



**The Wisconsin Grant:
Overview and Recommendations for Evaluation**

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Introduction

College degrees provide substantial economic benefits. As unemployment climbed during the late 2000s recession, the unemployment rate of bachelor's degree recipients remained less than half that of high school graduates who never attended college (CPS, 2009). College graduates in the late 2000s could expect to earn nearly \$300,000 more than high school graduates over a lifetime, net of all college costs (Barrow & Rouse, 2005). The net benefit of college is on a long upward trend (Acemoglu & Autor, 2011), and the benefit may be largest for students who are the least likely to complete college degrees (Brand & Xie, 2010; Zimmerman, 2014).

In addition to providing private benefits, college degrees are valuable to states and the public. Higher education increases the knowledge of the electorate and the skills of the workforce. Heightened employment and earnings of more educated workers translate into more tax revenue for the state. In Wisconsin, higher education leaders have called for more college graduates, emphasizing the needs to increase per-capita income from below the national average, replace retiring baby boomers in the workforce, and diversify the state's economy (Wegenke, 2010).

To help produce more college graduates, states support public institutions with appropriations, and support students directly through financial aid. This article focuses on one such support program, the Wisconsin Grant (formerly called the Wisconsin Higher Education Grant or Wisconsin Tuition Grant), which reduces the price of college for low-income residents.

There is a strong correlation between family income and college attendance, which grew stronger in recent decades, even among similarly able students (Belley &

Lochner, 2007). Targeting aid to students from low-income families has the potential to help them catch up to their higher-income counterparts.

Wisconsin spends more than \$100 million per year on the Wisconsin Grant (LFB, 2015). It is therefore important to know whether the grant program is meeting its main goals in terms of increasing rates of college enrollment, persistence, and completion among low-income residents. The program turns 50 years old in 2015, yet a quantitative, causal evaluation of outcomes has never been undertaken. Evaluation results would be especially timely now as the program faces growing student eligibility (demand) and stagnant funding (supply). The funding shortage brings to the fore decisions about whether to adjust the program to fit available funding or to increase funding to fit the program in its current form. Coincidentally, the sharp drop-off in funding brought about by the shortage creates a useful way to answer questions about the effects of the program, by dividing students into comparison groups. The estimated effects of the program can inform decisions about how it might move forward.

This article describes the Wisconsin Grant program and makes specific recommendations for evaluation.

The Wisconsin Grant

The earliest version of the Wisconsin Grant was established by statute in 1965, the same year the landmark Higher Education Act was signed by President Lyndon Johnson. The Act and its periodic reauthorizations shape the federal approach to supporting higher education, which affects state program choices. Wisconsin's programs are implemented by the Higher Educational Aids Board (HEAB), which is appointed by the governor and directly represents colleges and universities. Today the

state's largest financial aid program, the Wisconsin Grant, uses a model very similar to the federal government's need-based Pell Grant.

The next subsection on *Wisconsin Grant Offers* details the program rules that apply to each student applicant. Following that, the subsection on *Wisconsin Grant Funding* describes trends in the number of students served by the grant program.

