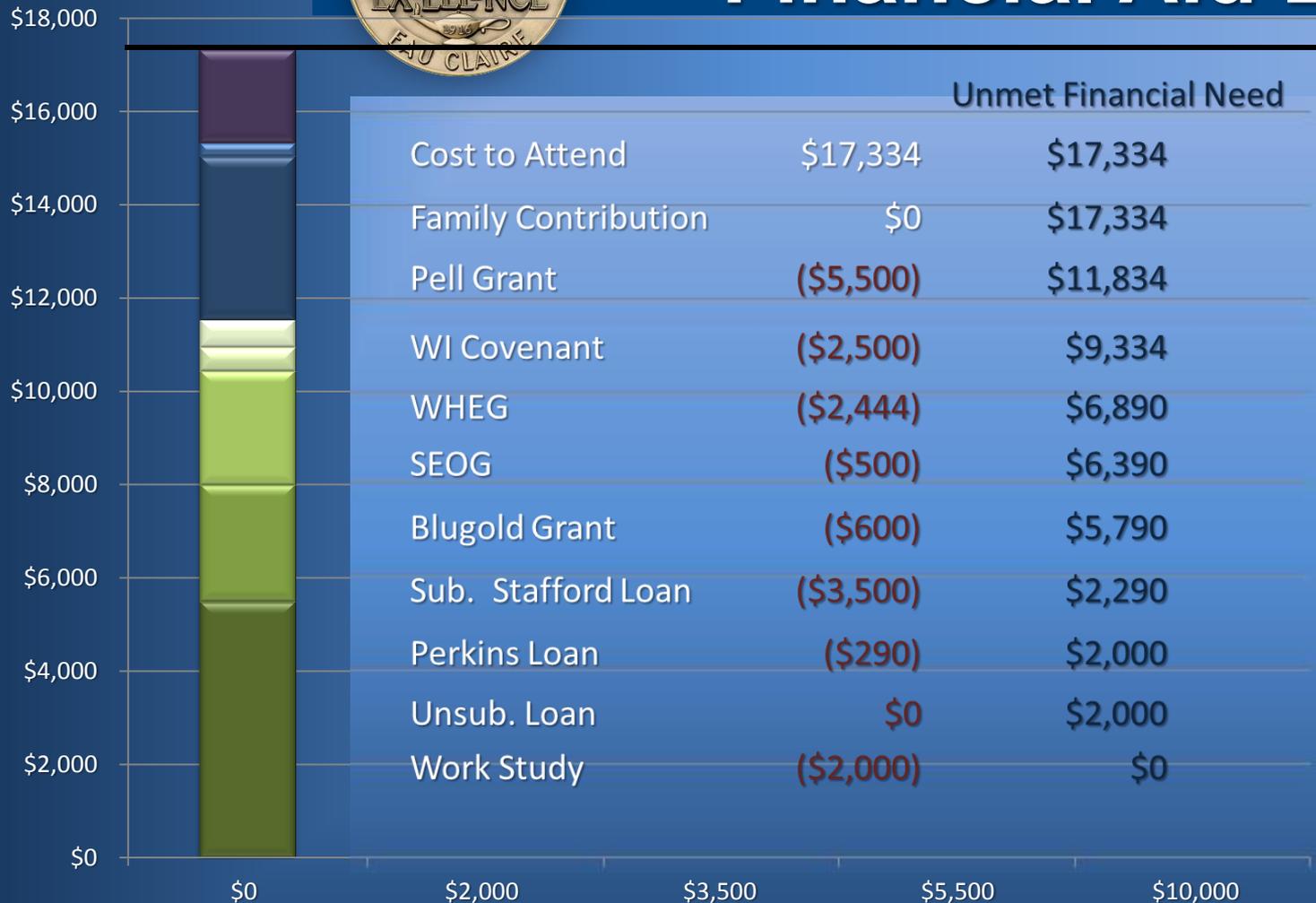
FINANCIAL AID & STUDENT COSTS

KATHY SAHLHOFF, DIRECTOR OF
FINANCIAL AID, UW-EAU CLAIRE

March 2012 Board of Regents



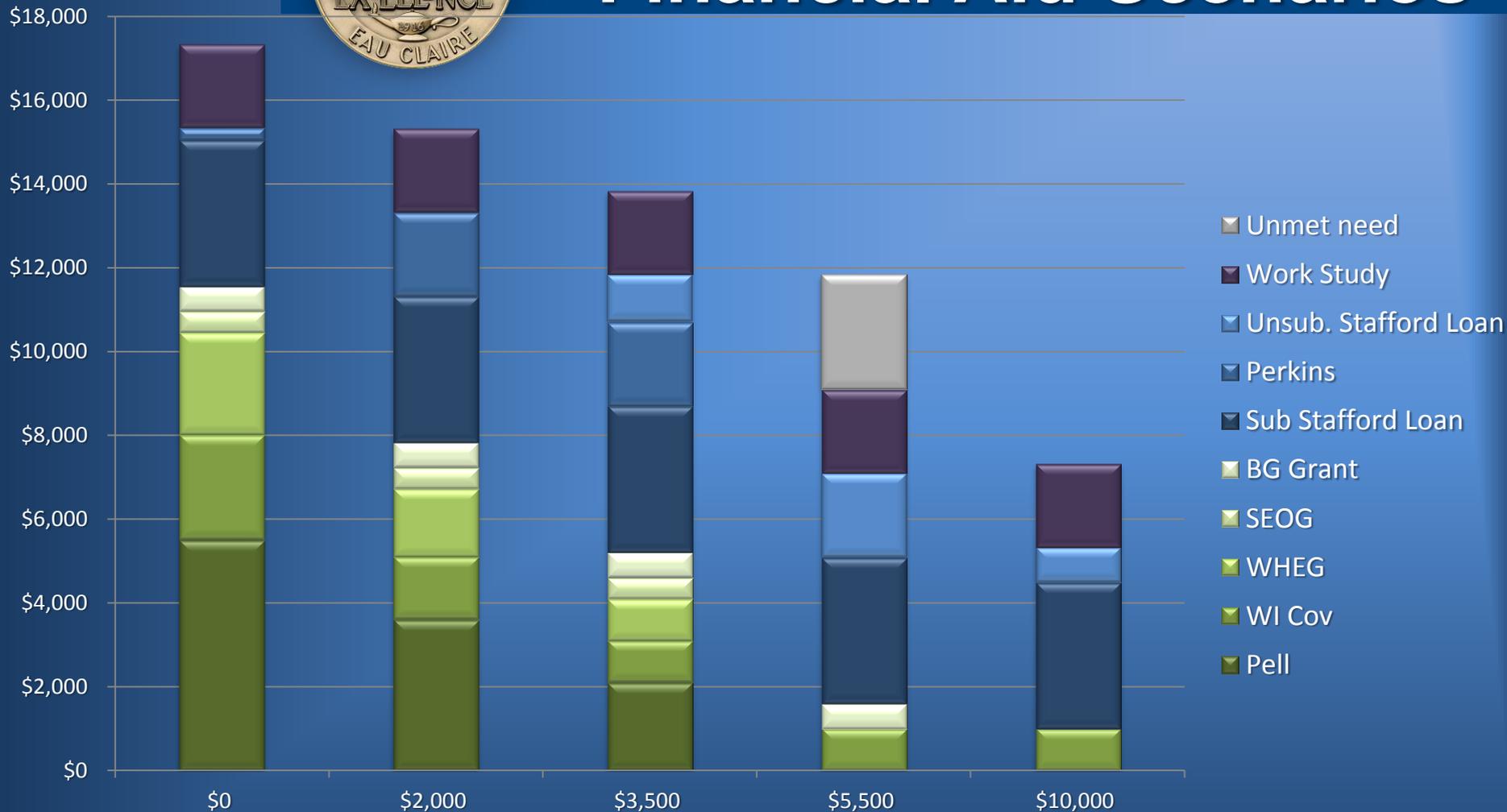
UW-Eau Claire Financial Aid Example



Expected Family Contribution



UW-Eau Claire Financial Aid Scenarios



Expected Family Contribution



UW-Eau Claire Financial Aid Scenarios

<i>Typical Family of Four Income</i> →	\$35,000	\$47,500	\$56,000	\$67,000	\$82,500
Cost to Attend	\$17,334	\$17,334	\$17,334	\$17,334	\$17,334
Expected Family Contribution	(\$0)	(\$2,000)	(\$3,500)	(\$5,500)	(\$10,000)
Need	\$17,334	\$15,334	\$13,834	\$11,834	\$7,334
Pell Grant	(\$5,550)	(\$3,600)	(\$2,100)	(\$0)	(\$0)
WI Covenant Grant	(\$2,500)	(\$1,500)	(\$1,000)	(\$1,000)	(\$1,000)
WHEG	(\$2,444)	(\$1,624)	(\$1,009)	(\$0)	(\$0)
SEOG	(\$500)	(\$500)	(\$500)	(\$0)	(\$0)
Blugold Grant	(\$600)	(\$600)	(\$600)	(\$600)	(\$0)
Sub. Stafford Loan	(\$3,500)	(\$3,500)	(\$3,500)	(\$3,500)	(\$3,500)
Perkins Loan	(\$290)	(\$2,000)	(\$2,000)	(\$0)	(\$0)
Unsub. Stafford Loan	(\$0)	(\$0)	(\$1,125)	(\$2,000)	(\$834)
Work Study	(\$2,000)	(\$2,000)	(\$2,000)	(\$2,000)	(\$2,000)
Unmet Student Need	\$0	\$0	\$0	\$2,734	\$0

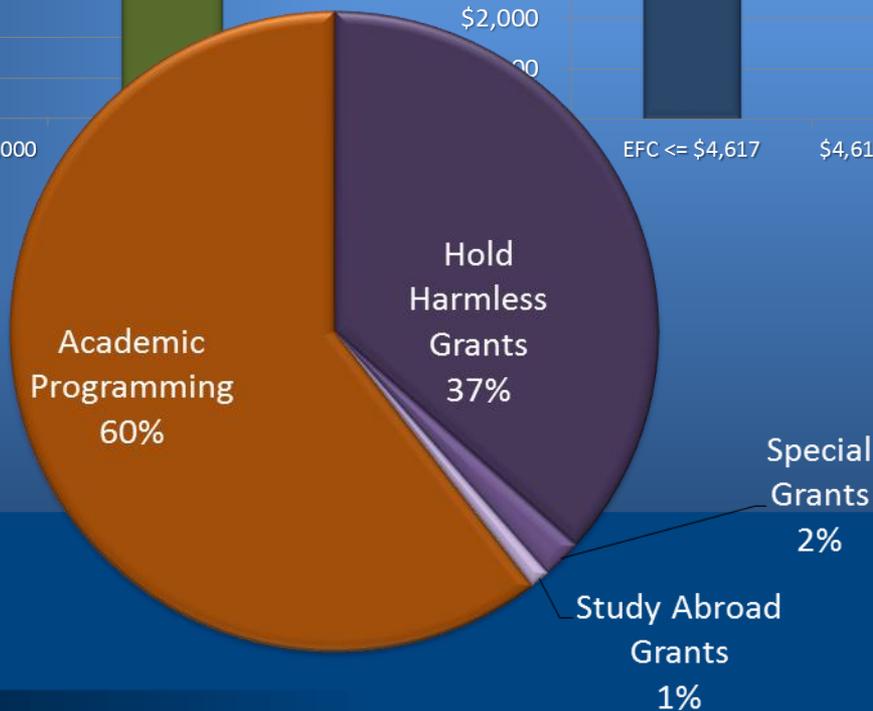
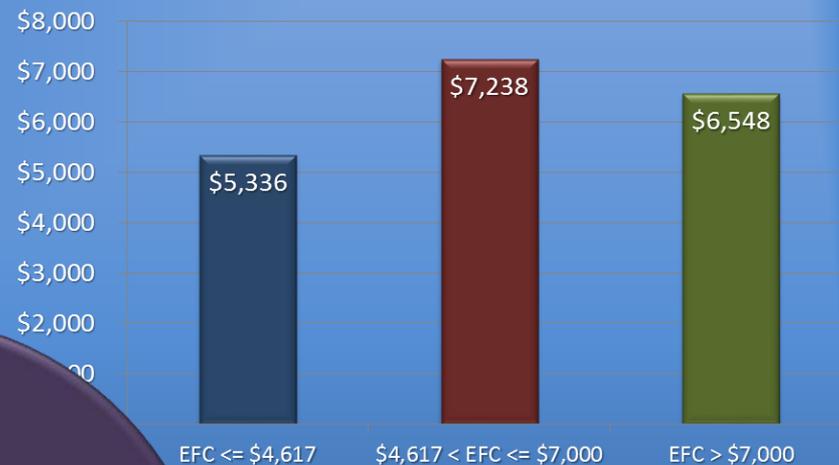


