

Keeping It Affordable in Michigan:

Disinvestment in Financial Aid Grants Hurts Students and Their Families

Going to college or getting occupational training after high school is more important than ever, but in Michigan, it is more expensive than ever. At a time when the need for postsecondary education is viewed as critical for individual success as well as the state's economic future, Michigan policymakers have disinvested in a key strategy for making it affordable: state grant aid.

Over the past decade, tuition rates at Michigan's public universities doubled and even the more-affordable community college tuition has increased significantly. Yet during the past decade, Michigan policymakers:

- Cut need-based grants by 20%, while other states increased their need-based grants by 84%.
- Invested the least in grant dollars per student in the Midwest.
- Offered grants to only 14% of students, ranking Michigan 40th in the country.
- Gave a large share of need-based grants to students from higher-income families attending private colleges.

For many students, college costs can be daunting. Most students depend on some form of financial assistance to help them get through college or vocational school. For low-income individuals in particular, tuition and related costs can hinder persistence and completion of a postsecondary program. Absent adequate financial aid, many are unable to get a degree or certificate despite having invested money in doing so, and those who do complete their programs incur a large amount of debt.

At most Michigan public universities, tuition has more than doubled in the past 10 years; students graduating in 2013 will pay more than twice the amount of students who graduated in

2003 (Fig.1). Tuition climbed at the state's more affordable two-year colleges, but not as dramatically as tuition at four-year institutions. Still, many community college students are low income and may have trouble paying the costs out of pocket without grant aid (Fig. 2).

FIGURE 1

Four Years of Full-time Tuition by University and Year of Graduation—Michigan Residents			
University	2003	2013	Percent Change
Central Michigan University	\$16,399	\$42,240	158%
Eastern Michigan University	\$17,043	\$34,551	103%
Ferris State University	\$19,275	\$40,560	110%
Grand Valley State University	\$18,450	\$38,500	109%
Lake Superior State University	\$17,140	\$36,177	111%
Michigan State University	\$23,216	\$49,168	112%
Michigan Tech. University	\$22,771	\$53,761	136%
Northern Michigan University	\$16,287	\$32,474	99%
Oakland University	\$18,171	\$40,111	121%
Saginaw Valley State University	\$15,450	\$30,143	95%
University of Michigan Ann Arbor	\$29,096	\$52,380	80%
University of Michigan Dearborn	\$19,802	\$39,671	100%
University of Michigan Flint	\$16,960	\$35,816	111%
Wayne State University	\$18,302	\$40,804	123%
Western Michigan University	\$18,387	\$39,152	113%

Note: Figures assume full-time attendance for four consecutive years leading up to and including year of graduation.

Sources: Michigan House Fiscal Agency: Public University Summary Data; Memorandum to House Appropriations Subcommittee on Higher Education Regarding Public University Performance Funding and Tuition Restraint Submissions, Sept. 6, 2012.

(<http://www.house.mi.gov/hfa/highed.asp>, accessed on Oct. 5, 2012)

Produced by Michigan League for Public Policy

Skilling Up Michigan is a series of policy briefs from the Michigan League for Public Policy that addresses the access and affordability of postsecondary skill building in Michigan, and urges the state to prioritize public investment in occupational skill building as a strategy for fighting poverty, reducing unemployment and building communities. This is the first paper in the series and is published with the support of the Working Poor Families Project.

FIGURE 2

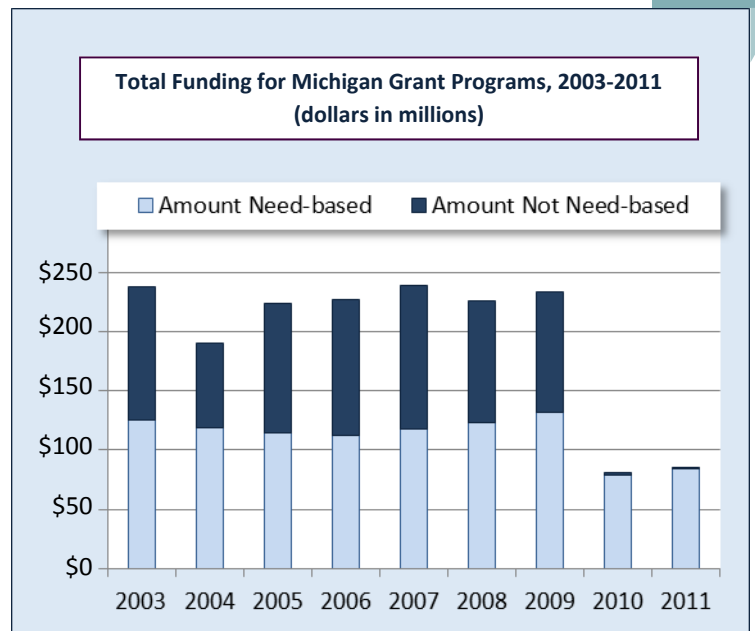
Michigan Community College Tuition Per Credit Hour			
Community College	2002-03	2011-12	Percent Change
Alpena	\$61	\$99	62%
Bay De Noc	\$58	\$97	67%
Delta	\$64	\$84	32%
Glen Oaks	\$56	\$85	52%
Gogebic	\$54	\$96	78%
Grand Rapids	\$62	\$96	55%
Henry Ford	\$57	\$75	32%
Jackson	\$64	\$101	57%
Kalamazoo Valley	\$48	\$80	67%
Kellogg	\$55	\$81	47%
Kirtland	\$58	\$86	47%
Lake Michigan	\$58	\$81	41%
Lansing	\$51	\$79	55%
Macomb	\$57	\$84	47%
Mid Michigan	\$57	\$88	55%
Monroe	\$51	\$77	51%
Montcalm	\$57	\$83	46%
Mott	\$63	\$103	64%
Muskegon	\$52	\$82	57%
North Central	\$52	\$75	43%
Northwestern	\$58	\$82	42%
Oakland	\$52	\$67	29%
St. Clair	\$64	\$91	42%
Schoolcraft	\$57	\$84	47%
Southwestern	\$55	\$99	80%
Washtenaw	\$58	\$85	47%
Wayne County	\$54	\$89	65%
West Shore	\$58	\$79	36%
STATE AVERAGE	\$57	\$86	51%

