

WAICU 2022 Advocates In 2022 Campaign

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THE CASE FOR WISCONSIN GRANTS

Wisconsin Grants – Background

The Wisconsin Association of Independent Colleges and Universities (WAICU) is recommending a total increase of \$25.5 million for Wisconsin Grants over the upcoming biennium. WAICU is the official organization of Wisconsin's private, nonprofit colleges and universities. The current two-year appropriation for students attending private, nonprofit institutions is just over \$57 million. This proposed increase considers inflation, recent federal changes in financial aid eligibility, and an opportunity to update and modernize the Wisconsin Grant private, nonprofit formula enacted decades ago. This modernization will make the formula more simple, transparent, and understandable for students and families.

The current annual Wisconsin Grant appropriation represents about 1.56 percent of state funds for all higher education. 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-member college or university has a 49 percent better chance of graduating in four years than if they attended a public institution in Wisconsin.

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

What are Wisconsin Grants?

Wisconsin Grants provide financial assistance to low and low-middle-income Wisconsin residents enrolled in undergraduate programs at Wisconsin-based colleges and universities. Eligible students can use their Wisconsin Grant awards to pursue a degree at any accredited private, nonprofit institution, including University of Wisconsin, Wisconsin Technical College, and the two tribal institutions. Eligibility for Wisconsin Grant is determined using student data from the Free Application for Federal Student Aid (FAFSA).

Who does the Wisconsin Grant serve?

The Wisconsin Grant program targets students from low- and low-middle-income families to help them realize their full potential at the institution that best meets their needs. In 2020-2021, 8,828 Wisconsin Grant recipients from across the state were enrolled in Wisconsin's private, nonprofit colleges and universities¹. Sixty-three percent of them had Expected Family Contributions (EFC) of \$4,000 and lower, which signifies the highest financial need².

How much is a Wisconsin Grant award?

The Wisconsin Grant is administered by the Wisconsin Higher Education Aids Board (HEAB). Each year, HEAB reviews the proposals from each higher education sector to determine the maximum amount, minimum amount, and other factors in the state grant formulas. In 2022-2023, the maximum grant is \$3,800 and minimum is \$500 for eligible Wisconsin students attending private, nonprofit colleges and universities³. The average grant for Wisconsin students enrolled in a private nonprofit institution is \$3,160 as of 2020-21⁴.

How much do Wisconsin Grants cost the State of Wisconsin for students at private, nonprofit institutions?

The 2020-2021 Wisconsin Grant appropriation (annual) for private, nonprofit students of \$28.5 million represents only 1.56 percent of funding for the entire higher education sector in Wisconsin⁵.

WAICU-member colleges and universities do not receive direct operating support from state taxpayers as do public colleges and universities. Private, nonprofit higher education is a bargain for state taxpayers. Over four years, the cost to state taxpayers per degree at public institutions was \$125,378 compared to only \$10,041 at WAICU-member institutions⁶.

How does increasing student financial aid benefit the state of Wisconsin?

Creates a stronger workforce

State need-based financial aid programs like Wisconsin Grants are a strategic investment in the state's future workforce. Increasing financial aid means more students, especially low-income students, can afford to go to college and concentrate on pursuing their bachelor's degree without having to take multiple jobs at once.

Wisconsin's unemployment rate reached the record low of 2.8 percent in March of 2022, indicating a high demand for workers among current employers statewide¹². Bachelor's degree holders have higher earning and lower unemployment rates than those with only a high school diploma. Furthermore, Wisconsinites with at least a bachelor's degree are also 25 percent more likely to participate in the labor force than those who only have a high school diploma¹³. College education equips people with the skills and mindset they need to join or continue participating in the workforce.

WAICU members produce 23 percent of all bachelor's degrees and 35 percent of all advanced degrees in the state, with no direct operating support from the taxpayers. Among the bachelor's degrees, the private nonprofit colleges and universities produce 24 percent of the business graduates, 27 percent of the engineering graduates, and 53 percent of the nursing graduates. At the graduate level, WAICU members produce 43 percent of the business degrees, 59 percent of the physician assistant degrees, 60 percent of the medical doctor degrees, 45 percent of the education degrees, and 100 percent of the dentistry degrees¹⁴.

Enhanced economy

Average Wisconsin Grants awarded to Wisconsin residents attending a private, nonprofit college in the state was \$3,160 in the academic year 2020-2021¹⁵. Considering the standard student loan payment plan of a five percent interest rate over a 30-year period, the Wisconsin Grant could save \$24,427 for each students over four years of college enrollment. This translates into a total of over \$215 million that could be contributed to the economy instead of money used for loan payments for 8,828 Wisconsin Grant recipients at Wisconsin private, nonprofit institutions¹⁶.

