



For release:  
April 12, 2022

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## **Student Financial Aid in Wisconsin Is Doing Less to Keep College Affordable** *Flat or declining student financial aid comes amid enrollment declines, worker shortages*

Total state financial aid to college and university students in Wisconsin has lagged or declined in the last decade, leaving students to shoulder more of the cost of education – and undermining a potential tool to stem the state’s higher education enrollment decline and workforce challenges, according to a new Wisconsin Policy Forum report.

The report finds Wisconsin has not prioritized financial aid programs in recent state budgets. Instead, its college affordability efforts have focused on maintaining a tuition freeze for the University of Wisconsin System.

This approach holds down costs for all UW students but does not target those most in need, or help technical or private college students. It also has caused Wisconsin to fall farther behind other states in financial aid levels.

“State funding has changed little over the past decade, both overall and in key areas such as average Wisconsin Grants to students,” the report finds. “The result has been a sharp increase in unmet need among students and a growing disparity between those who attend institutions with the means to address the financial challenges of their students and those who do not.”

This report is a follow-up to two other recent Forum studies on higher education: [“Falling Behind?”](#) and [“Degree of Difficulty.”](#) They laid out the challenges to Wisconsin public universities and colleges from declining enrollment, stagnant state funding, and the UW tuition freeze.

Now, this report reviews state and federal financial aid in Wisconsin, examining critical trends and focusing on the handful of grant and loan programs that account for most of the dollars spent each year. Key findings include:

- State spending on grants, loans, and scholarships to undergraduate students grew rapidly from 2000 to 2011 but fell 0.5% between 2011 and 2021, without adjusting for inflation.
- Even adjusted for inflation, the average unmet need for in-state undergraduates receiving financial aid at all higher education institutions in Wisconsin has grown 135.6% from \$3,755 in 2000 to \$8,845 in 2021.
- The average Wisconsin Grant and federal Pell Grant combined paid for 91.4% of in-state undergraduate tuition at UW-Madison in 2002 but only 69% in 2021.
- Wisconsin’s 2020 spending on grants to undergraduates worked out to \$541 per student, 44.8% lower than the national average of nearly \$980 per undergraduate.
- Wisconsin’s total grant aid to undergraduates increased from \$107.2 million in 2010 to \$120.9 million in 2020, or 12.8%. That was 36th among the 50 states. Nationally, grant aid increased by 46%, or more than three-and-a-half times as much.

Though the design of aid programs matters, the preponderance of academic studies point to financial aid making students more likely to enroll in, remain in, and graduate from college. Such outcomes are especially crucial as Wisconsin faces severe workforce shortages in numerous job sectors that require postsecondary degrees – and as enrollment in the state’s colleges and universities generally has declined even more than nationally.

The report outlines several options that could be considered:

**Make progress without spending large sums:** Low-cost options include consolidating small aid programs scattered across various state agencies, creating a one-stop state website that could provide information on all public financial aid programs for Wisconsin students, and supporting students and families to ensure they fill out a key federal form needed to access financial aid.

**Provide a bump in overall funding:** At a relatively modest cost, the state could provide a funding increase for its need-based Wisconsin Grants program. It would cost just under \$6.1 million to provide an additional 10%, or \$204, to each of the 29,881 UW System students who received grants averaging \$2,037 in 2021. Providing 10% increases to students at other types of institutions would require an even smaller investment. Some financial aid could be targeted, if desired, toward students studying in certain in-demand fields.

**Tie financial aid to student cost:** A key problem for financial aid levels in Wisconsin has been the fact that neither overall funding nor average grant amounts are tethered to student costs. The state could remedy that by tying either total funding levels or the target grant amounts for programs such as the Wisconsin Grants to an objective standard such as tuition costs, the Consumer Price Index, or other inflation measure.

**Expand Bucky’s Tuition Promise or consider another such program:** UW-Madison already offers Bucky’s Tuition Promise, which guarantees enough scholarships and grants to cover four years of tuition and fees for freshman students with household incomes of \$60,000 or less. Policymakers could consider expanding the tuition promise to other UW campuses as well as extending a similar promise to low-income students at technical and tribal colleges. They also may wish to consider providing additional assistance to private college students.

During the pandemic, students have faced unprecedented challenges and, perhaps not surprisingly, post-secondary enrollment and retention rates have fallen to a concerning degree. Now, an influx of federal pandemic aid and unprecedented recent rise in state tax collections create a unique opportunity to use financial aid as one tool to support students in this precarious time. Doing so could boost long-term earnings for these students and tax collections for the state, help address some workforce challenges, and ensure a more equitable society in the years to come.

This report was funded, in part, by contributions from the Herzfeld Foundation, the Higher Education Regional Alliance, the ADAMM Foundation, and the Milwaukee Regional Research Forum.

[Click here to read “A Little Help: Is Financial Aid Keeping College Affordable in Wisconsin?”](#)

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