UW-Eau Claire Blugold Commitment

Percent of Students Taking Loans
2009-2010



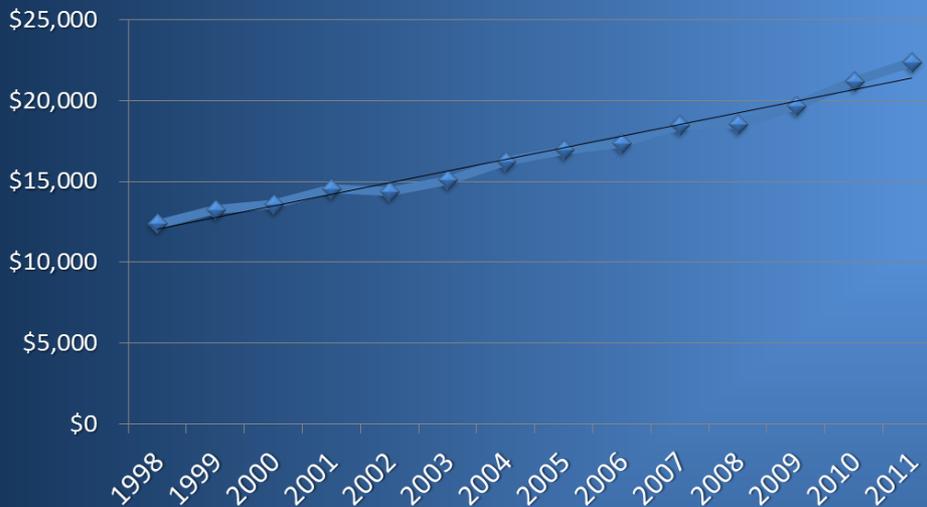
Average Loan Amount
2009-2010



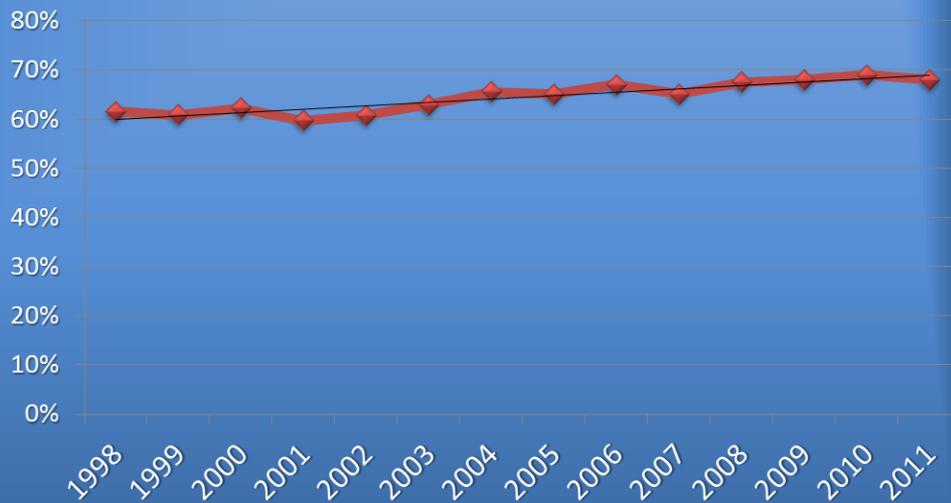


UW-Eau Claire Student Indebtedness

Average Indebtedness of Students Who Borrowed



Percent of Graduating Class Who Borrowed



UNIVERSITY OF
WISCONSIN SYSTEM

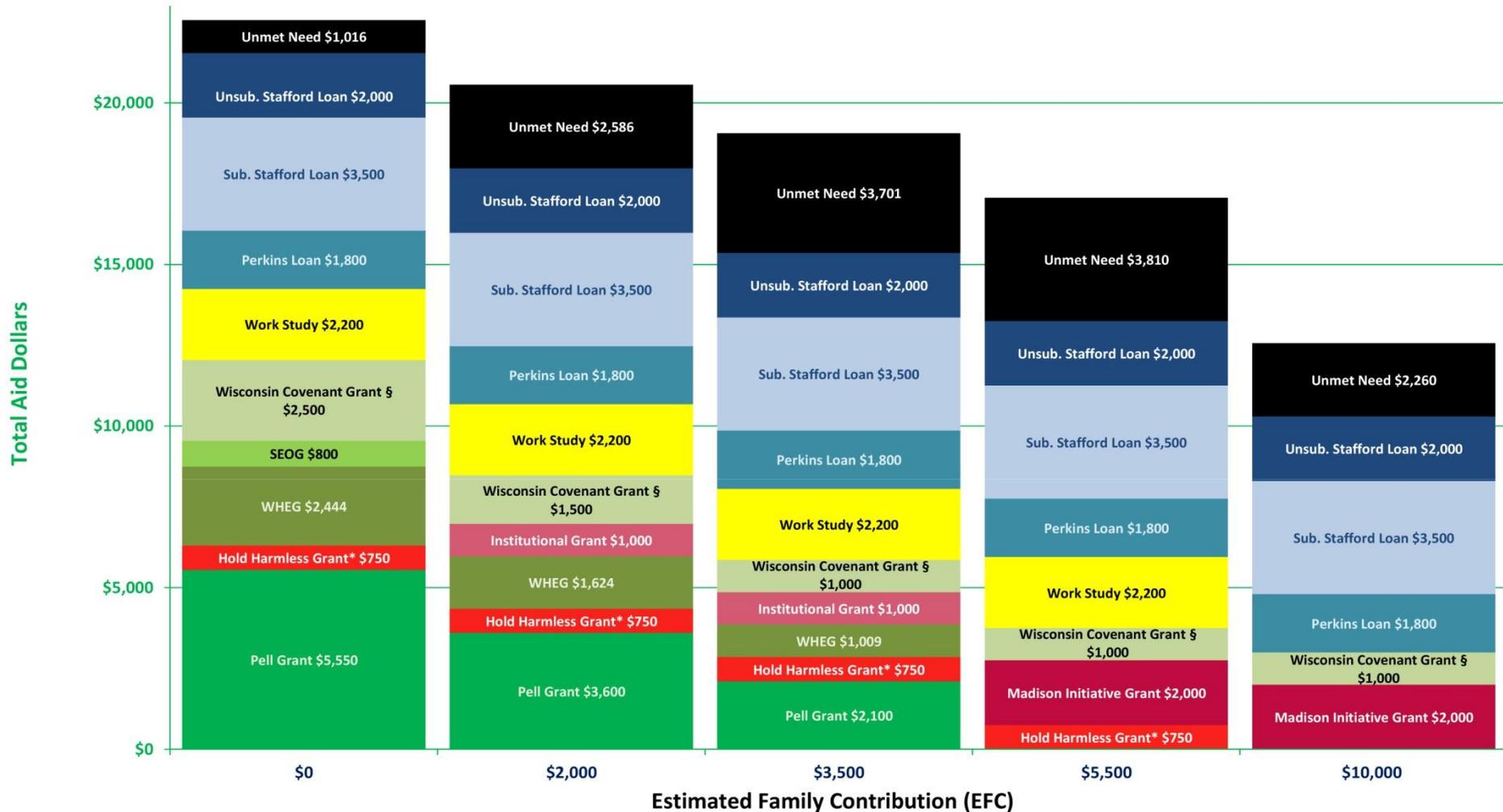


FINANCIAL AID & STUDENT COSTS

SUSAN FISCHER, DIRECTOR OF FINANCIAL
AID, UW-MADISON

March 2012 Board of Regents

2011-12 Financial Aid Awards for Resident Freshmen at UW-Madison



*Parental AGI must be < \$80,000 to receive UW-Madison Hold Harmless Grant
 & Wisconsin Covenant is a State Program in which students elect to participate
 Prepared by John Dreger - Office of Student Financial Aid 03.02.12

2011-12 Financial Aid Awards for Resident Freshmen at UW-Madison

Cost of Attendance	\$22,560	\$22,560	\$22,560	\$22,560	\$22,560
EFC	\$0	\$2,000	\$3,500	\$5,500	\$10,000
Calculated Need	\$22,560	\$20,560	\$19,060	\$17,060	\$12,560
Pell Grant	\$5,550	\$3,600	\$2,100	\$0	\$0
UW-Madison Hold Harmless Grant*	\$750	\$750	\$750	\$750	\$0
WHEG	\$2,444	\$1,624	\$1,009	\$0	\$0
SEOG	\$800	\$0	\$0	\$0	\$0
Institutional Grant	\$0	\$1,000	\$1,000	\$0	\$0
UW-Madison MIU Grant	\$0	\$0	\$0	\$2,000	\$2,000
Wisconsin Covenant Grant §	\$2,500	\$1,500	\$1,000	\$1,000	\$1,000
Work Study	\$2,200	\$2,200	\$2,200	\$2,200	\$0
Perkins Loan	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800
Sub. Stafford Loan	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
Unsub. Stafford Loan	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Unmet Need	\$1,016	\$2,586	\$3,701	\$3,810	\$2,260

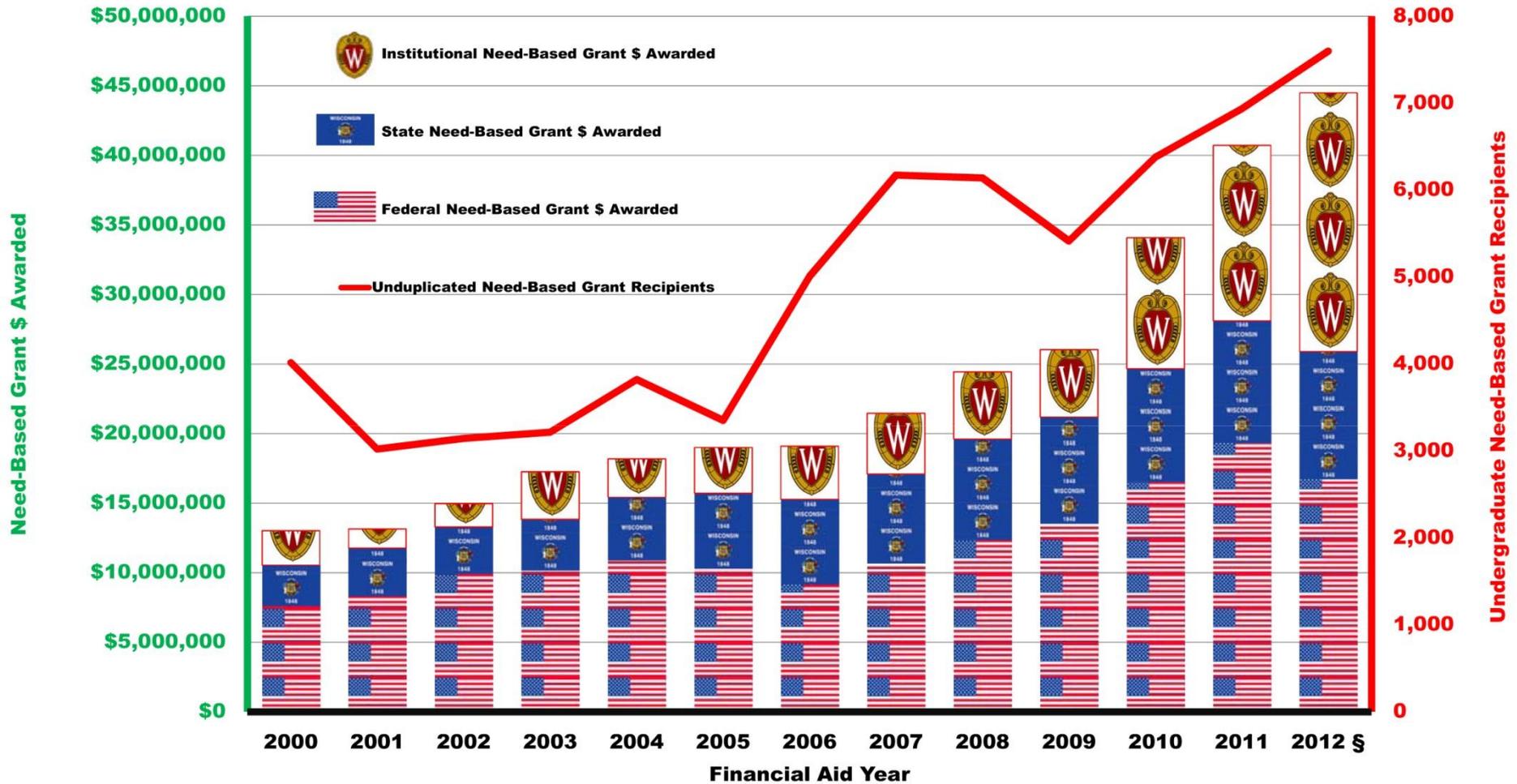
Prepared by John Dreger OSFA 03.02.12

*Parental AGI must be < \$80,000 to receive UW-Madison Hold Harmless Grant

§ Wisconsin Covenant is a State Program in which students elect to participate

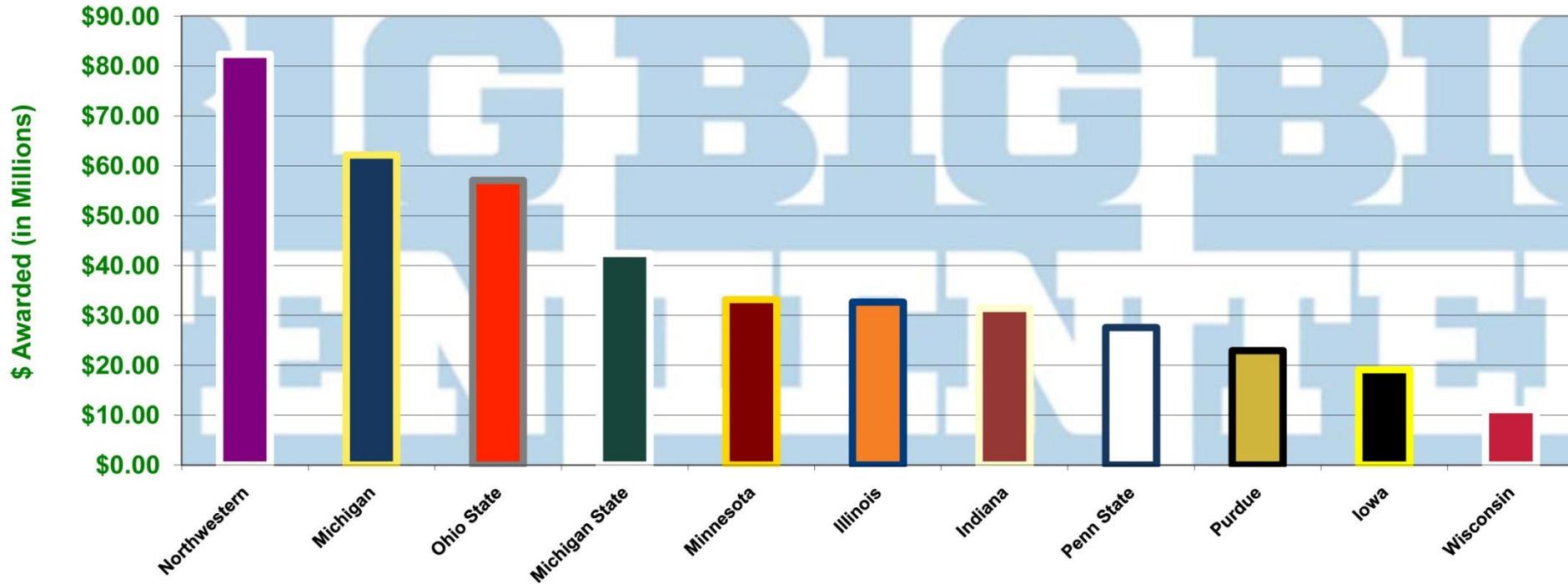


Undergraduate Need-Based Grant Dollars and Recipients at UW-Madison



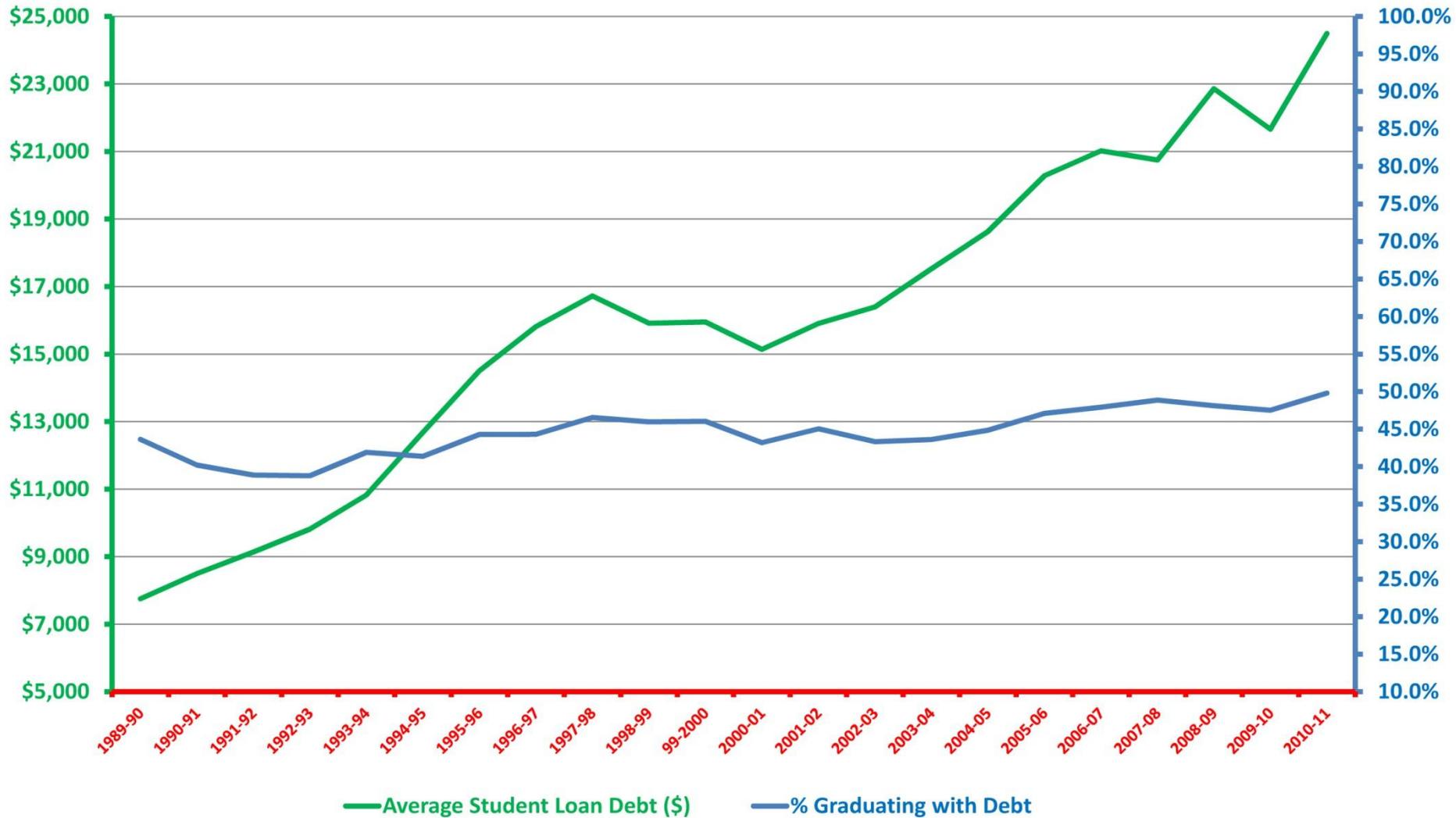
§ Financial Aid Year 2012 is Incomplete
Prepared by John Dreger OSFA 03.01.12

Discretionary Institutional Undergraduate Need-Based Grant Dollars Awarded at Big Ten Institutions 2009-10