Wisconsin Grant Offers

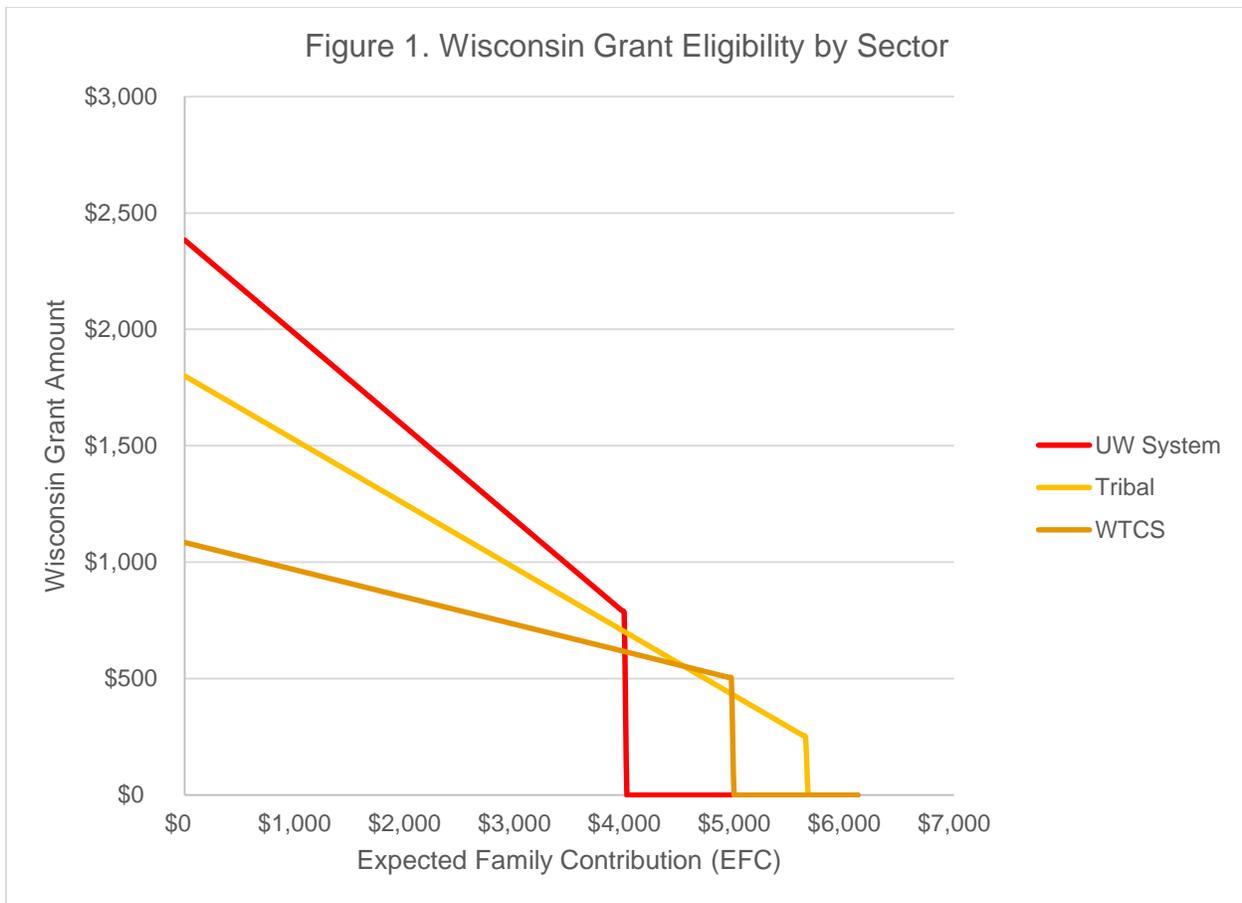
More than 60,000 students receive the Wisconsin Grant each year (LFB, 2015). They become eligible based on income, wealth, and household information they submit through the Free Application for Federal Student Aid (FAFSA). By Wisconsin Statutes 39.30 and 39.435, the Wisconsin Grant is means-tested and scaled according to the FAFSA's financial means measure, the Expected Family Contribution (EFC). A grant offer is calculated using the EFC for any undergraduate student who indicates interest in a Wisconsin postsecondary institution.

Wisconsin is home to a diverse set of postsecondary institutions, including 13 universities and 13 two-year branch campuses in the University of Wisconsin (UW) System, 16 technical college districts in the Wisconsin Technical College System (WTCS), and 2 two-year technical and community tribal colleges. Students at all of these public institutions, plus private non-profit colleges and universities, are eligible for the Wisconsin Grant. The grant is not available to students attending for-profit institutions.

Four versions of the Wisconsin Grant correspond to the four sectors of undergraduate higher education in Wisconsin. Figure 1 shows the relationship between the EFC and the grant amount offered for two semesters at the UW System, tribal, and

technical college sectors. The private non-profit formula is more complex and is excluded from the figure. This is a visual depiction of the eligibility rules described in HEAB documents, and is accurate for aid years 2013–14 through 2015–16 (the most recent year).

Figure 1 tells us that each sector targets roughly the same range of EFCs, which also coincides with the Pell EFC range. Nationally, a majority of families in this range have incomes below \$20,000, and 97 percent have incomes below \$60,000 (U.S. Department of Education, 2015). Grant amounts differ across sectors, reflecting differences in college costs. These differences are largest at the lowest EFCs. Grants do not shrink all the way to zero as EFC rises, because a minimum grant of substantial value is required by statute.



Source: HEAB (2015). Eligibility formulas for aid year 2013–14 through 2015–16, in current dollars.

To receive the Wisconsin Grant, a student must accept the offer by enrolling at least half time during a semester in the school year corresponding to the qualifying application. At the institution at which the student enrolls, officials package the grant money with student loans and other financial aid. A student can receive the grant for up to 10 semesters during their lifetime.

Among students who accepted their Wisconsin Grant offers, Table 1 illustrates the average amount and how much tuition it covered in 2013–14. On average a student receives \$841 (WTCS) to \$2,544 (private non-profit) per year from the Wisconsin Grant, depending on the sector. This amount covers from 8.9 percent (private non-profit) to

25.1 percent (tribal) of the in-state, full-time, undergraduate tuition and required fees for the average institution in that sector.