Source: Michigan Workforce Development Agency, Michigan Community Colleges Activity Classification Structure, 2010-11 Data Book and Companion, Table 15. (<http://www.michigancc.net/acs/databooks.aspx>, accessed on Oct. 1, 2012.) Produced by Michigan League for Public Policy

Student loans often make up a large part of a student’s financial aid package, but the rising costs of tuition and high interest rates make it imperative that grant aid be available as well. Federal aid programs such as Pell Grants do not cover a large enough portion of costs by themselves to keep postsecondary education affordable for low-income students. For that reason, all states have state-funded grant programs that help qualifying students with tuition and related costs, and all have a proportion of their state grant funding going to need-based grants, as opposed to grants based entirely on merit or other factors.¹ (Fig. 3)

¹ National Association of State Student Grant and Aid Programs, *42nd Annual Survey Report on State-Sponsored Student Financial Aid: 2010-2011 Academic Year*, 2012.
² Michigan Department of Treasury, Office of Scholarships and Grants, “History of State Programs” (online document). Website: http://www.michigan.gov/documents/mistudentaid/History_of_State_Programs_380471_7.pdf (Accessed on Oct. 15, 2012)
³ Michigan Department of Treasury, *ibid.*

FIGURE 3



Source: National Association of State Student Grant and Aid Programs, Repository-- Annual Surveys (<http://www.nassgap.org/viewrepository.aspx?categoryID=3#>, accessed Oct. 1, 2012) Produced by Michigan League for Public Policy

The need-based grants in Michigan currently are:

- Michigan Competitive Scholarship
- Michigan Tuition Grant
- Tuition Incentive Program²

Several other state-funded, need-based grant programs have been eliminated during the past 10 years, including:

- Adult Part-Time Grant (eliminated 2009)
- Michigan Educational Opportunity Grant (eliminated 2009)
- Postsecondary Access Scholarship (eliminated 2003)
- Michigan Nursing Scholarship (eliminated 2009)
- Michigan Promise Scholarship (eliminated 2009)
- Michigan Work-Study (eliminated 2009)³

A more detailed funding history of each of these programs in recent years can be found in the appendix.

It should be pointed out that the figures in this paper do not include No Worker Left Behind, a program that paid for up to two years of occupational training or retraining of displaced or low-wage workers to enable them to be hired into high-demand jobs. In its first three years, it helped approximately 150,000 Michigan

workers gain credentials and many found good jobs.⁴ Unfortunately, the Fiscal Year 2012 Michigan budget eliminated the funding for No Worker Left Behind, effectively terminating the program.

MICHIGAN DECREASES WHILE ITS NEIGHBORS INCREASE

During the past 10 years, states across the country increased investment in need-based grants by an average of 84%. Michigan, running counter to the national trend, decreased its investment by 20%—one of only two Midwest states to cut need-based grant funding during that period (Fig. 4). Other Midwest states made significant increases during that time, most notably Indiana and Missouri, which doubled their spending on need-based grants. This disinvestment puts Michigan not only second to last among its neighbors, but in the bottom 10 of all states on increasing investment in student need-based grant aid.

MICHIGAN INVESTS LEAST PER PERSON AND PER STUDENT IN MIDWEST

In addition to looking at increase over time, two other ways to compare state investment in grant aid are in the dollars per population and the dollars per full-time enrollment. In the Midwest, Michigan ranks last in state grant dollars per estimated population, both in terms of total population and of the traditional college-age population (age 18-24). Michigan's 2010-11 expenditure of \$8.66 per total population and \$87.91 per traditional college-age population is only 22% and 23%, respectively,

of what Indiana (the highest-ranking Midwest state) invested (Fig. 5).