Prepared by John Dreger - OSFA 06.29.11
Source is Common Data Set for 2009-10

Undergraduate Student Loan Debt at UW-Madison 1990-2011



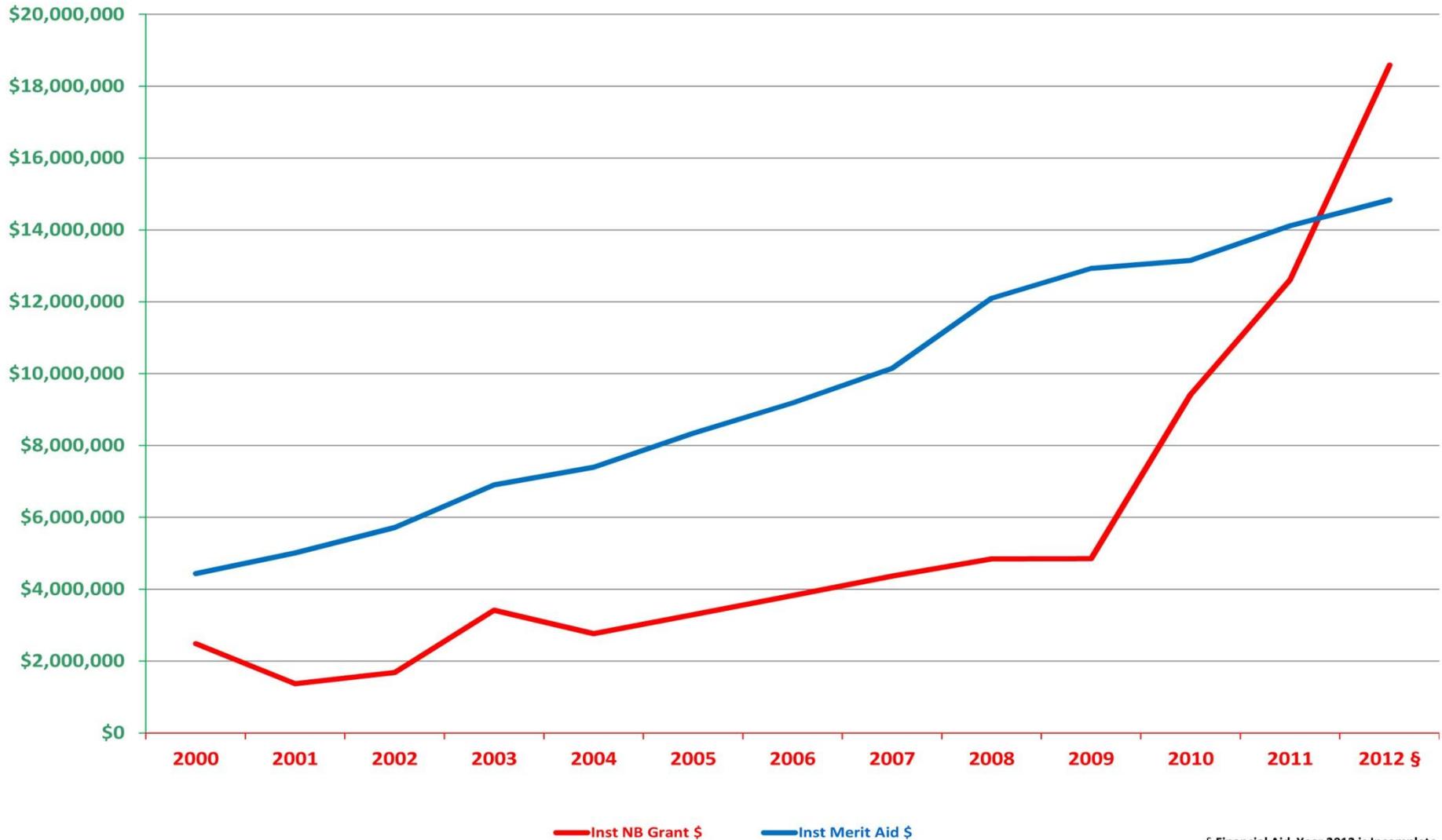
Prepared by John Dreger - OSFA 03.01.12

Undergraduate Student Loan Debt at UW-Madison 1990-2011

	Students Graduating with Debt	Total Students Graduating	% Graduating with Debt	Average Student Loan Debt (\$)
1989-90	2,605	5,971	43.6%	\$7,754
1990-91	2,535	6,305	40.2%	\$8,500
1991-92	2,466	6,345	38.9%	\$9,137
1992-93	2,410	6,215	38.8%	\$9,814
1993-94	2,440	5,824	41.9%	\$10,825
1994-95	2,304	5,569	41.4%	\$12,681
1995-96	2,424	5,474	44.3%	\$14,505
1996-97	2,386	5,386	44.3%	\$15,813
1997-98	2,523	5,420	46.5%	\$16,721
1998-99	2,551	5,550	46.0%	\$15,915
99-2000	2,515	5,462	46.0%	\$15,950
2000-01	2,538	5,877	43.2%	\$15,140
2001-02	2,636	5,854	45.0%	\$15,904
2002-03	2,582	5,960	43.3%	\$16,395
2003-04	2,683	6,153	43.6%	\$17,528
2004-05	2,825	6,298	44.9%	\$18,630
2005-06	2,954	6,273	47.1%	\$20,282
2006-07	2,903	6,059	47.9%	\$21,018
2007-08	3,033	6,206	48.9%	\$20,747
2008-09	3,146	6,537	48.1%	\$22,858
2009-10	3,088	6,500	47.5%	\$21,659
2010-11	3,280	6,588	49.8%	\$24,493

Prepared by John Dreger OSFA 03.01.12

Resident Undergraduate Institutional Gift Aid at UW-Madison 2000-2012 §



§ Financial Aid Year 2012 is Incomplete
Prepared by John Dreger OSFA 03.01.12

UNIVERSITY OF
WISCONSIN SYSTEM

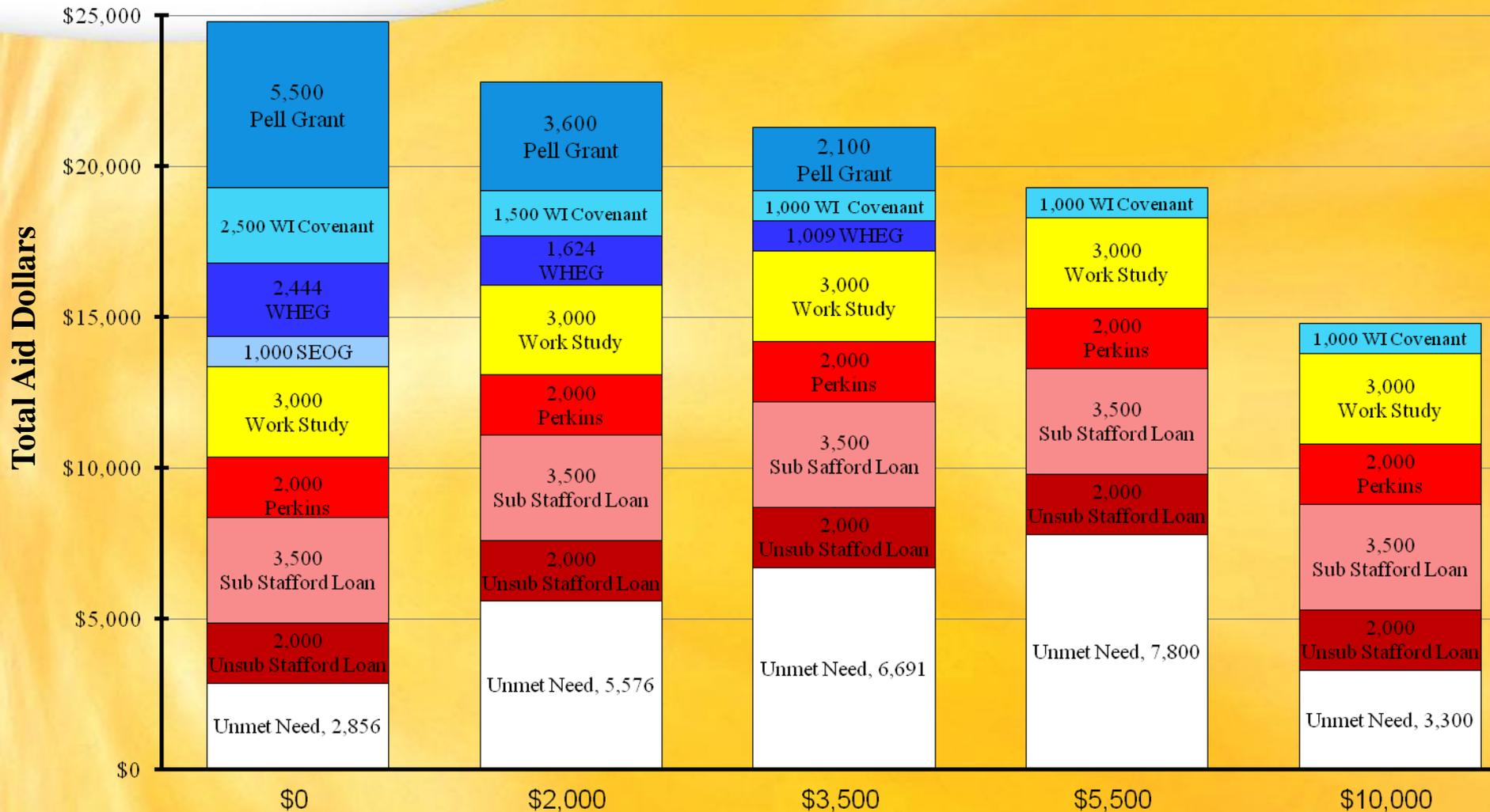


FINANCIAL AID & STUDENT COSTS

JANE HOJAN-CLARK, DIRECTOR OF
FINANCIAL AID, UW-MILWAUKEE

March 2012 Board of Regents

Freshman Financial Aid Scenarios



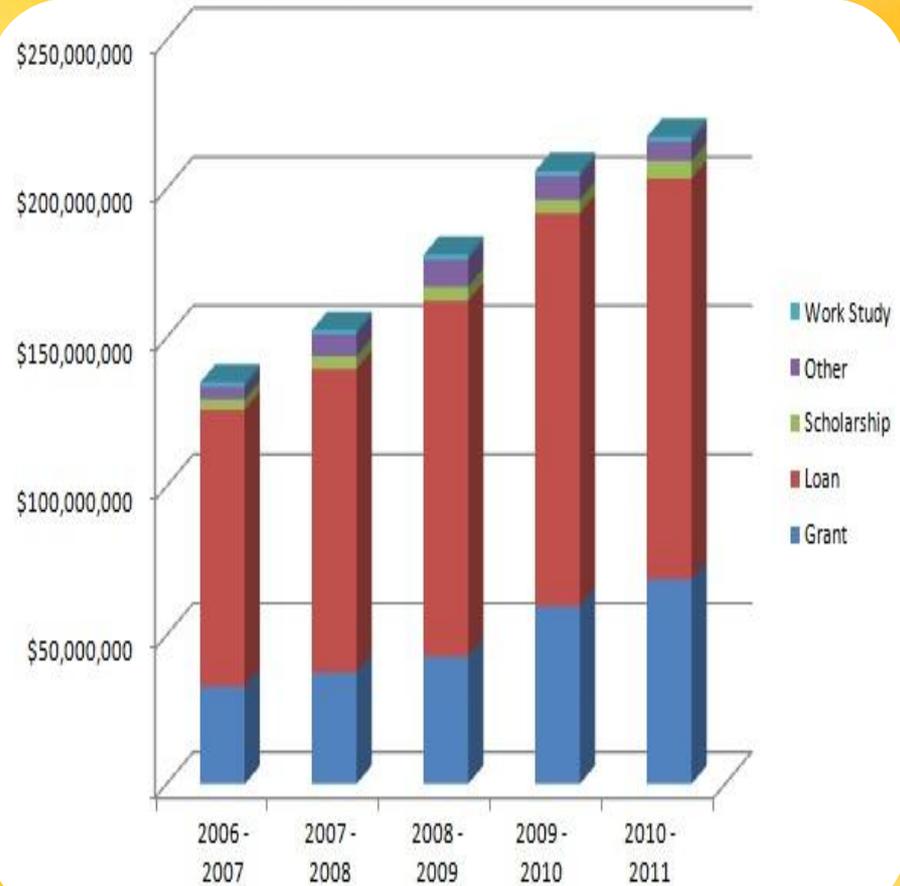
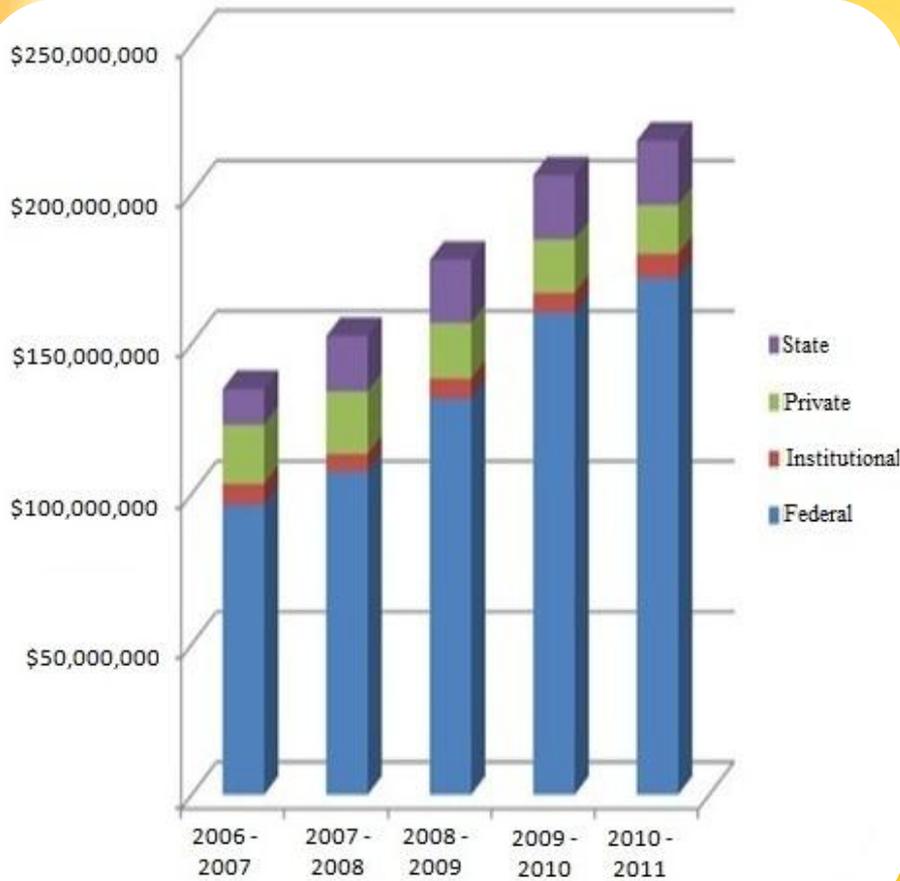
- Cost of Attendance is \$24,800 (maximum cost).
 - Wisconsin Covenant is a State Program in which students elect to participate (302 recipients out of 3,646 freshman enrolled).
 - WHEG was waitlisted beginning end of August (1,385 UG students currently waitlisted with 5,982 UG current recipients).
 - SEOG, Perkins, and Federal Work Study typically run out after first 5,000 students awarded.
 - Full loan eligibility reflected.
 - Average institutional scholarships awarded was \$3,926 - not included (284 recipients).
- Estimated Family Contribution (EFC)**

2011-12

Freshman Financial Aid Scenarios

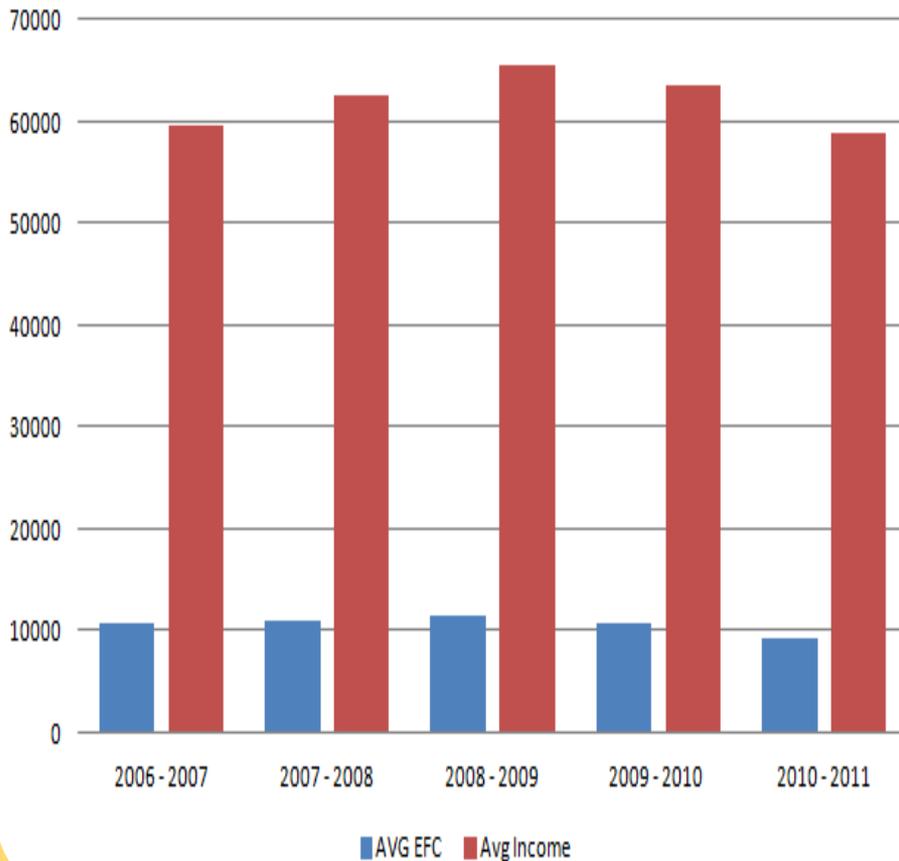
Typical Family of Four Income→	\$35,000	\$47,000	\$56,000	\$67,000	\$82,500
Cost to Attend	\$24,800	\$24,800	\$24,800	\$24,800	\$24,800
Expected Family Contribution	\$0	\$2,000	\$3,500	\$5,500	\$10,000
Need	\$24,800	\$22,800	\$21,300	\$19,300	\$14,800
Pell Grant	(\$5,500)	(\$3,600)	(\$2,100)	(\$0)	(\$0)
WI Covenant Grant	(\$2,500)	(\$1,500)	(\$1,000)	(\$1,000)	(\$1,000)
WHEG	(\$2,444)	(\$1,624)	(\$1,009)	(\$0)	(\$0)
SEOG	(\$1,000)	(\$0)	(\$0)	(\$0)	(\$0)
Work Study	(\$3,000)	(\$3,000)	(\$3,000)	(\$3,000)	(\$3,000)
Perkins	(\$2,000)	(\$2,000)	(\$2,000)	(\$2,000)	(\$2,000)
Sub Stafford Loan	(\$3,500)	(\$3,500)	(\$3,500)	(\$3,500)	(\$3,500)
Unsub Stafford Loan	(\$2,000)	(\$2,000)	(\$2,000)	(\$2,000)	(\$2,000)
Unmet Student Need	\$2,856	\$5,576	\$6,691	\$7,800	\$3,300