The full cost of attendance for financial aid purposes also includes books and supplies, room and board, and other expenses that add up to nearly \$10,000 depending on the location of the campus and a student’s housing choices (IPEDS, 2015).

Wisconsin Grant eligible students also receive other grant aid, including the Pell Grant, which averages around \$3,400 among Wisconsin resident recipients (LFB, 2015).

Table 1. Wisconsin Grant Amount Received and Coverage by Sector, 2013–14 School Year

Sector	Average Wisconsin Grant amount (A)	Average In-state Tuition and Required Fees (B)	Percentage Wisconsin Grant Covers (A/B)
UW System	\$1,773	\$8,002	22.2%
Tribal	\$1,350	\$5,380	25.1%
WTCS	\$841	\$4,007	21.0%
Private Non-profit	\$2,544	\$28,643	8.9%

Sources: IPEDS (2015) and LFB (2015). Average in-state tuition and required fees for full-time undergraduates, in current dollars.

Covering a quarter of tuition and fees could make college affordable for a population of students who would not otherwise be able to attend. For some students who would attend regardless, grant money still lowers costs and therefore could lower the amount students must borrow or work to finance college. Grant money could also create a buffer against unexpected expenses, or changes in the costs and benefits of college.

Implementing financial aid programs with a finite budget requires a balance between the benefits of supporting any one student, and how many total students can

be supported. Recent trends in family incomes and state funding have made this balancing act more difficult.

Wisconsin Grant Funding

During the recession of the late 2000s, multiple factors combined to produce a surge in demand for need-based financial aid. Many families lost income and wealth through unemployment, furloughs, shrinking retirement portfolios, or diminished home values. Many more families had low enough EFCs to qualify for need-based aid, both because of the losses they sustained and because of changes to the EFC formula during this time (CBO, 2013). Since the job market was down, the opportunity cost of attending college in terms of foregone earnings was also down. This meant more people, especially in career fields with high unemployment rates, would be driven to either stay in college or to go back to college (Betts & McFarland, 1995; Jacobson, LaLonde, & Sullivan, 2005). Colleges, facing losses on their investments and other recessionary stresses, were more likely to raise tuition (Long, 2014).

At the federal level, surging demand meant large increases in the number of Pell Grant awards (CBO, 2013). The Pell Grant also expanded eligibility and grant amounts during this time. The Pell Grant is an entitlement, meaning spending automatically accommodates demand.

In Wisconsin, the same demand and eligibility trends were not matched by increases in spending. The Wisconsin Grant is also statutorily an entitlement, as it gets a “sum-sufficient allocation” of funding. However, state governments face stricter budget constraints than the federal government, and Wisconsin has routinely suspended the sum-sufficient allocation in favor of limited allocations budgeted for each sector and

year. Then HEAB offers grants on a first-come first-served basis using the FAFSA filing date. This process occurs independently in each sector and is administered at the campus level in the UW System. This approach keeps the within-student offer rules roughly the same (see Figure 1) while excluding late-applying students from grant eligibility.

The shortage created by insufficient funding can be measured in multiple ways. One is the date on which Wisconsin Grant offers are suspended. Each year on January 1, students and their families begin to submit FAFSAs for the school year that starts in the fall and extends into the next spring and summer. The application period ends the in the following calendar year on June 30, overlapping with the next school year's application period. As HEAB (or each UW campus) receives applications and makes Wisconsin Grant offers, it reaches a point in the FAFSA queue where funds are no longer available, and grant offers are suspended.



Source: HEAB (2015).

Figure 2 shows the progression of HEAB’s suspension date for the tribal colleges, private non-profit sector, and WTCS for school years 2007–08 (suspension date in 2007) through 2012–13 (suspension date in 2012). Some of the dates are missing from HEAB (2015).

During this short period, the suspension date moved earlier in the year by three months (tribal) to seven months (WTCS). Students who wanted to qualify for Wisconsin Grant aid therefore had much less time to apply. The most recent suspension dates shown here (e.g. April 25, 2012 for the 2012-13 school year at private non-profit institutions) left less than a month between the time when income tax returns were due

and the time when much of the same information needed to be transferred to the FAFSA to ensure Wisconsin Grant eligibility. Besides all the economic influences discussed above, the trends in the figure could also reflect students reacting to the funding shortage and applying earlier.