FIGURE 4

Change in Need-based Grant Aid Awarded by Midwest States (millions of dollars)				
State	2000-01	2010-11	10-year Change	
			%	National Rank*
Indiana	\$110.172	\$238.772	116.7%	18
Missouri	\$28.058	\$56.931	102.9%	22
U.S.			84.8%	
Wisconsin	\$65.356	\$116.509	78.3%	30
Pennsylvania	\$325.234	\$368.459	13.3%	39
Illinois	\$360.530	\$404.563	12.2%	40
Minnesota	\$120.426	\$129.607	7.6%	41
Iowa	\$52.632	\$54.364	3.3%	42
Michigan	\$106.101	\$84.596	-20.3%	44
Ohio	\$98.607	\$73.999	-25.0%	45

*National rank: 1=largest increase, 47=largest decrease. Ranking for 10-year change includes District of Columbia, but does not include Alaska, Georgia, South Dakota or Wyoming due to zero funding in one of the years of comparison. Source: National Association of State Student Grant and Aid Programs, Repository—Annual Surveys (<http://www.nassgap.org/viewrepository.aspx?categoryID=3#>, accessed Oct. 1, 2012) Produced by Michigan League for Public Policy

FIGURE 5

State Grant Dollars per Estimated Population and Full-time Enrollment in Midwest States, 2010-11								
State	Total Grant Dollars/ Population	National Rank	Total Grant Dollars/ Population Age 18-24	National Rank	Estimated Grant Dollars/ FTE	National Rank	Estimated Need-based Grant Dollars/ FTE	National Rank
Indiana	\$39	12	\$386	12	\$764	14	\$726	6
Illinois	\$32	17	\$328	16	\$711	17	\$705	7
Pennsylvania	\$29	20	\$293	19	\$639	19	\$639	9
Minnesota	\$25	23	\$260	22	\$498	25	\$496	11
Wisconsin	\$21	26	\$218	26	\$450	27	\$439	15
Iowa	\$19	28	\$189	29	\$224	34	\$211	28
Missouri	\$15	34	\$154	33	\$310	29	\$195	31
Ohio	\$10	38	\$100	38	\$203	35	\$137	35
Michigan	\$9	39	\$88	39	\$184	37	\$182	32

Source: National Association of State Student Grant and Aid Programs, *42nd Annual Survey Report on State-Sponsored Student Financial Aid: 2010-2011 Academic Year*, 2012. (<http://www.nassgap.org/viewrepository.aspx?categoryID=3#>, accessed on Oct. 1, 2012) Produced by Michigan League for Public Policy

⁴ Good, Larry, Corporation for a Skilled Workforce, *Michigan's No Worker Left Behind: Lessons Learned from Big-Picture Workforce Policy Change*, commissioned by National Skills Coalition, January 2011.

As a result of discontinuing the grant programs listed earlier, Michigan now ranks second to last in the Midwest in need-based grant dollars per full-time undergraduate enrollment and last in total grant dollars. Michigan’s investment per enrollment is only one-fourth of that of Indiana and Illinois in both kinds of spending. Michigan’s investment in need-based grants for its students has not always been so low, however. As Fig. 6 shows, in the early 1990s Michigan was among the top 10 states in this measure, spending the equivalent of \$303 per FTE on need-based grants in 1991-92. Twenty years later, it is spending only \$182 per FTE, which at \$113 in 1992 dollars marks a real-dollar decline of 63% in need-based grant funding per enrollment.

GRANT SPENDING PORTION OF HIGHER EDUCATION FUNDING IS LOWEST IN MIDWEST

Among Midwest states, Michigan spends the smallest percentage of its higher education budget on state grants. In 2010-11, Michigan spent 4.6% of its higher education budget on state grants, while Pennsylvania, Indiana and Illinois all spent higher than the national state spending average of 12.5% (Fig. 7). From 2002-03 to 2006-07, Michigan spent more than 10% of its higher education budget on grant aid, although much of that expenditure was for non-need-based aid (specifically the Michigan Merit Scholarship, discussed in more detail later). The decrease in the proportion used for grants must be seen in light of the various cuts to higher education over the years; the lower proportion is not driven by an increase in the overall budget.

FEWER STUDENTS IN MICHIGAN RECEIVE STATE GRANT AID

In the most recent year for which data is available (2010-2011), Michigan had 14% of its full-time students receiving some kind of grant aid, ranking second to lowest among Midwest states and 40th in the nation (Fig. 8). Twenty years prior, 22.7% of Michigan’s students received grants. All Midwest states fell relative to the rest of the nation during that period—in 1992, five of the 10 states in the U.S. with the highest percentage of grant-receiving students were in the Midwest.