Undergraduate Financial Aid Source and Type

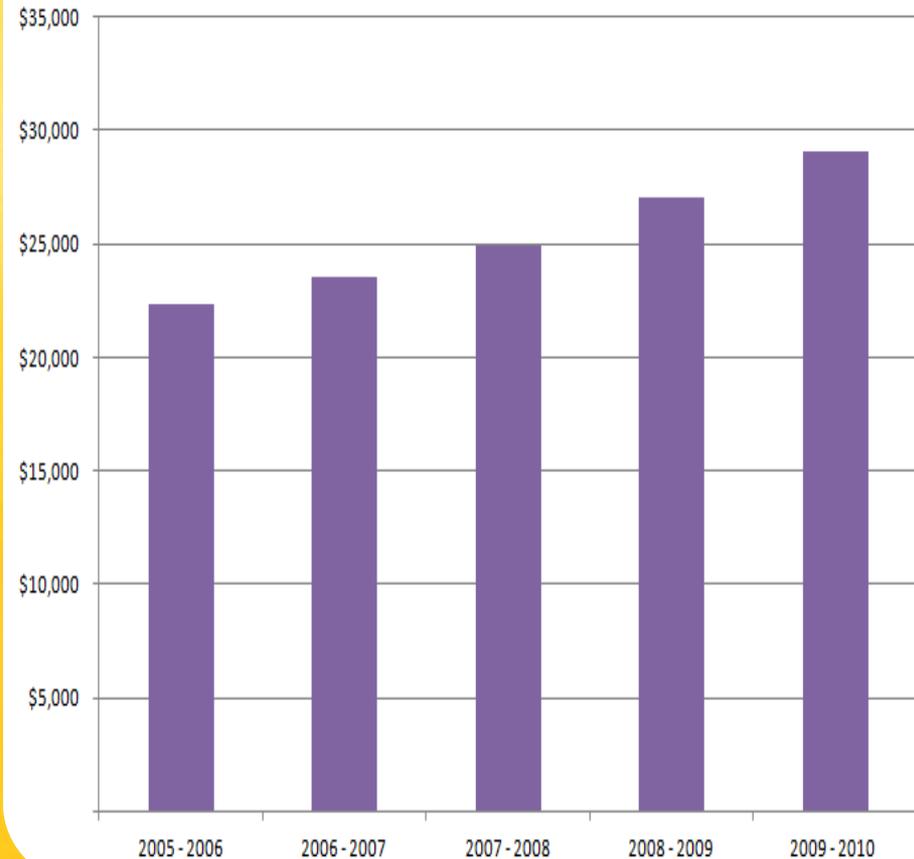


Decreasing Family Financial Strength

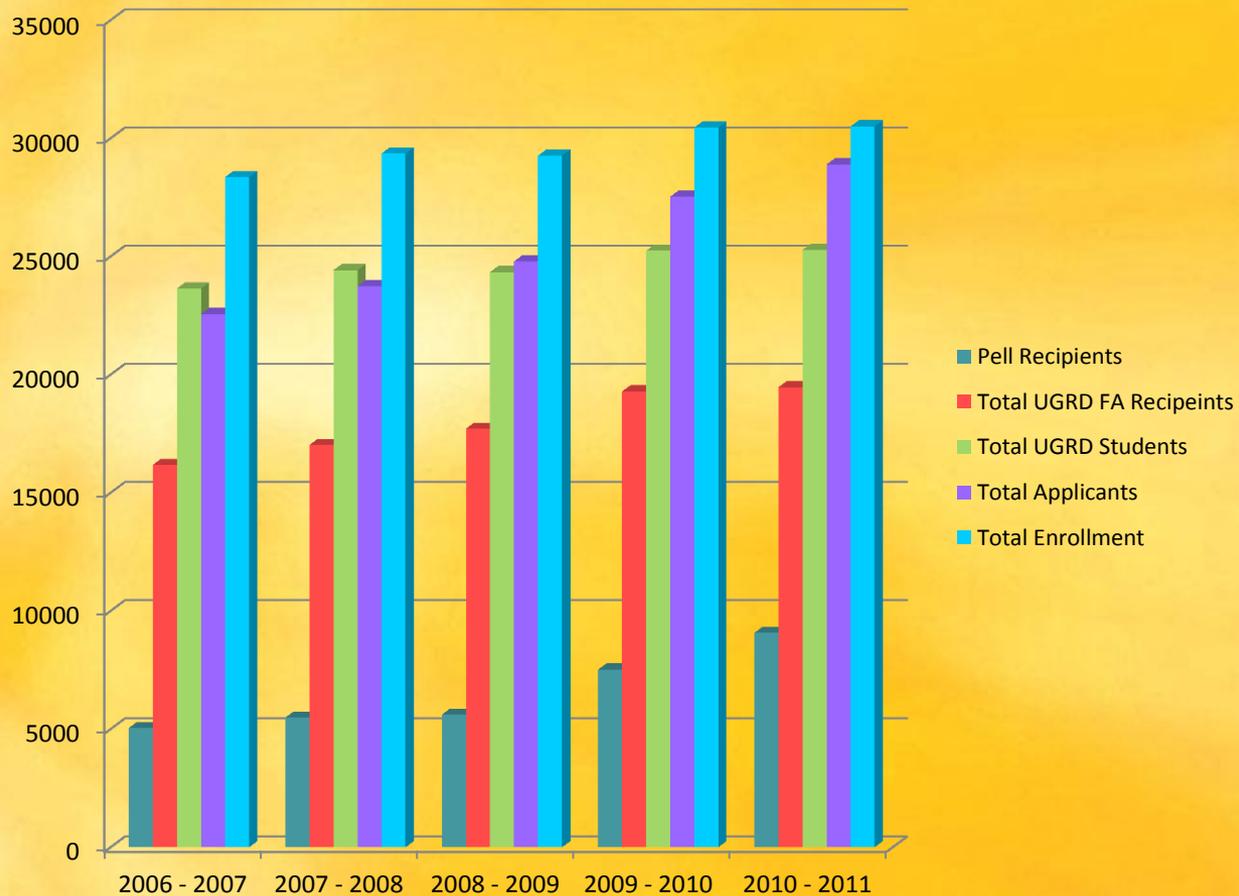
Average EFC and Income
 All UG Aid Recipients



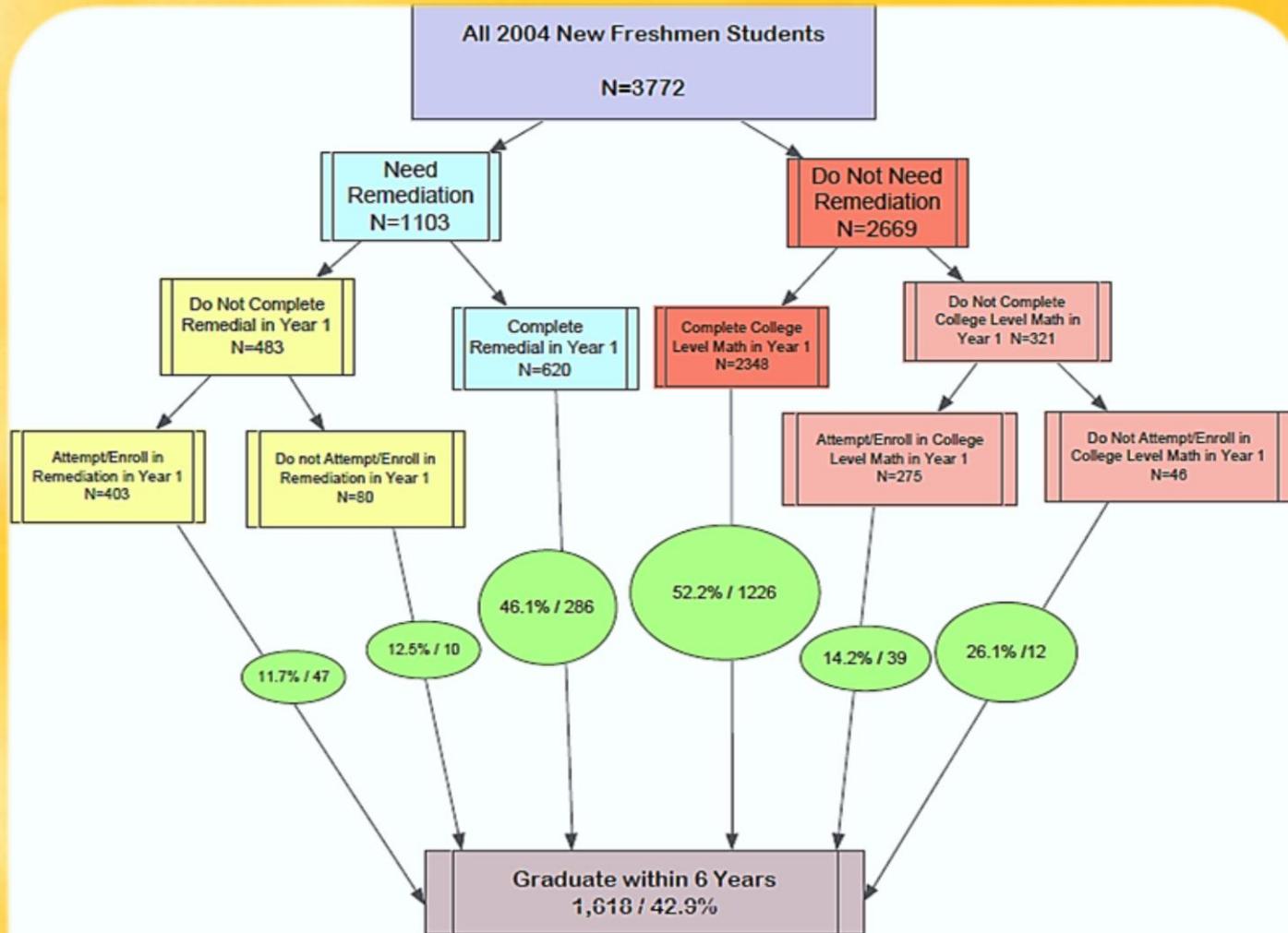
Average Debt
 WI Resident UG Borrowed



Increasing Students with Need



Required Remediation



40

Questions and Discussion



EDUCATION AND TRAINING PAY

UNEMPLOYMENT RATE IN 2010

15% 10% 5% 0

Note: Earnings for year-round full-time workers 25 years and over; unemployment rate for those 25 and over

Source: Bureau of the Census; Bureau of Labor Statistics

http://www.census.gov/hhes/www/cpstables/032010/perinc/new03_010.htm

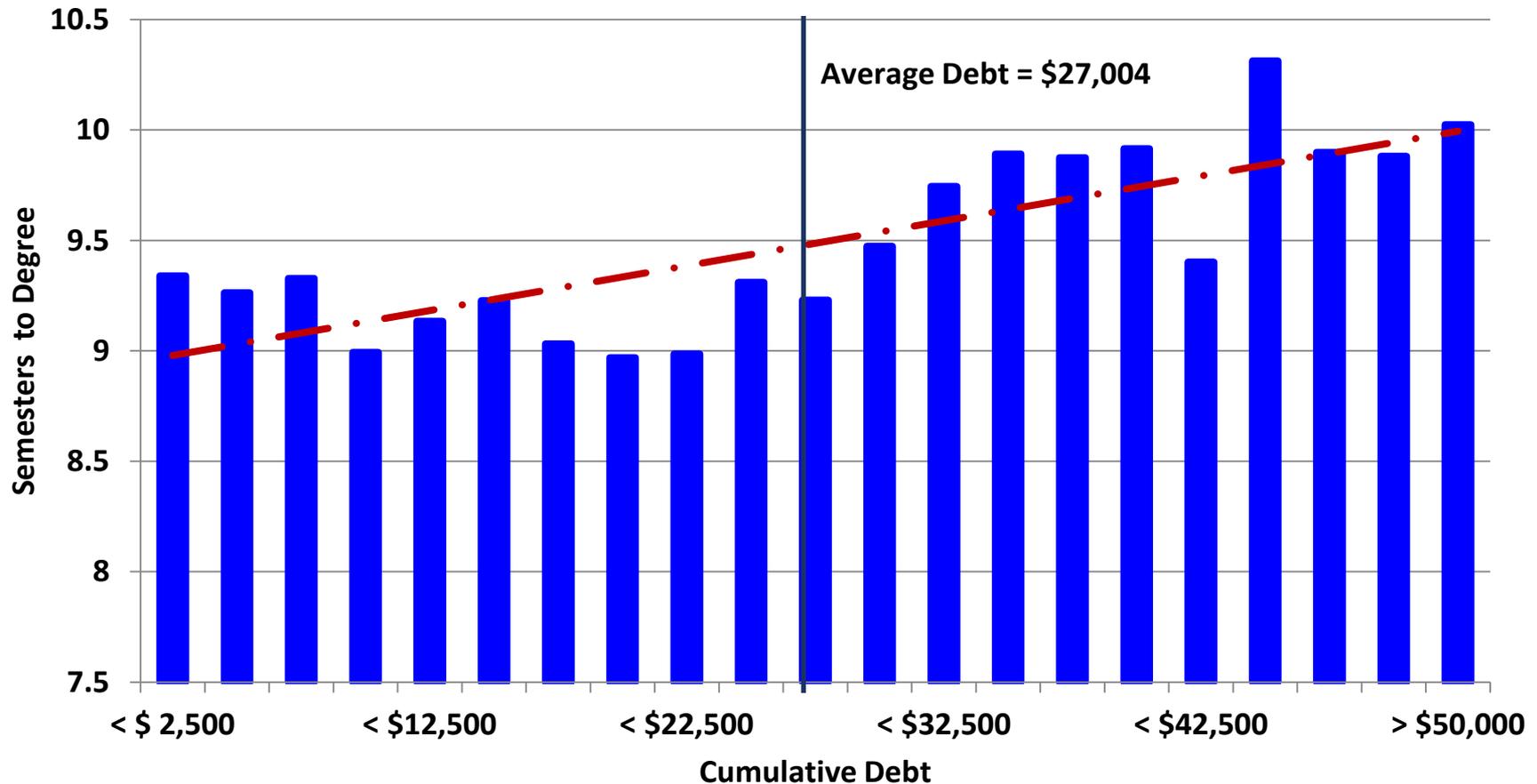
MEAN EARNINGS IN 2009

0 20 40 60 80 100 120 140 160



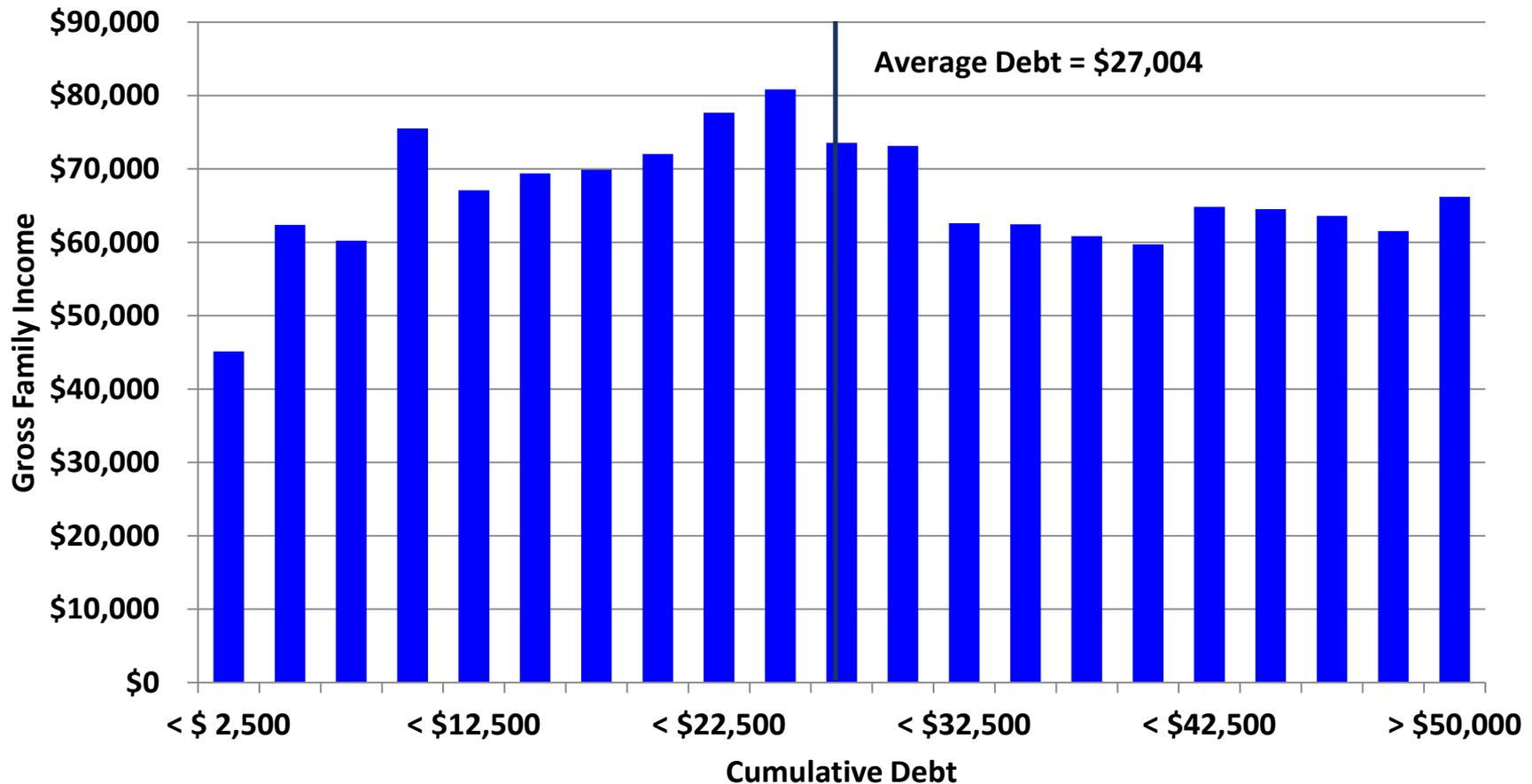
Loan Debt and Semesters to Degree 2010-11

