



Testimony on State Need-Based Financial Aid Grants Higher Education Subcommittee of the Standing Committee on Appropriations

Peter Ruark

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Good afternoon, Chairman Pscholka and members of the Higher Education Subcommittee of the Standing Committee on Appropriations. I am Peter Ruark, Senior Policy Analyst for the Michigan League for Public Policy. The League is a nonprofit, nonpartisan statewide advocacy organization dedicated to ensuring that Michigan's low-income residents achieve economic security. Thank you for the opportunity to speak with you today.

In the past ten years, college tuition has doubled at most Michigan public universities. For four years of university education, students graduating in 2013 will pay more than twice what those who graduated in 2003 paid. With the Pell Grant covering a much lower percentage of college costs than it did previously, many students from low-income and even middle-income families depend on financial aid grants in order to afford college.

Despite all this, Michigan cut need-based grants by 20% between 2001 and 2011, while other states on average increased their need-based grants by 84%. In the Midwest, Indiana more than doubled its need-based grant funding during that time, and Illinois invests almost five times as much as Michigan on need-based grants.

Michigan currently offers three need-based grant programs: the Michigan Competitive Scholarship, the Michigan Tuition Grant, and the Tuition Incentive Program. During the past 10 years, Michigan has eliminated the Adult Part-Time Grant, the Michigan Educational Opportunity Grant, the Postsecondary Access Scholarship, the Michigan Nursing Scholarship, and Michigan Work-Study—all need-based programs.

In 2009, there were 94,335 need-based grants awarded, but after the need-based grant cuts, the number of awards dropped to less than 74,000. With only 14% of full-time Michigan students receiving state grants (down from 23% in 1991), Michigan ranks 40th in the country.

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Because need-based grants are an important factor in whether low-income individuals can access and complete postsecondary education, and because educating this part of the workforce is an important component of rebuilding Michigan's economy, the Michigan League for Public Policy makes the following recommendations:

- Prioritize appropriations for state need-based grant programs, particularly those that are most effective in helping individuals whose postsecondary enrollment, persistence and completion is dependent upon receipt of grant aid.
- Continue to use the appropriations process to encourage public postsecondary institutions to keep tuition affordable, by providing incentive funding based on tuition restraint.
- Strengthen state grant programs to be more effective in targeting those with the most need, including determining how Michigan can get the most for its money when balancing “merit versus need” and “public versus private” considerations.
- Support a strong state revenue structure that will enable the restoration of grant money that has been cut or programs that have been eliminated.
- Support policies and programs that can help alleviate hardship for low-income students, including policies that permit low-income students to receive certain kinds of public assistance while prohibiting fraud and abuse by other students.

More information can be found in the League's report, *Keeping it Affordable in Michigan: Disinvestment in Financial Aid Grants Hurts Students and Their Families*. I have provided copies of the report for you today.

Thank you, and I will be happy to answer any questions.