Year	Undergraduate FTEs	Estimated Dollars Per FTE	National Rank	Estimated Dollars Per FTE (1992 Dollars)	Percent Change Since 1992 (1992 Dollars)
1991-92	257,292	\$303	9	\$303	-
1992-93	261,887	\$288	9	\$280	-8%
1993-94	252,548	\$316	10	\$299	-1%
1994-95	251,623	\$323	11	\$297	-2%
1995-96	247,654	\$340	11	\$304	0%
1996-97	242,494	\$354	10	\$309	2%
1997-98	242,494	\$373	12	\$321	6%
1998-99	248,972	\$371	13	\$312	3%
1999-00	248,972	\$366	14	\$298	-2%
2000-01	338,862	\$301	18	\$239	-21%
2001-02	345,970	\$307	17	\$239	-21%
2002-03	374,800	\$255	19	\$195	-36%
2003-04	389,058	\$236	25	\$175	-42%
2004-05	397,698	\$231	28	\$166	-45%
2005-06	405,870	\$214	29	\$149	-51%
2006-07	411,380	\$216	30	\$146	-52%
2007-08	405,775	\$223	32	\$146	-52%
2008-09	424,606	\$220	33	\$144	-52%
2009-10	456,019	\$103	41	\$66	-78%
2010-11	464,999	\$182	32	\$113	-63%

Note: Estimates of 1992 dollars use the Bureau of Labor Statistics Consumer Price Index Inflation Calculator (<http://data.bls.gov/cgi-bin/cpicalc.pl>, accessed Oct. 5, 2012)
 Source: National Association of State Student Grant and Aid Programs, Repository--Annual Surveys (<http://www.nassgap.org/viewrepository.aspx?categoryID=3#>, accessed Oct. 1, 2012)
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FIGURE 7

State	Percent Used for State Grants	National Rank
Pennsylvania	18.3%	7
Indiana	16.1%	10
Illinois	12.8%	15
U.S.	12.5%	
Minnesota	9.5%	25
Missouri	9.5%	24
Wisconsin	9.0%	26
Iowa	7.6%	30
Ohio	5.5%	34
Michigan	4.6%	35

Source: National Association of State Student Grant and Aid Programs, *42nd Annual Survey Report on State-Sponsored Student Financial Aid: 2010-2011 Academic Year*, 2012. (<http://www.nassgap.org/viewrepository.aspx?categoryID=3#>, accessed on Oct. 1, 2012)
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Michigan’s disinvestment in state grant aid, including need-based aid, has resulted in the lowest percentage of undergraduate students receiving state grant awards in the 22 years that that information has been published (Fig. 9). While, unfortunately, there are not recent figures available on the percentage of students specifically receiving need-based grants as opposed to other types of grants, we can attribute much of the increase in grant receipt from 2003-2008 to the Michigan Merit Award, a non-need-based grant program.

ARE GRANT PROGRAMS ADEQUATELY TARGETING LOW-INCOME STUDENTS?

The “camel’s hump” in Fig. 9 that shows an increase during 2003-2008 in student grant aid corresponds with what is shown in Fig. 10 for total grant spending per enrollment, but Fig. 10 also shows that need-based grant spending per enrollment decreased gradually during that period. Michigan need-based grant spending per enrollment tracked nearly equally with total grant spending until 2003, when non-need grant spending grew due to the Michigan Merit Award. When Michigan Merit Award grants were discontinued in the 2009-10 school year (except for students in the military) concurrently with several needs-based programs, both measures of spending plummeted. Total and need-based grant spending per full-time enrollment now, once again, track closely.

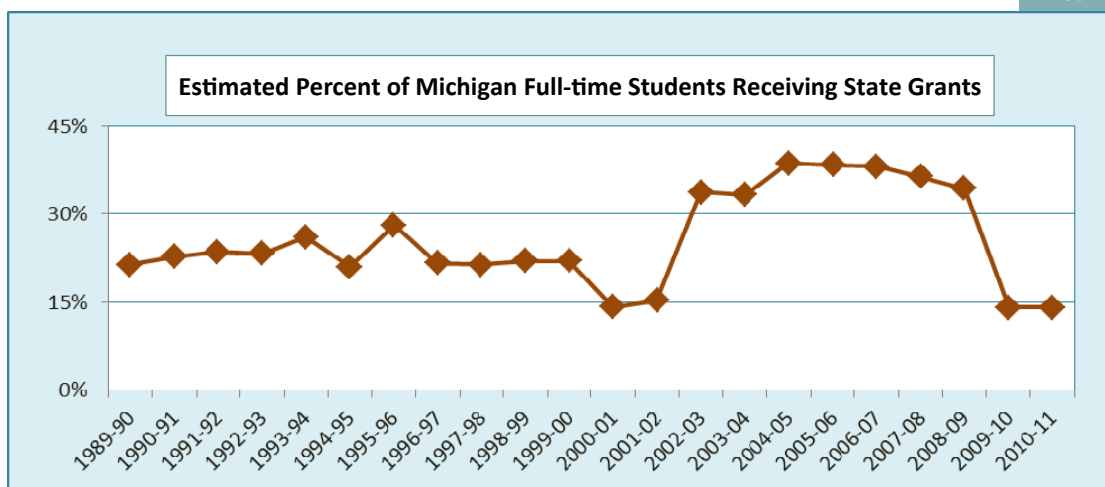
Many recipients of certain need-based grants are not necessarily low income. While the Tuition Incentive Program uses a maximum household income figure to determine eligibility (and hence serves primarily low-income students), the other need-based grants (including those discontinued in 2009) subtract the “estimated family contribution” from the cost of tuition to determine need and amount awarded. Postsecondary institutions with higher cost, then, would enable families with higher