42



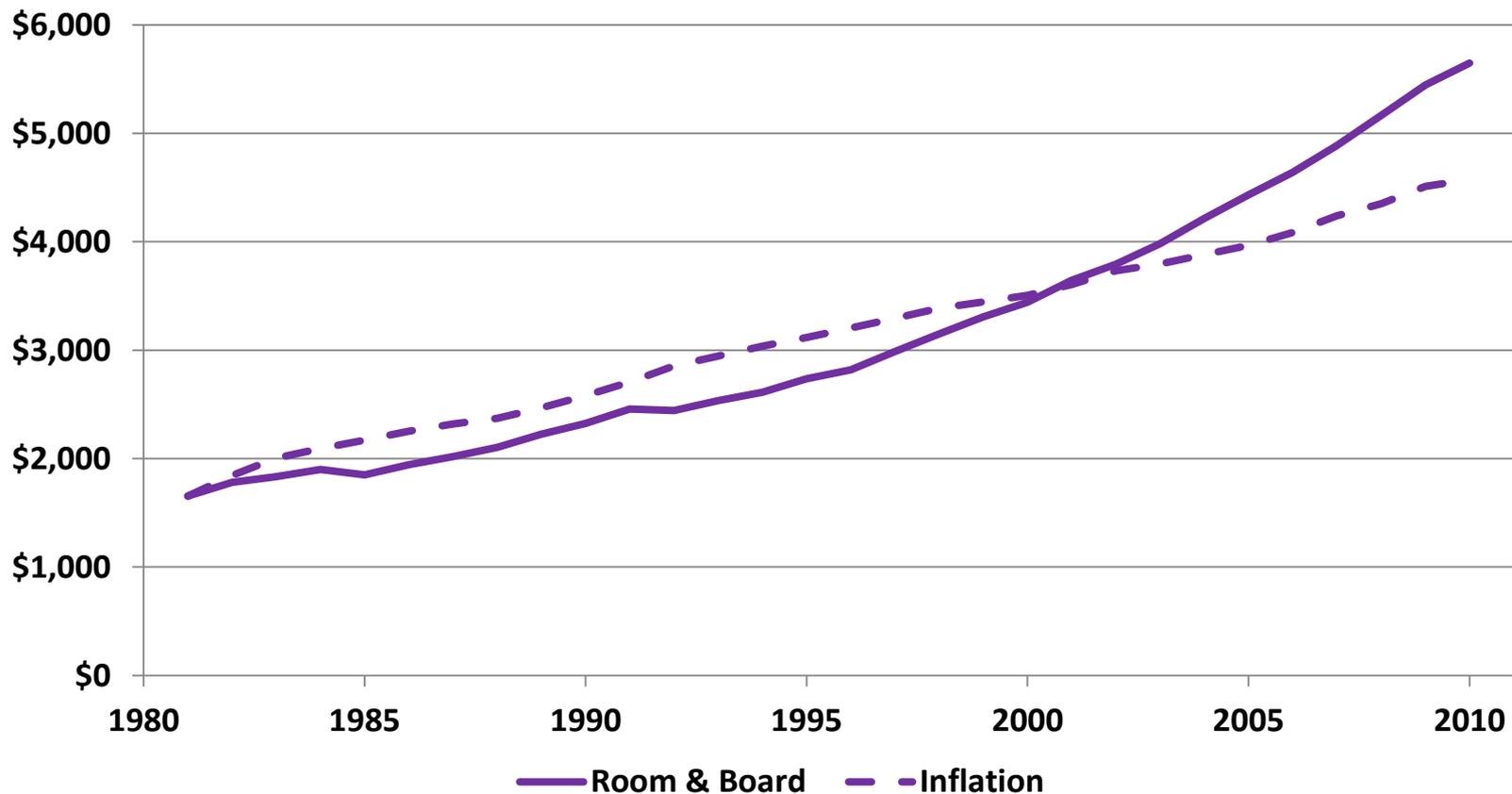
Family Income at Graduation of UW Bachelor's Recipients Graduating with Debt in 2010-2011

43



UW Comprehensives Room and Board

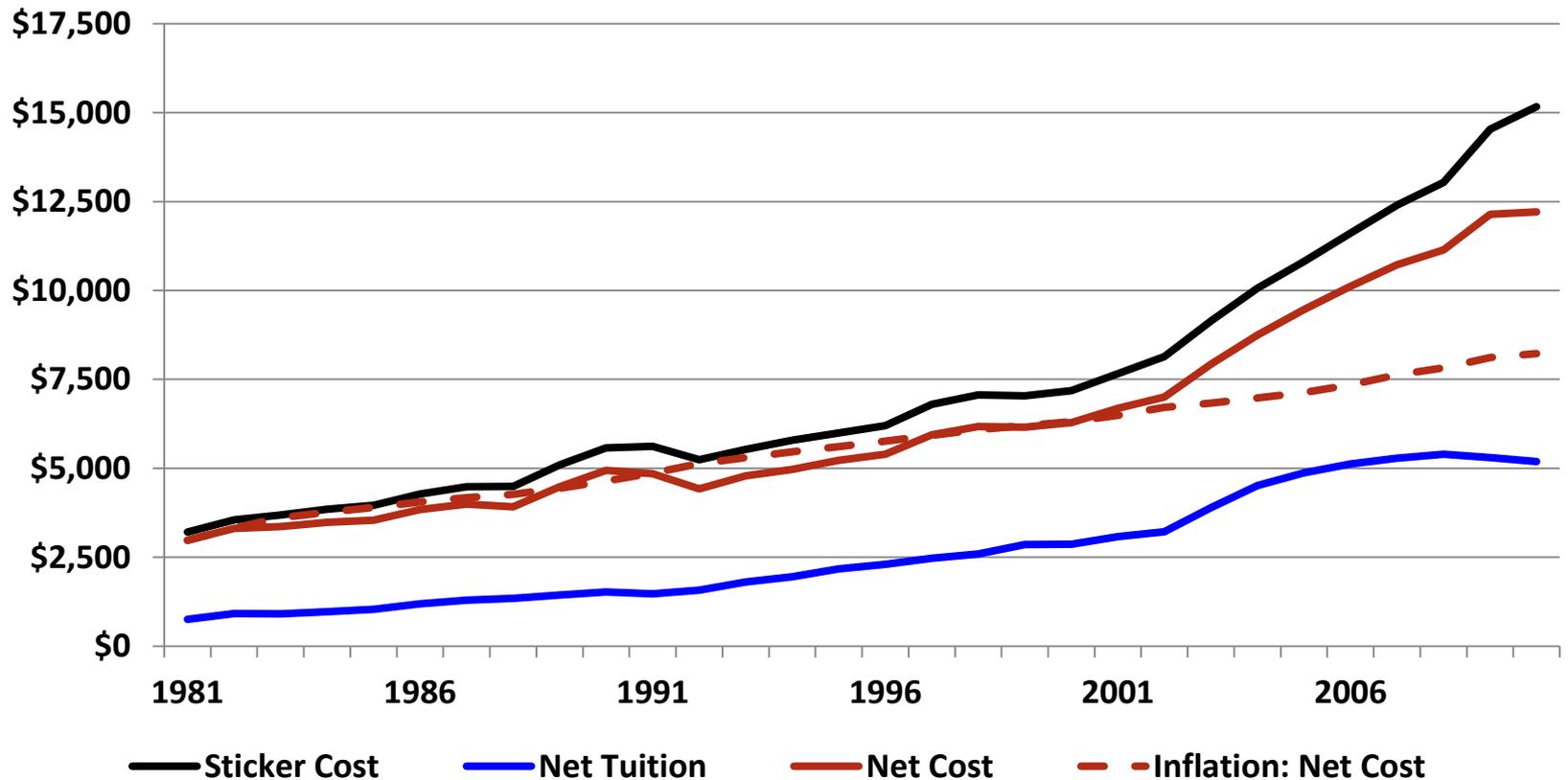
44



UW Milwaukee

Sticker Price, Net Tuition, and Net Cost

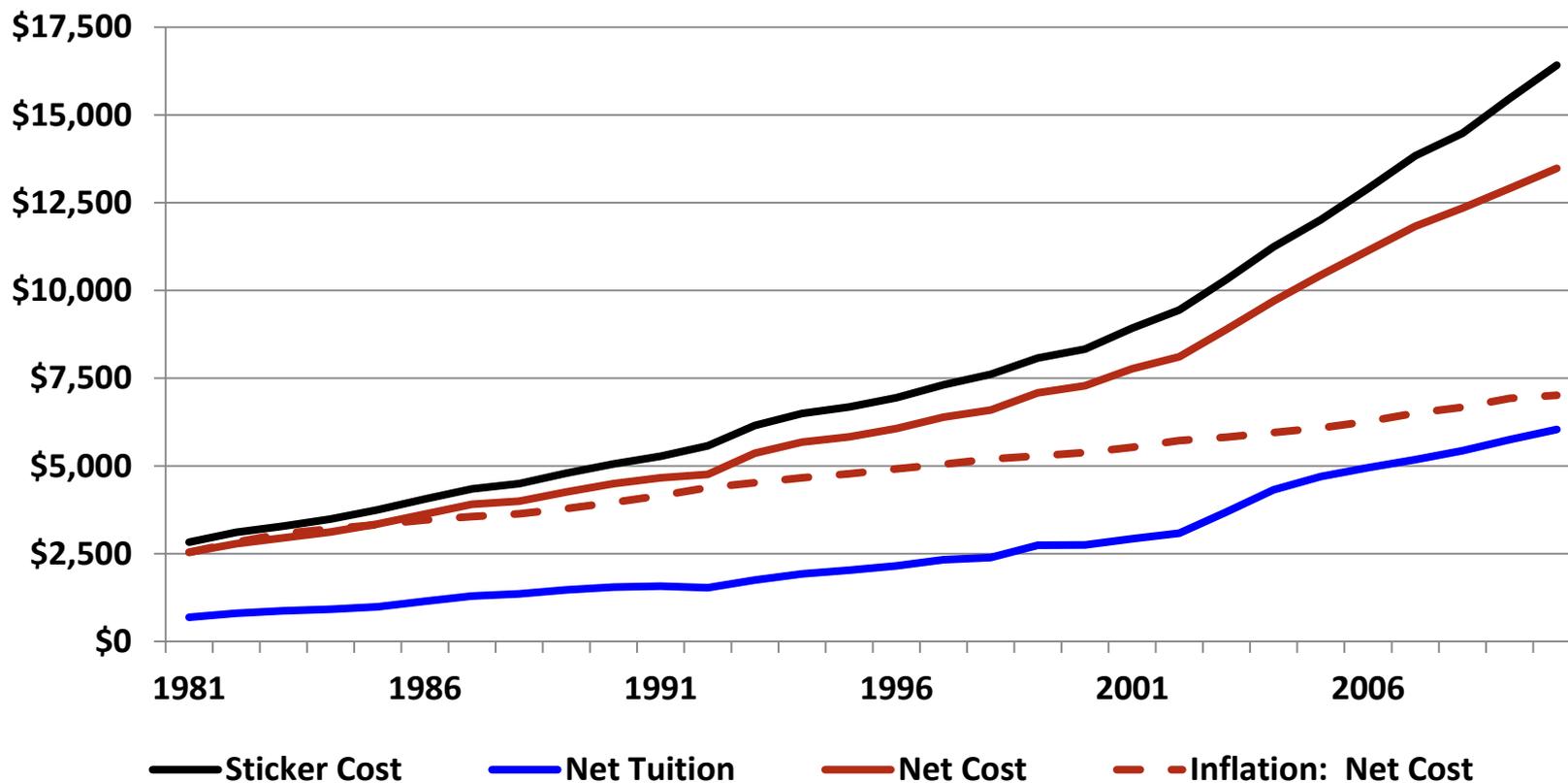
45



UW Madison

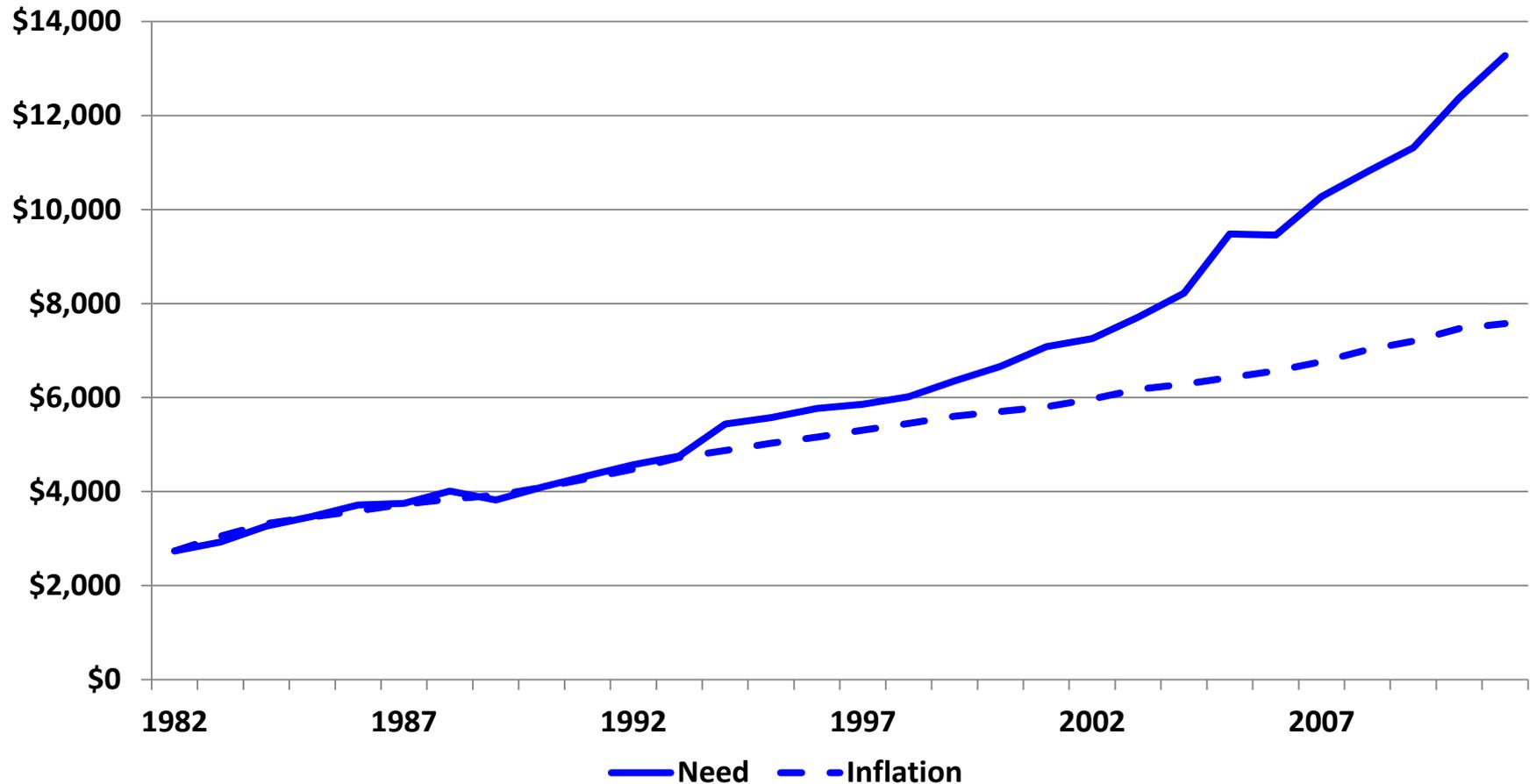
Sticker Price, Net Tuition, and Net Cost