A recent report by the College Board shows that bachelor's degree recipients paid an estimated \$7,100 more in taxes and took home \$17,800 more in after-tax income than high school graduates¹⁷.

Other social benefits from a college education

The value of a college education to a society far exceeds the obvious benefit of higher earnings to individuals. Wisconsinites with a bachelor's degree are more likely to get involved and contribute to their community in multiple ways. Compared to high school graduates, people with bachelor's degrees in Wisconsin are 2.3 times more likely to spend their time volunteering. In addition, a higher percentage of bachelor's degree holders vote in local elections, donate their money to non-political charity, and participate in public meetings to discuss issues¹⁸.

Why is the WAICU 2022 in2022 Campaign critically important Now?

Currently many moving parts exist in the political and policy landscape affecting student financial aid:

- The federal Consolidated Appropriations Act of 2020 changed eligibility qualifications for Pell Grants and Wisconsin Grants.

- The state's 2023-2025 Biennial Budget will be the critical time to address these changes and make sure students are not disadvantaged by the changes. The November 2022 elections may also impact state leadership.

In addition, the share of college costs covered by federal, and state financial aid have decreased significantly through time as the purchasing power of the grants has declined. Nineteen years ago, the maximum Pell grant and Wisconsin grant could cover 45 percent of the median tuition and fee at Wisconsin private colleges. However, in 2020-2021, maximum Pell Grants and Wisconsin Grants together only cover approximately one third, or 31 percent, of those costs¹⁹.

The impacts of the COVID-19 pandemic on student access to college are tremendous and long lasting. Students, especially low-income students, have faced numerous financial, academic, and mental challenges as they pursue their college degrees.

What can I do to support student financial aid?

Collective efforts are powerful and important in raising awareness and advocating for increasing student financial aid. If you believe in the important role Pell Grants, Wisconsin Grants, and other need-based grants play in making college accessible to all students, you can:

- Write an email to thank or encourage policymakers to increase Wisconsin Grant awards. Find out who [represents](#) you.
- Write letters to the editor or post comments in favor of these grants on pertinent local news stories online.
- Help local business and community leaders understand the importance of The Wisconsin Grant Program and student financial aid for Wisconsin's economy.
- Sign up to join WAICU's [2,022 Advocates In 2022 Campaign](#).
- You will receive:
 - Updates on on the federal and state activity impacting student financial aid.
 - Inspirational short stories about Wisconsin Grant recipients.
 - Alerts to act at critical times in the policy process.

- [1] State of Wisconsin Higher Education Aids Board (HEAB), Student Aid Expenditure, 2020-2021
- [2] Calculation by WAICU using data provided by HEAB
- [3] HEAB, 2022-2023 Wisconsin Grant - PNP Formula
- [4] HEAB (n1)
- [5] Calculation by WAICU this using data from HEAB and State Biennial Appropriations Bill, 2021 Wisconsin Act 58
- [6] Calculation by WAICU using 4-year trend data from LFB, HEAB, IPEDS
- [7] The U.S. Department of Education's office of Federal Student Aid, Grant volume data, Quarter 4, 2020-2021
- [8] Lumina Foundation, "A Stronger Nation," 2020
- [9] Hirschl, N., & Smith, C. M. (2018). College Attendance among Low-Income Youth: Explaining Differences across Wisconsin High Schools (WCER Working Paper No. 2018-6)
- [10] NCES, College affordability views and college enrollment, 2022
- [11] UPCEA & Straighter, "Today's Disengaged learner is tomorrow's adult learner," 2021
- [12] Wisconsin Public Radio, "Wisconsin's unemployment rate hit record low in March," 2022
- [13] Calculation by WAICU using the 2020 Current Population Survey Annual Social and Economic (March) Supplement
- [14] IPEDS, Completions Survey, 2019-2020
- [15] HEAB (n1)
- [16] Calculation by WAICU using data from HEAB's Student Aid Expenditure report
- [17] College Board, "Education Pays 2019"
- [18] Calculation by WAICU using data from US Census's Current Population Survey Volunteering and Civic Life Supplement 2019
- [19] Calculation by WAICU using data from American Council on Education (ACE)'s [Fact sheet on higher education](#)., Department of Education Office of Federal Student Aid, and HEAB