State	1990-91 Percent	National Rank	2010-11 Percent	National Rank	20-Year Change
Minnesota	44.2%	3	36.1%	18	-8.1%
Pennsylvania	37.1%	6	28.2%	25	-8.9%
Indiana	22.6%	16	27.9%	26	5.3%
Wisconsin	30.3%	8	24.7%	27	-5.6%
Illinois	43.5%	4	22.4%	32	-21.1%
Missouri	10.1%	31	22.1%	33	12.0%
Ohio	39.9%	5	15.0%	39	-24.9%
Michigan	22.7%	14	14.1%	40	-8.6%
Iowa	22.7%	14	8.5%	47	-14.2%

Source: National Association of State Student Grant and Aid Programs, 42nd Annual Survey Report on State-Sponsored Student Financial Aid: 2010-2011 Academic Year, 2012. (<http://www.nassgap.org/viewrepository.aspx?categoryID=3#>, accessed on Oct. 1, 2012)
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incomes to qualify for some need-based grants as long as the margin between what the family can reasonably be expected to pay and the cost of attending is large enough.

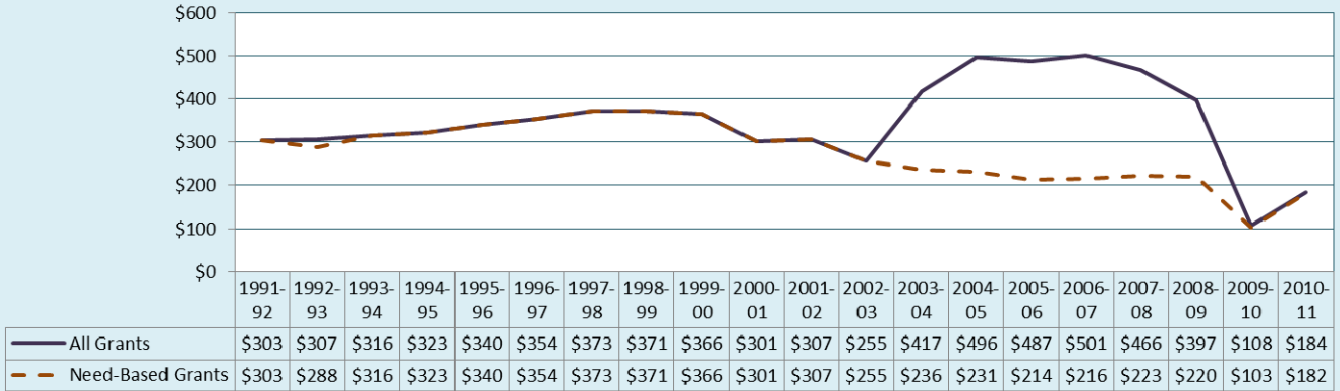
The four pie charts in Fig. 11 indicate that 40% of the total Michigan Competitive Scholarship funds awarded to dependent students from 2003-04 to 2009-10 went to households with incomes of \$60,000 per year or higher, 18% went to households with incomes of \$80,000 per year or higher and 7% went to households with incomes of \$100,000 or higher, while less than 10% of the funds went to students with household incomes of under \$20,000 per year.⁵ For the Michigan Tuition Grant, which is awarded only to students attending private colleges and universities, the numbers were almost as high for higher income groups at 32%, 15% and 6%, respectively, but a larger percent-



Source: National Association of State Student Grant and Aid Programs, Repository--Annual Surveys (<http://www.nassgap.org/viewrepository.aspx?categoryID=3#>, accessed Oct. 1, 2012)
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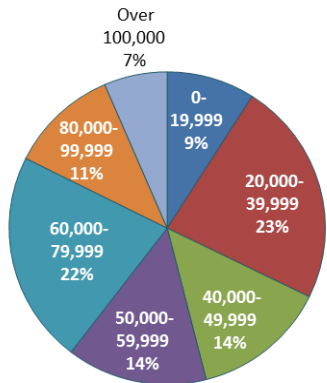
⁵ All figures for household income distribution for state grant programs comes from the NASSGAP Annual Survey Query Tool (<http://www.nassgap.org/customquery>, accessed on Oct. 1, 2012)

Michigan Spending Per Full-time Enrollment for Student Grant Aid (nominal dollars)