46



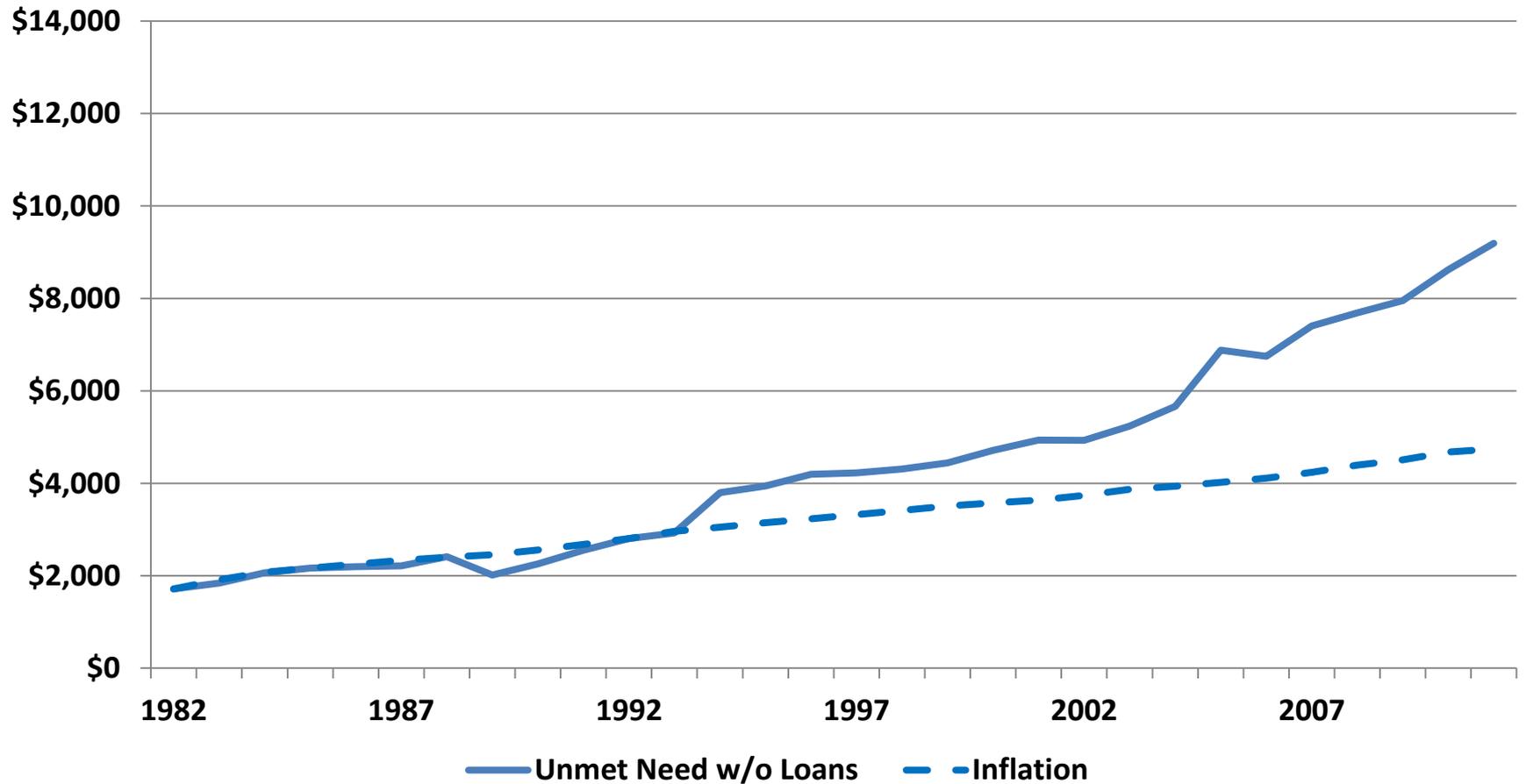
UW Resident Undergraduate Need

47



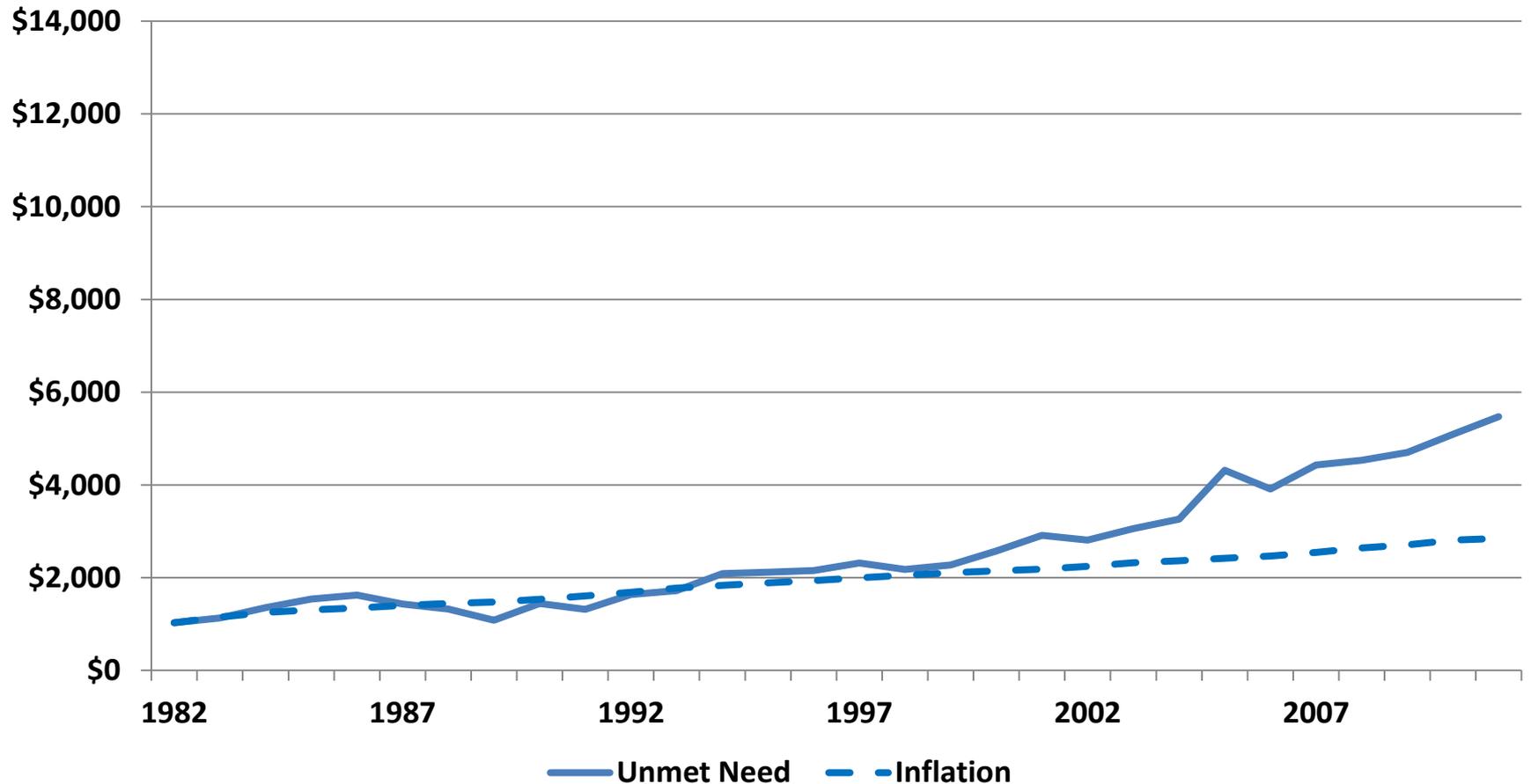
UW Resident Undergraduate Unmet Need without Loans

48



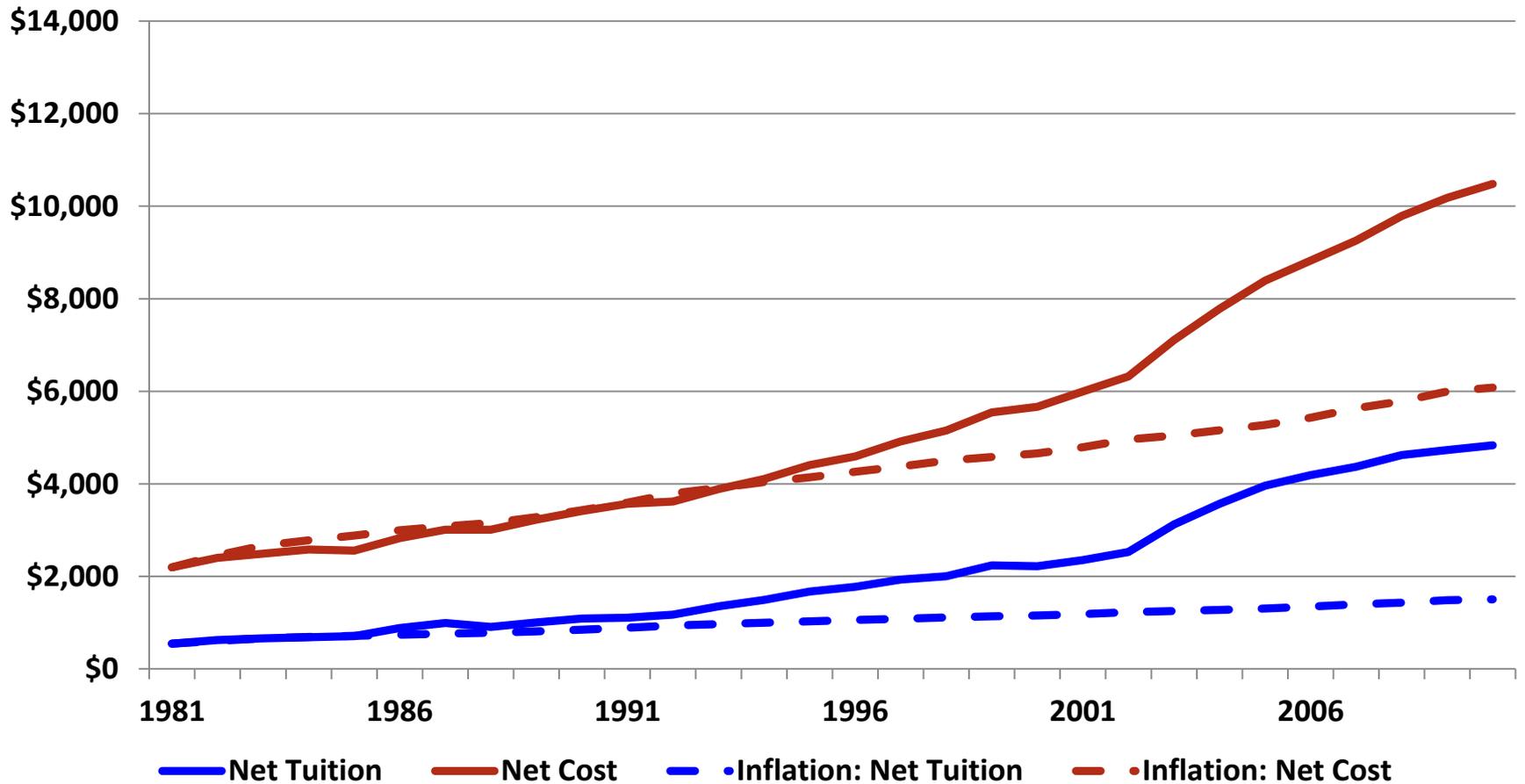
UW Resident Undergraduate Unmet Need

49



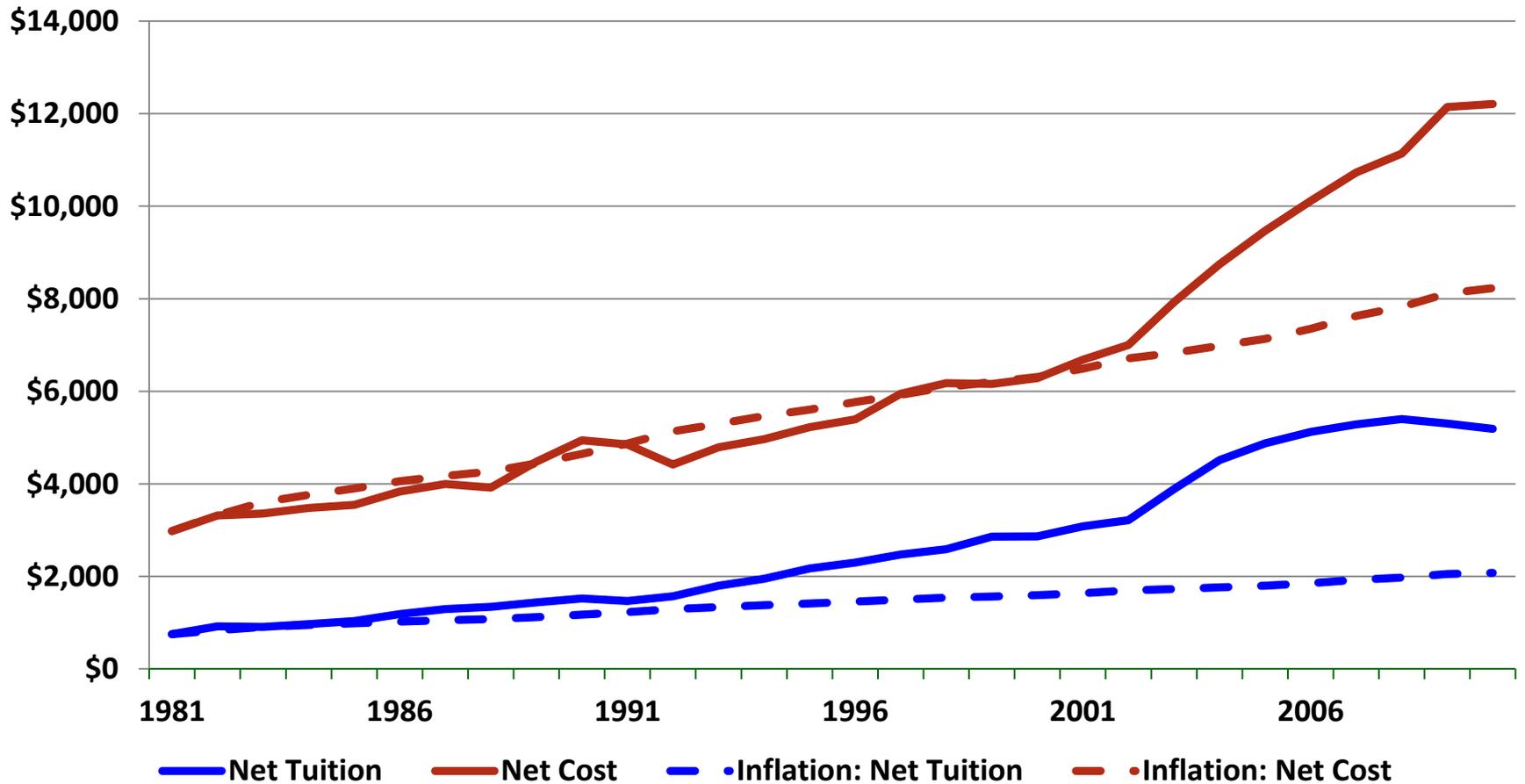
UW Comprehensives Net Tuition and Net Cost