Applications received after the suspension date create a waitlist, or excess demand. The size of the waitlist is another way to measure the shortage. Each sector has a different method of counting how many students would have received a Wisconsin Grant had there been sum-sufficient funding (Pope, 2014). By all counts, tens of thousands of applications miss the deadline. The most recent estimates, for school year 2014–15, indicate that the Wisconsin Grant budget would have to increase by roughly 30% to accommodate all applicants on the waitlist (Pope, 2016). The excess demand peaked in 2009–10, when applications were based on income from tax year 2008 during an economic recession. In that year the budget would have had to increase by over 140% to accommodate all applicants on the waitlist (HEAB, 2012).

The ongoing funding shortage has raised interest in evaluation of the program's effects, to better inform decisions about the allocation of funding (HEAB, 2010; Wisconsin Legislative Council, 2011; HEAB, 2012). In explaining the rationale for the size of the Wisconsin Grant, one commission convened by order of the legislature emphasized the importance of helping as many students as possible, while ensuring that the amount of the grant continues to be “transformational” for students (HEAB, 2012). By transformational, the members of the commission meant the grant “would seriously improve a student’s financial situation and make post-secondary education genuinely more likely” (HEAB, 2012, p. 19). Yet the report also remarked that neither

the commission nor HEAB has measured—even if only by tracking and reporting the outcomes of program alumni—whether the Wisconsin Grant actually transforms students’ lives or education. The commission’s citation of an experimental evaluation of a privately funded need-based aid program (Goldrick-Rab, Kelchen, Harris, & Benson, forthcoming) suggests a preference for evidence-based guidance for financial aid policy, which has been insufficiently met by evaluations to date.

Effects of the Wisconsin Grant

We know that the Wisconsin Grant distributes millions of dollars to tens of thousands of students from low-income families, helping to pay for their schooling, living expenses, and perhaps lowering debt and work responsibilities. But how much better are these students’ chances of degree completion? Does the grant buy the state any additional college degrees? How many? Overall, how different does college-going look in Wisconsin because the grant exists? Absent clear evidence to answer these questions, the return to taxpayers and the future of the Wisconsin Grant are unclear.

In an ideal experiment, we would compare outcomes in a world with the Wisconsin Grant to outcomes in an otherwise identical world without the Wisconsin Grant, and the measured difference would give us the estimated impact of the grant. Researchers look for creative ways to approximate this ideal by finding similar groups of students who receive different Wisconsin Grant offers. Distributing limited funding among eligible students through a lottery is one way to do this, because the only difference between grant recipients and non-recipients is random chance. This method was ruled out as inappropriate by a task force examining the distribution of state grant funds (HEAB, 2010).

It might be possible to assess the program's outcomes by comparing the college careers of two cohorts of Wisconsin high school graduates, choosing students with similar high school grades, family income, and other attributes. The graduating class of 1960 entered college before the creation of Wisconsin's state financial aid system while the graduating class of 1970 entered college after. If lower-income students in 1970 fared better than their 1960 counterparts, their success could be traced to the fact that they received more financial help from the state in paying for college. But the problem with this comparison is that a lot of other things changed during the 1960s that could lead to different outcomes for these two groups, not least among them the federal financial aid programs also enacted in 1965. There are two other problems with this hypothetical proposal: data on these students would be difficult to find, and the aid programs and student population we care about today have evolved a lot since then.

To overcome these challenges, we recommend making use of the suspension date and waitlist currently being employed. As discussed above, applicants do not know ahead of time when the limited Wisconsin Grant funding will run out each year, and neither does HEAB. After the fact, HEAB identifies a suspension date, and students who apply after this date do not receive grant offers. These students effectively live in the hypothetical world where the Wisconsin Grant does not exist. Limiting our focus to students who apply near the suspension date, there is no reason to believe that the group of students who apply just before the (unpredictable) suspension date is appreciably different from the group of students who apply just after it. Their college careers may unfold differently, but on average this difference can be attributed to the

only difference in their starting point: the offer of a Wisconsin Grant (or not) in the year they applied near the suspension date.

In this way the unfortunate situation of limited funding creates an opportunity for program evaluation. It also creates the opportunity for a partnership between researchers with the resources to analyze the program and practitioners with key information about how the program works. Such a partnership can produce both practical reporting of student pathways as well as in-depth causal evaluation of program effects.

The results of a quantitative evaluation would provide an evidentiary basis for decisions about the program. While values and politics often guide policymaking, it can nonetheless be useful for people with different perspectives to come together to examine a common set of information. Without this, even people with the same preferences may disagree about the program, simply based on their differing perceptions of its effectiveness. A program as longstanding and significant as the Wisconsin Grant deserves a closer look, so that its future may be determined with a grounding in evidence. We therefore recommend that the state pursue an evaluation soon.

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