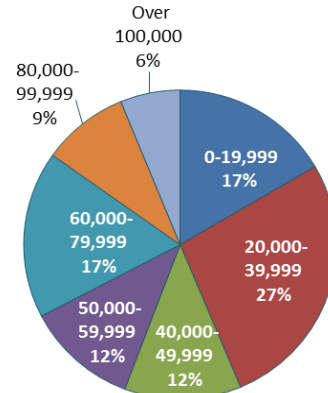


Source: National Association of State Student Grant and Aid Programs, Repository--Annual Surveys (<http://www.nassgap.org/viewrepository.aspx?categoryID=3#>, accessed Oct. 1, 2012)
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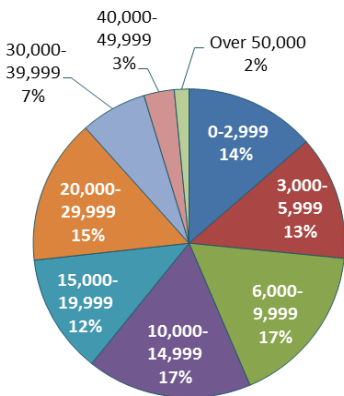
Distribution by Household Income Level of Michigan Competitive Scholarship Funds Awarded to Dependent Students, 2003-2009



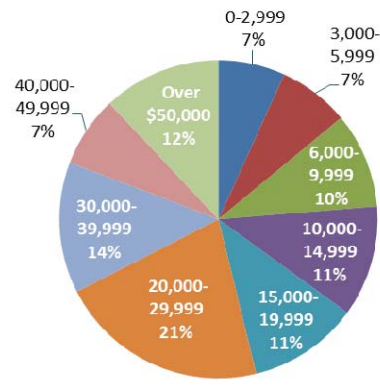
Distribution by Household Income Level of Michigan Tuition Grant Funds Awarded to Dependent Students, 2003-2009



Distribution by Household Income Level of Michigan Competitive Scholarship Funds Awarded to Independent Students, 2003-2009



Distribution by Household Income Level of Michigan Tuition Grant Funds Awarded to Independent Students, 2003-2009



Source: National Association of State Student Grant and Aid Programs, Repository—Annual Surveys (<http://www.nassgap.org/viewrepository.aspx?categoryID=3#>, accessed Oct. 1, 2012)
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age (17%) of the funds went to households with incomes below \$20,000. (Household income figures are not available for other Michigan grant programs.)

To put these numbers in context, the median household income in Michigan during 2009-2011 was \$46,847.⁶ The poverty level for a family of three is \$17,922 and for a family of four is \$23,018.⁷ Of children below age 13 in working families in 2010, 14% were in poor families and 37% were in low-income families (families below twice the poverty line).⁸ This is a large part of the future workforce of Michigan, and financial aid programs need to be designed in such a way that this population is not locked out of postsecondary education due to it being unaffordable.

This leads to the philosophical question of whether, in times of fiscal scarcity, it is prudent for the state to spend significant amounts of grant money helping students from affluent or upper-income families attend expensive schools. It also points to the practical concern of how to devise need-based and other grants to target need where it exists, as many middle-income as well as low-income families struggle with rising tuition costs and related school fees.

For the share of funds from these two programs that went to independent students (who need to rely primarily on their own resources rather than those of their parents), 88% of spending on the Michigan Competitive Scholarship went to households with incomes of less than \$30,000 per year and 44% went to those with less than \$10,000 per year. Of spending on independent students receiving the Michigan Tuition Grant, which pays only for tuition at private colleges, 12% went to those in households earning over \$50,000 per year.

Again, this is not to say that students from middle-class or even upper-middle-class households should not receive state grant aid, but to point out that a significant share of funds has gone to such households even as the state has greatly decreased its funding for state grant aid overall.

WHAT PROPORTION OF STATE GRANT AID SHOULD GO TO PRIVATE INSTITUTIONS?

Another philosophical question pertaining to state grants and to need-based grants in particular is how much grant money should go to private institutions, which nearly always have a higher tuition cost than public institutions. Of the approximately \$1.8 billion in need-based grants that Michigan awarded over the 20-year period from 1991-92 to 2010-11, 68% of the money paid for private school tuition, while 32% paid for tuition at public colleges and universities (Fig. 12). In several of those years,

Amount and Percentage of Michigan's Need-based Grants Awarded to Students in Public vs. Private Institutions				
	PUBLIC		PRIVATE, NOT-FOR-PROFIT	
Year	Amount (in Millions)	Percent of Total	Amount (in Millions)	Percent of Total
1991-92	\$24,268,000	31.1%	\$53,877,000	68.9%
1992-93	\$25,027,000	31.6%	\$54,060,000	68.4%
1993-94	\$25,027,000	31.6%	\$54,060,000	68.4%
1994-95	\$25,264,530	31.0%	\$56,296,246	69.0%
1995-96	\$27,367,984	31.4%	\$59,915,583	68.6%
1996-97	\$26,250,547	28.9%	\$64,737,312	71.1%
1997-98	\$27,860,201	29.2%	\$67,430,679	70.8%
1998-99	\$27,765,217	28.8%	\$68,639,990	71.2%
1999-00	\$28,763,856	30.3%	\$66,110,570	69.7%
2000-01	\$30,139,000	28.4%	\$75,962,000	71.6%
2001-02	\$53,653,000	41.9%	\$74,384,000	58.1%
2002-03	\$30,735,000	29.2%	\$74,629,000	70.8%
2003-04	\$30,720,000	31.6%	\$66,609,000	68.4%
2004-05	\$29,991,000	31.2%	\$66,086,000	68.8%
2005-06	\$27,798,000	30.8%	\$62,578,000	69.2%
2006-07	\$29,352,000	31.7%	\$63,361,000	68.3%
2007-08	\$30,115,000	31.7%	\$64,757,000	68.3%
2008-09	\$31,562,000	32.2%	\$66,477,000	67.8%
2009-10	\$12,186,000	26.0%	\$34,673,000	74.0%
2010-11	\$45,885,000	54.2%	\$38,711,000	45.8%
Total 1991-92 > 2010-11	\$589,730,335	32%	\$1,233,354,380	68%