50

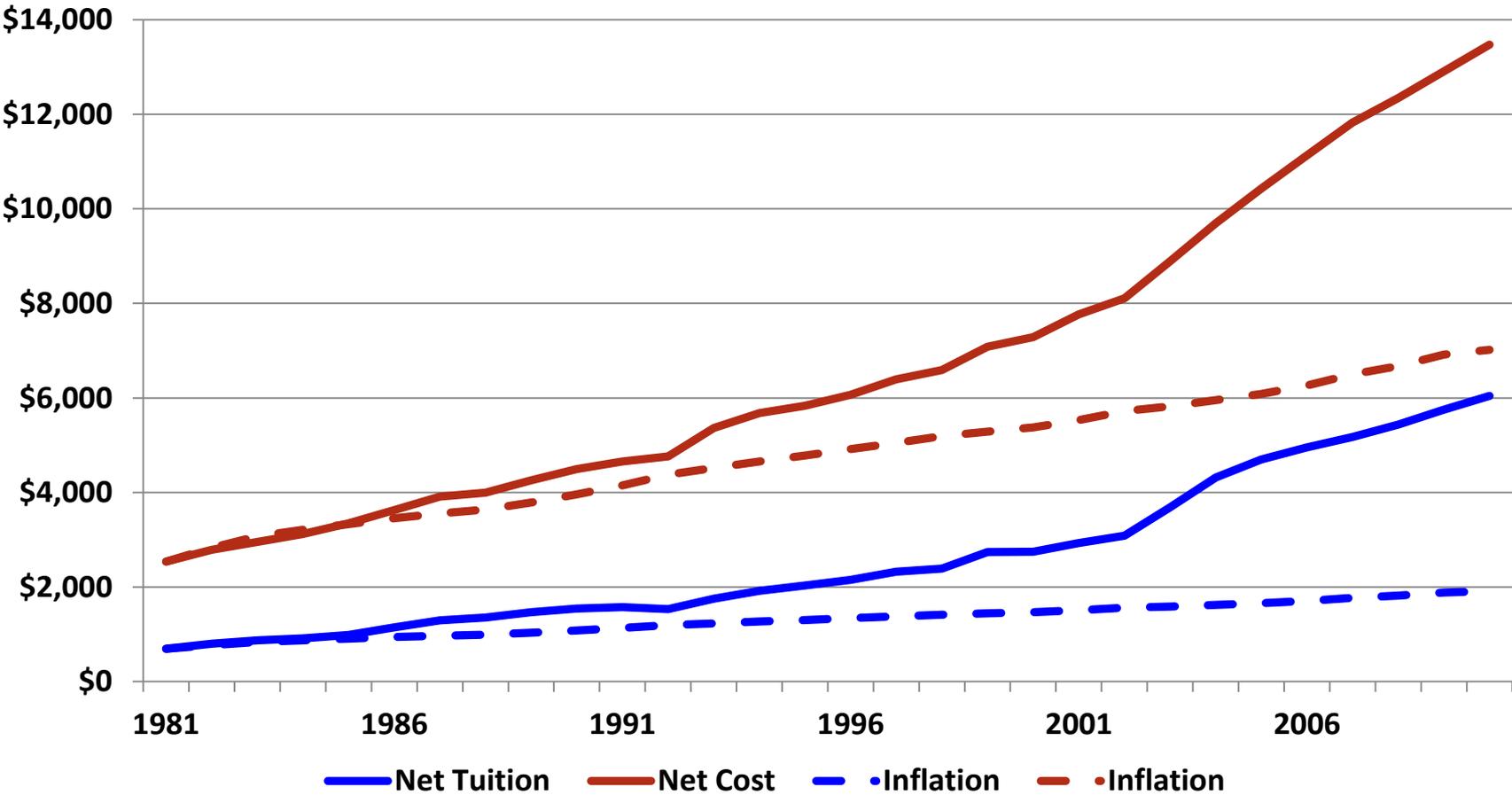


UW Milwaukee Net Tuition and Cost

51

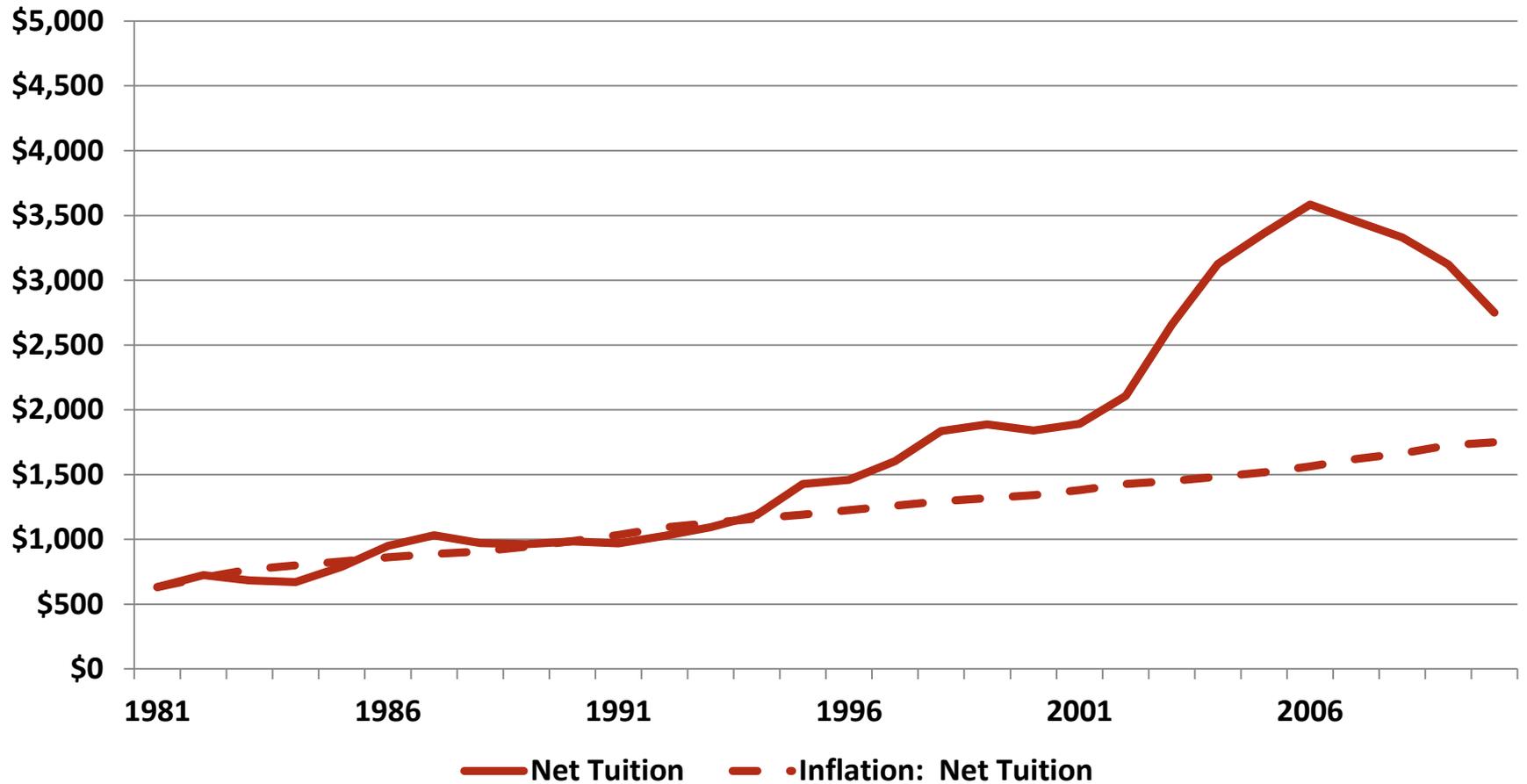


UW Madison Net Tuition and Cost



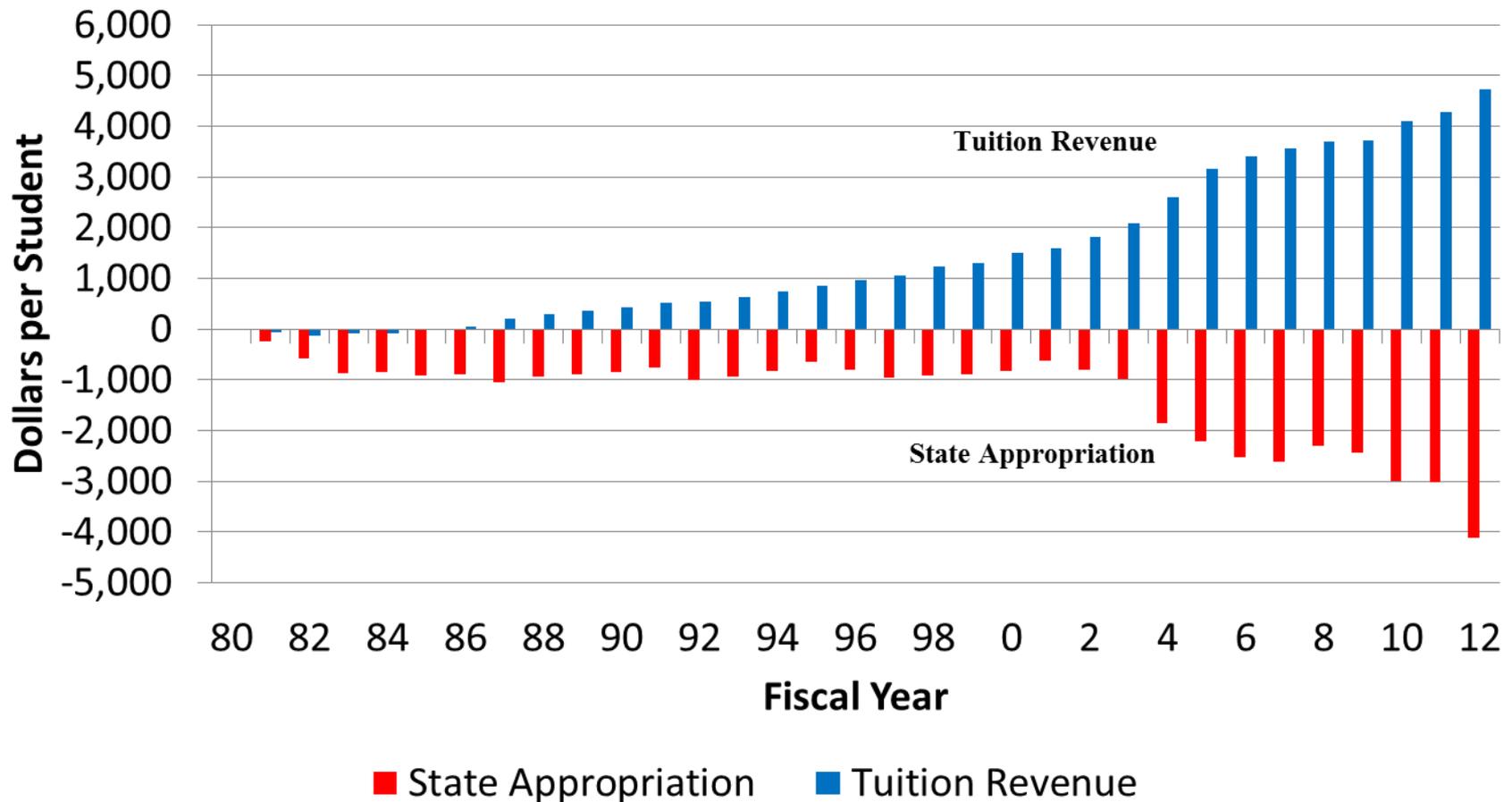
UW Colleges Net Tuition

53



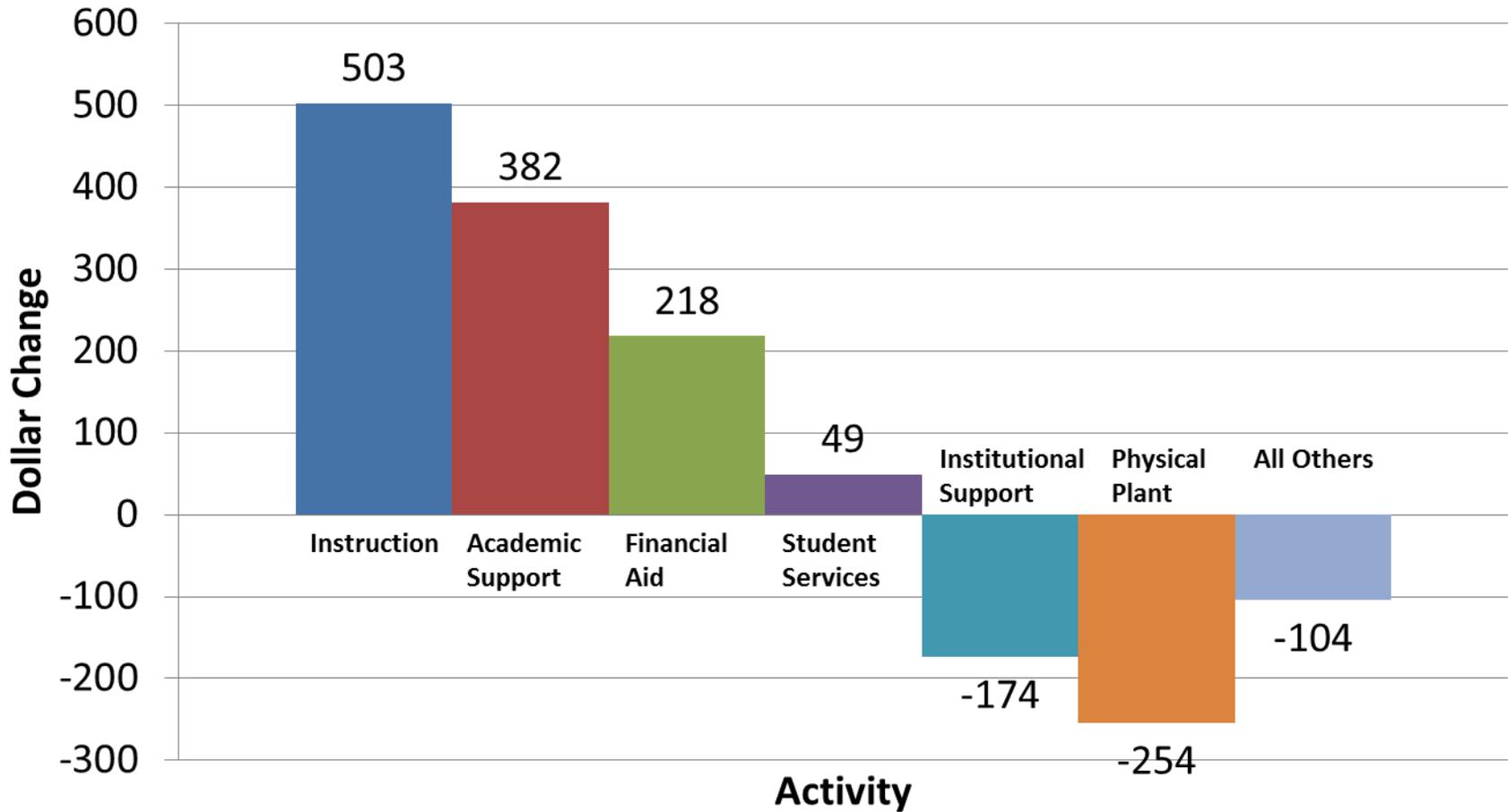
Change in State Appropriation and Tuition Revenue per Student Relative to Inflation

54



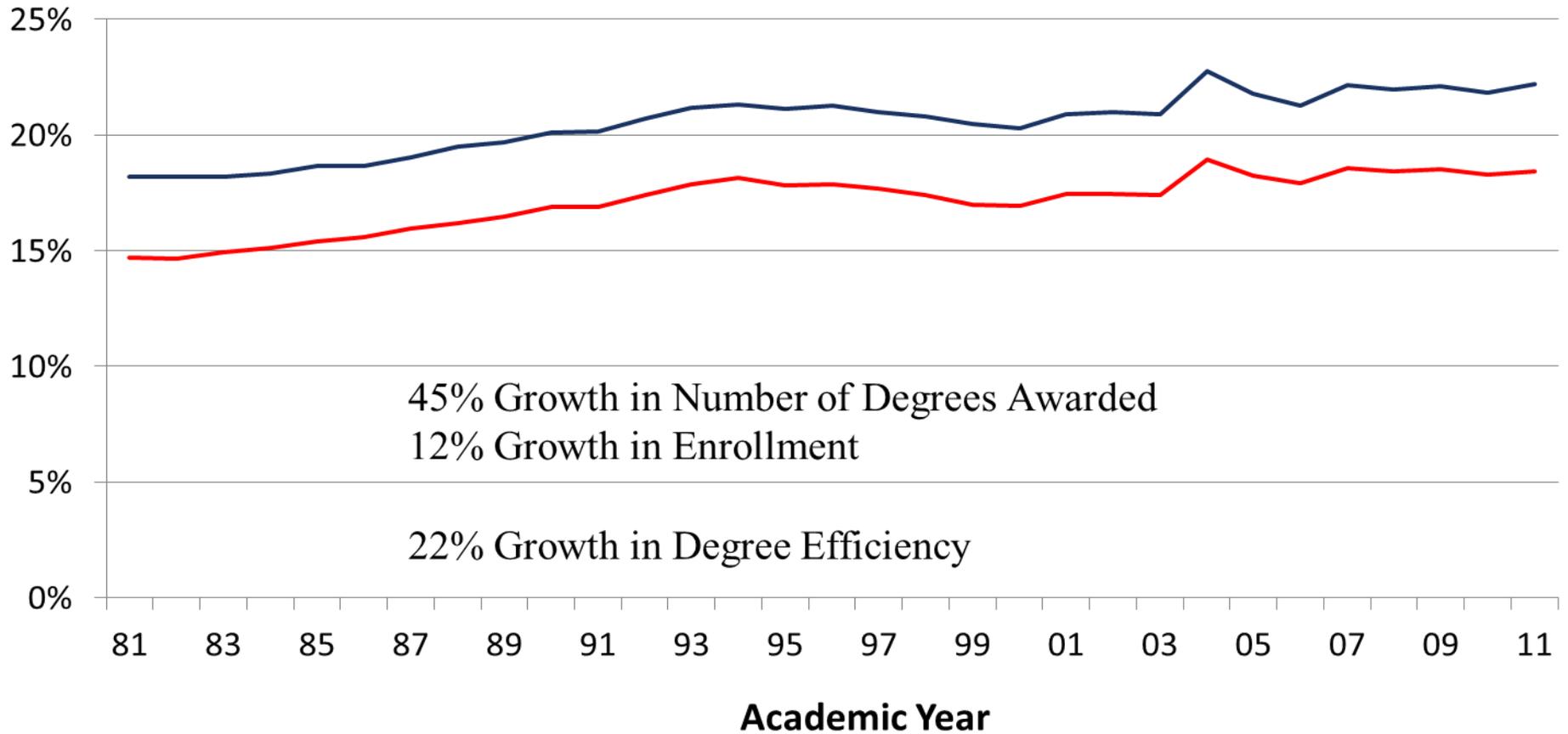
Dollar Change per Student in State Appropriation and Tuition Funding by Activity Adjusted for Inflation