Source: National Association of State Student Grant and Aid Programs, Repository--Annual Surveys (<http://www.nassgap.org/viewrepository.aspx?categoryID=3#>, accessed Oct. 1, 2012)
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the proportion going to private institutions exceeded 70% of the total. Only in the most recent school year for which data is available, 2010-11, was the amount going toward public school tuition greater than that going to private schools.

There are legitimate arguments posed both by those who believe it is appropriate for the bulk of public grant money to go toward private tuition and those who believe it should not. Some point out that public colleges and universities receive state support and hence can keep tuition costs low in a way that private institutions cannot, while others believe that overall costs to both the state and students can be kept lower by focusing the majority of grant aid on schools supported by the state.

The point here is not to take a strong, black-and-white position on one side or the other but to provide a context. The relevant context is that a) tuition is rising significantly at public four-year

⁶ U.S. Census Bureau, 2009-2011 American Community Survey (<http://factfinder2.census.gov>, accessed on Nov. 5, 2012)

⁷ U.S. Census Bureau Poverty Thresholds (<http://www.census.gov/hhes/www/poverty/data/threshld/index.html>, accessed Nov. 5, 2012)

⁸ Working Poor Families Project data generated by Population Reference Bureau from the American Community Survey 2012

colleges (less so at community colleges); b) private colleges do not have state-mandated maximums on how much they can charge for tuition nor are they (unlike public institutions) accountable to the Legislature for the levels that they charge; c) Michigan is decreasing its investment in need-based grant aid, d) a large proportion of grant dollars has gone to higher-income families, and e) fewer students are receiving grant aid than in the past. This context needs to be factored in when devising policy to make state need-based grant aid more available to students who need it. One possible policy would be to cap the amount of state grant aid going to schools whose tuition exceeds a given benchmark.

THE NEED TO SUPPORT LOW-INCOME ADULTS FOR MICHIGAN'S ECONOMIC FUTURE

It is very important that financial grant aid be available to non-traditional (adult) students as well as those of traditional college age (18 -24). As seen in the appendix, each of Michigan's grant programs during the past 10 years served students attending half time, which is necessary for many adult students with jobs and families. However, one program specifically aimed at adult students, the Adult Part-Time Grant (which also served students going less than half time) was eliminated along with several other grant programs in recent years. As discussed earlier, No Worker Left Behind was also geared specifically to adult students, and that was eliminated. As Michigan moves to rebuild its

financial aid programs and increase college affordability, it must include this important part of the state workforce.

FEWER STUDENTS IN MICHIGAN SERVED

As shown in Fig. 13, the student grant awards from the 10 Michigan grant programs decreased by almost half, from 144,415 in 2003 to 74,059 to 2011.⁹ It is not possible to know how many individuals dropped out of, or decided not to enroll in, postsecondary education due to cost concerns, but it is reasonable to assume that the decline in the availability of grant aid created a cost barrier to individuals who might otherwise have begun or continued their studies.

CONCLUSION

As tuition and student debt have increased dramatically and Michigan's economy has experienced a downturn, the need for financial aid grants is as important as ever. Despite the need, Michigan has cut funding for many grants and discontinued others entirely. Disinvestment in such grant programs is a disinvestment in Michigan's brain trust.

When determining policy concerning state-funded financial aid grants in times of fiscal scarcity, the Brookings Institution recommends that states should target grant aid to students who have the potential to succeed, but are least likely to be able to afford college without additional support.¹⁰ This is because

FIGURE 13

Total State Grant Awards in Michigan, by Year and Program												
Year	Non-Need-Based Grants			Need-Based Grants							Duplicated Total	
	Chldrn of Veterans	MI Merit Award	MI Promise	MI Nursing Schlrshp	Adult Part-Time Grant	MI Comp. Schlrshp	MI Ed. Opp'ty Grant	MI Tuition Grant	Work-Study	Tuition Incntve Prog.	All	Need-Based Only
2003	0	53,057	0	1,362	6,998	29,513	5,184	36,961	5,918	5,422	144,415	91,358
2004	0	53,133	0	1,389	8,047	29,485	4,395	37,045	5,704	6,529	145,727	92,594
2005	0	84,150	0	1,387	6,362	28,580	4,193	37,958	5,549	7,637	175,816	91,666
2006	368	84,717	0	1,379	6,548	26,434	4,635	35,942	5,477	9,046	174,546	89,461
2007	357	84,478	0	1,483	6,037	27,802	4,299	34,141	4,938	10,462	173,997	87,679
2008	399	42,536	38,434	1,595	6,008	27,885	4,503	35,518	5,130	12,041	174,049	91,085
2009	427	3,815	69,963	1,546	5,868	28,832	4,435	35,660	5,583	13,957	170,086	94,335
2010	423	915	0	0	0	32,220	0	23,520	0	15,558	72,636	71,298
2011	410	13	0	0	0	34,943	0	22,269	0	16,424	74,059	73,636