55



Degrees Awarded Per Student FTE

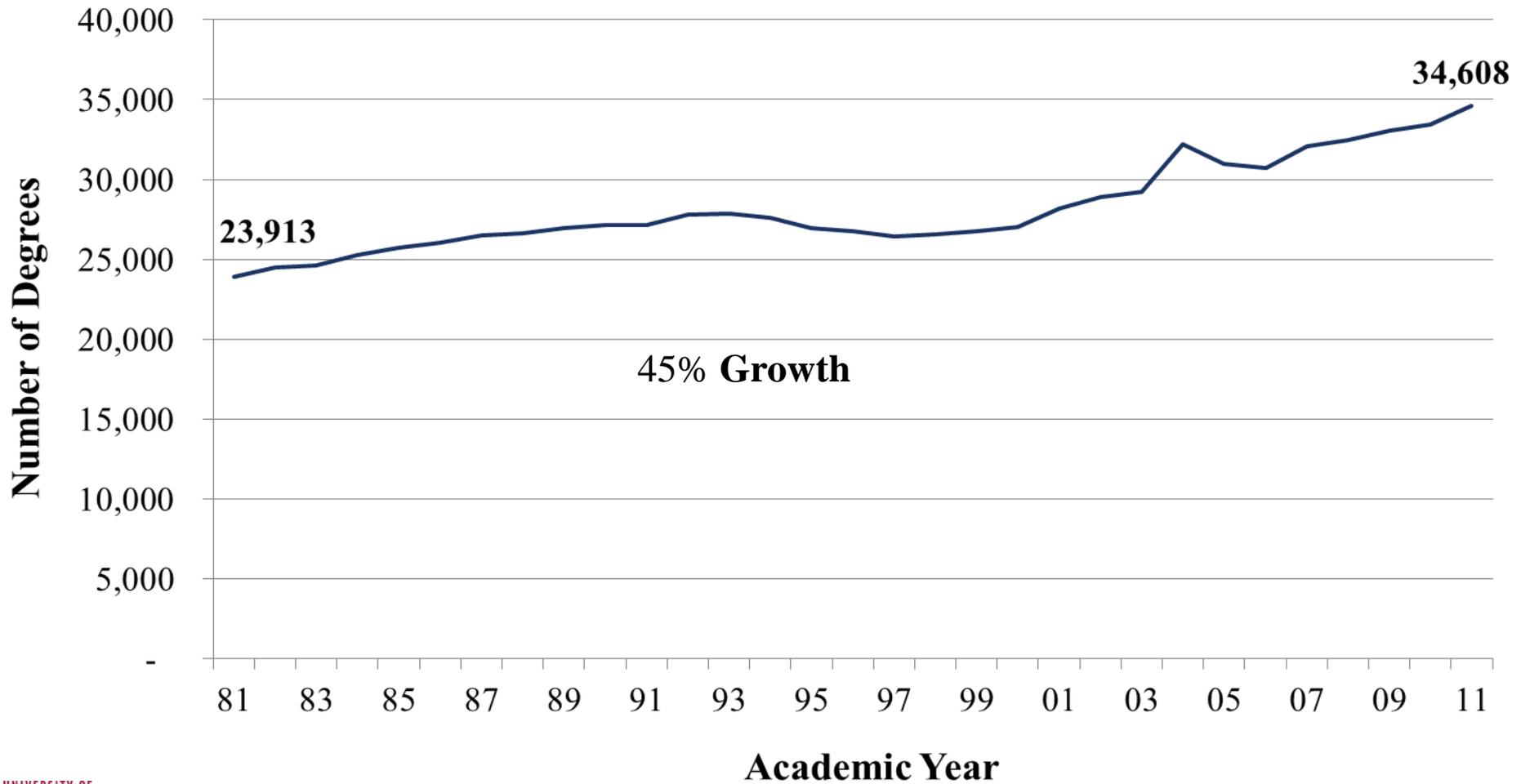
56



— Degrees per Student FTE (%) — Bachelor's Degrees per Undergraduate FTE (%)

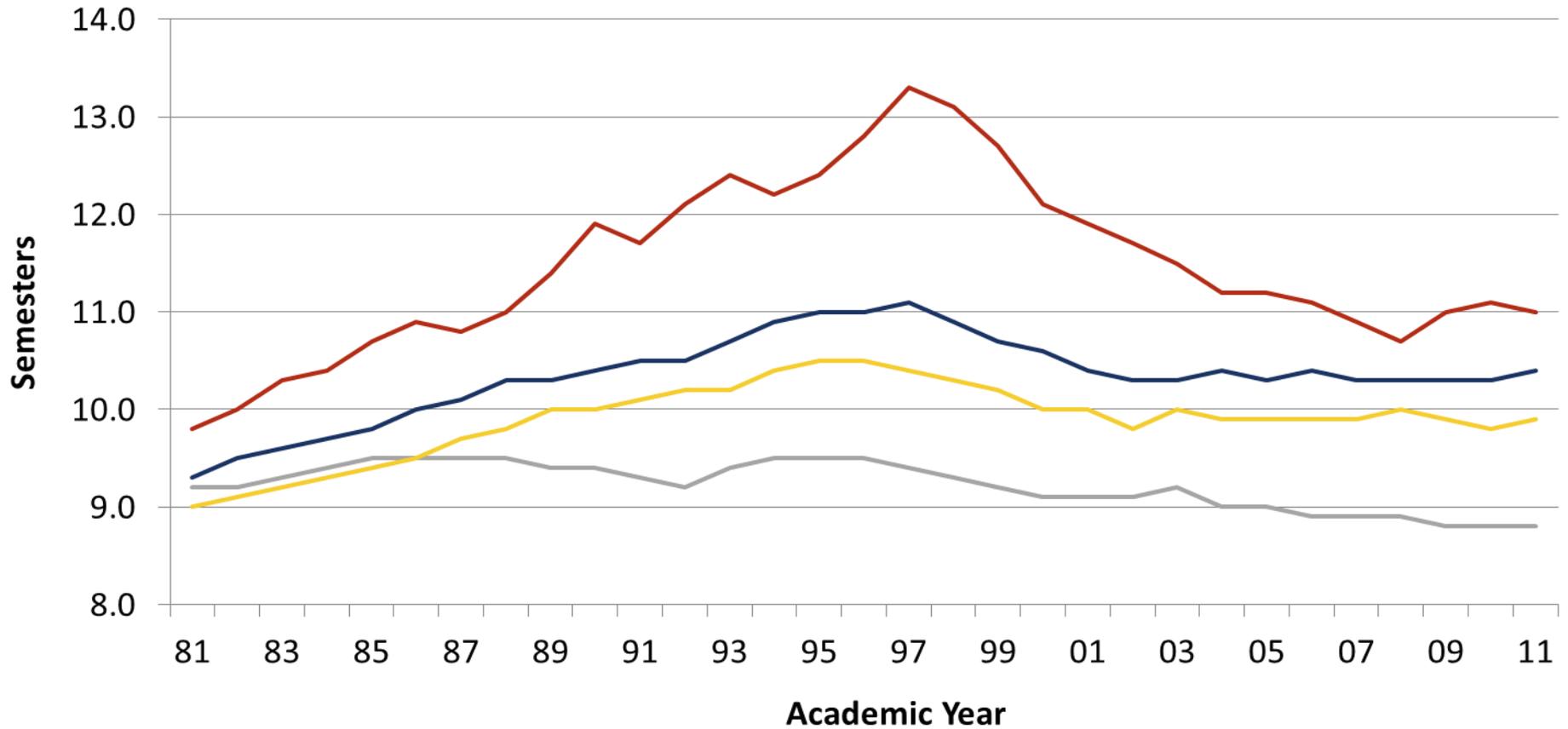
UW Degrees Awarded

57



UW Time to Degree

58

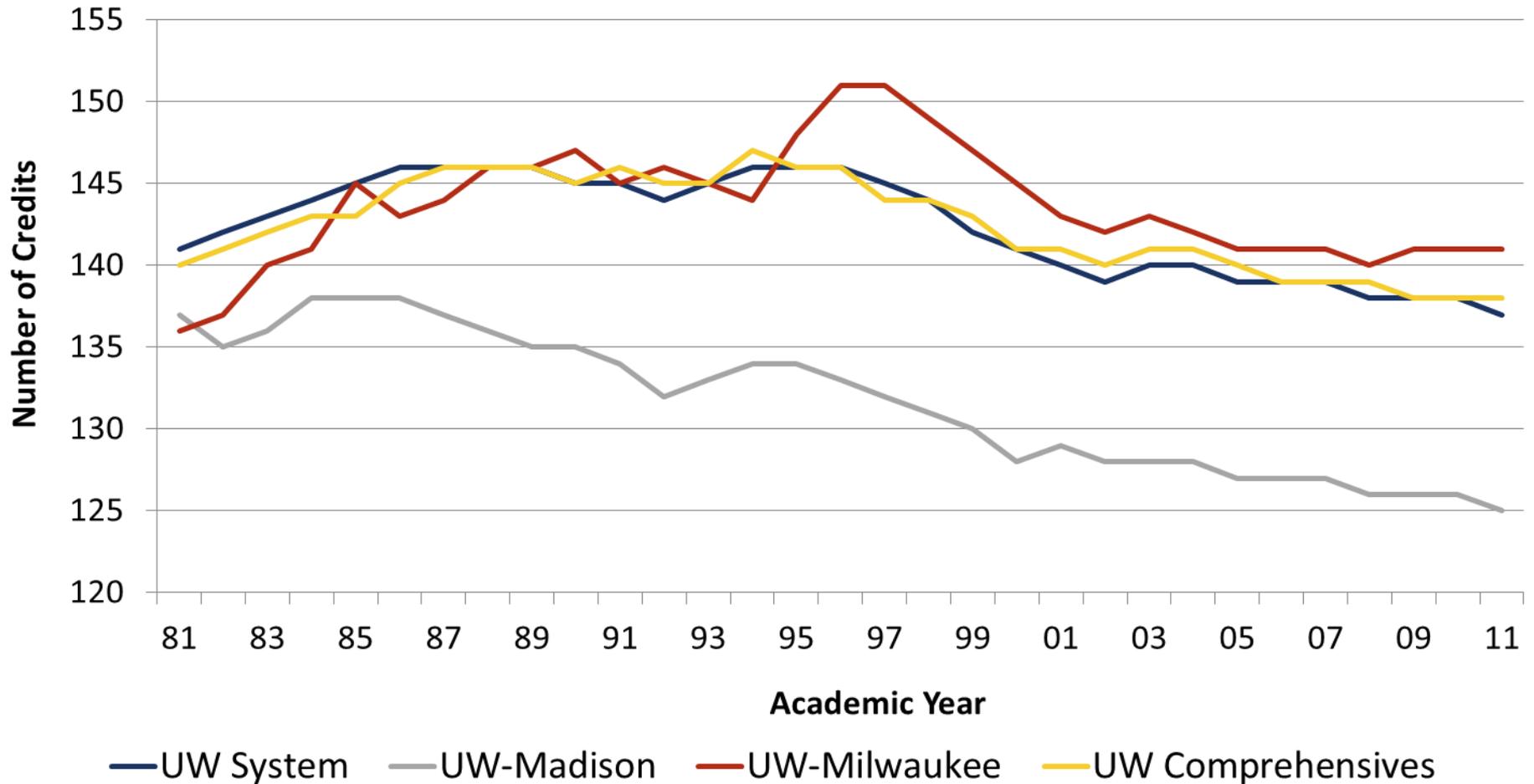


— UW System — UW-Madison — UW-Milwaukee — UW Comprehensives



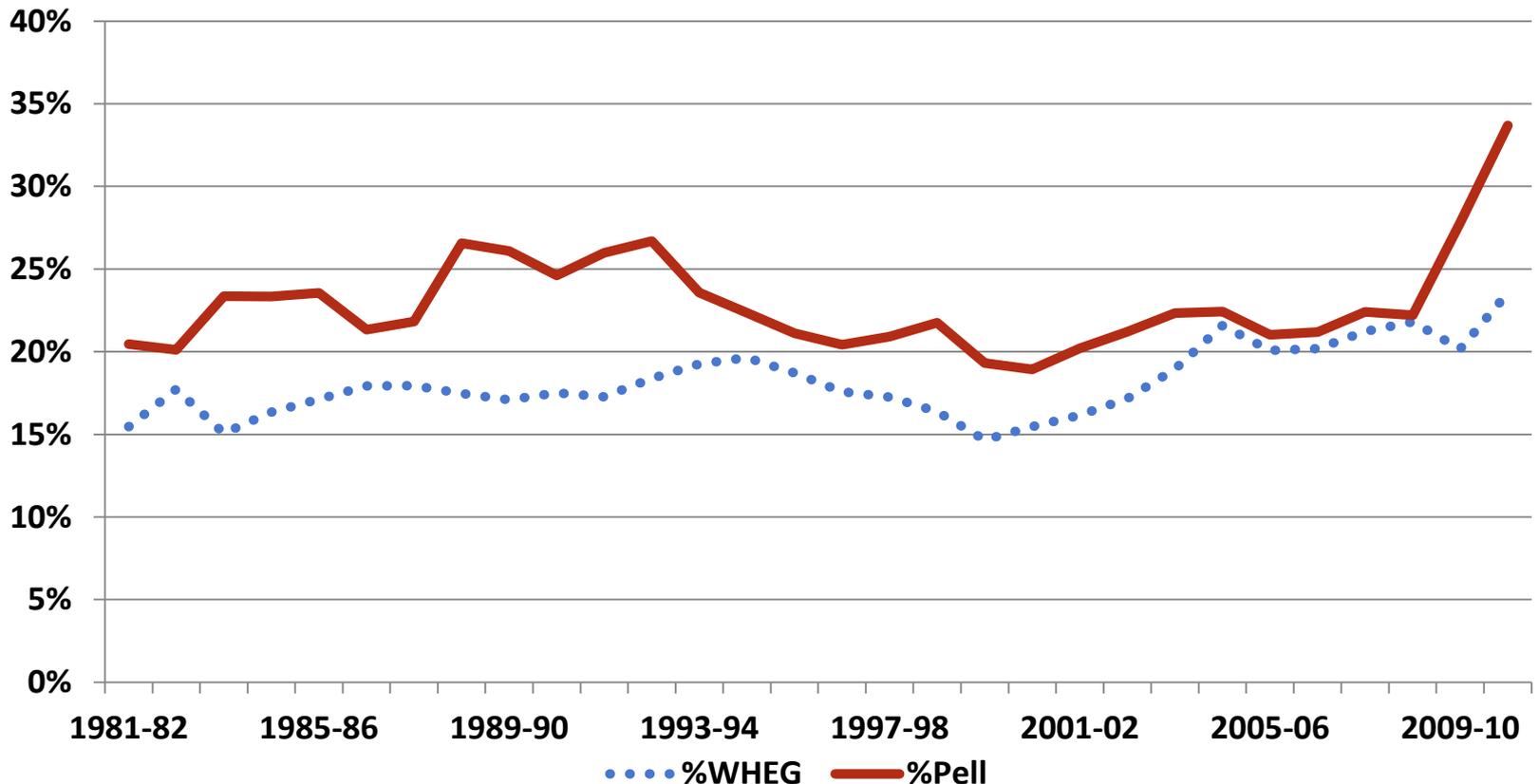
UW Credits to Degree

59



Trend in UW Student Population

Seeing increased numbers of students with more need because incomes and assets are declining



Eligibility for Need-Based Aid

Federal Needs Analysis considers a variety of factors when determining ability to pay or EFC (Estimated Family Contribution), including:

- **Income**
- **Assets**
- **Number of dependent siblings enrolled in a postsecondary institution**

Financial Aid for UW Students: Grants

62

Wisconsin Covenant (2011-12)

- **2011-12 is first year of Covenant Grants**
- **3,900 recipients (out of 26,000 Resident Undergraduate students)**
- **Awards range from \$250 (for EFC's of above \$12,000) to \$2,500 (for EFC's of \$0 to \$3,499)**

Other State-funded UW Financial Aid Programs (2011-12 Budget)

63

- **Study Abroad Grants (\$990K)**
- **Tuition Assistance Grants (\$6.4M)**
- **Lawton Minority Undergraduate Retention Grants (\$6.7M)**
- **Advanced Opportunity Program (\$8.3M)**

Financial Aid for UW Students: Loans

64

- **Loans - \$822.7 M from federal sources (2010-11)**
 - **54.8% of federal loans are need-based loans**
- **Loans comprise 77.8% of federal aid**
- **Federal sources provide 92.5% of all student loans**