Source: National Association of State Student Grant and Aid Programs, Repository--Annual Surveys (<http://www.nassgap.org/viewrepository.aspx?categoryID=3#>, accessed Oct. 1, 2012)

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⁹ It should be kept in mind that the totals are duplicated, meaning that in cases in which a student received an award from more than one program in a given year, each award will be counted in that year's total. Thus, the totals should not be read as the total of students served, but the total of grants awarded.

¹⁰ Baum, Sandy et al., *Beyond Need and Merit: Strengthening State Grant Programs*, Brookings Institution, May 2012.

students whose options are constrained by limited resources are the most likely to be affected by state grant awards and suggests the necessity of considering both merit and need when determining eligibility for grants.¹¹

It is also important to couple monetary financial aid with policies and programs that help the students most likely to drop out due to extracurricular barriers such as work and family needs. This is especially important for nontraditional students, but is also relevant to many individuals of “traditional” college age for whom finances are a challenge.

The state should support policies and programs that assist low-income students in accessing income and work supports such as the Food Assistance Program, the state and federal earned income tax credits, and Medicaid or other health care assistance. Women’s resource centers are an example of programs on the institutional level that help students with income or other challenges persist in and complete postsecondary education. The Michigan Benefits Access Initiative is another program that does outreach with low-income populations, including students, and should be supported. State-level legislative decisions on budget and taxes impact not only the amount of financial aid available, but the need, as tuition costs are often driven by state appropriations decisions.

RECOMMENDATIONS FOR STATE POLICY

- 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.
- Use the appropriations process to encourage public postsecondary institutions to keep tuition affordable. Michigan should continue to provide 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.

APPENDIX A

Description of Michigan State-funded Grant Programs, 2003-2011

Adult Part-Time Grant—Provides access to postsecondary education for part-time, independent undergraduate students who have been out of high school for at least two years. Enrolled for 3 - 11 credit hours at a Michigan public or independent college or university. Need-based.

Children of Veterans Tuition Grant—Provides undergraduate tuition assistance to certain children older than 16 and less than 26 years old who are Michigan residents and the natural or adopted child of a Michigan veteran. The veteran must have been killed in action, be totally and permanently disabled as a result of service-connected illness or injury, or be listed as missing in action.

Michigan Competitive Scholarship—Encourage graduating high school seniors to pursue postsecondary education. Students must have qualifying ACT score and maintain a 2.0 grade point average while in college to renew award.

Michigan Educational Opportunity Grant—Need-based. Undergraduate students enrolled at least half-time attending a Michigan public college or university.

Michigan Merit Award—Rewards high achievement on state standardized test. As of 2010, open only to those with a military extension. Sunsets in 2017.

Michigan Nursing Scholarship—Students pursuing LPN, AND, BSN or MSN. Must fulfill in-state work obligation or repay award.

Michigan Promise Scholarship—Rewards students who have taken state standardized test while in high school, then successfully complete two years of college.

Michigan Tuition Grant—Provide students with assistance to attend an independent degree-granting nonprofit Michigan postsecondary institution.

Michigan Work Study—Need-based. Undergraduate or graduate enrolled at least half time attending a Michigan public or independent college or university.

Tuition Incentive Program—Tuition reimbursement program for students with Medicaid eligibility for a specified amount of time.

¹¹ Baum et al., *ibid.*

APPENDIX B

Description of Michigan State-funded Grant Programs 2003-2011

Program Name	Type	Year Established (*) or First Year of Program (**)	Funded in 2012?	Eligibility									Test Score Merit Component
				Undergraduates			Graduates			All Eligible Students Are Funded	Need-based		
				Full Time	Half Time	Below Half Time	Full Time	Half Time	Below Half Time				
Adult Part-Time Grant	Grant or Scholarship	1986*	No	X	X	X				No	Yes	No	
Children of Veterans Tuition Grant	Grant or Scholarship	2006*	Yes	X	X					Yes	No	No	
Michigan Competitive Scholarship	Grant or Scholarship	1964*	Yes	X	X					No	Yes	Yes	
Michigan Educational Opportunity Grant	Grant or Scholarship	1986*	No	X	X					No	Yes	No	
Michigan Merit Award	Grant or Scholarship	1996*	No	X	X	X				Yes	No	Yes	
Michigan Nursing Scholarship	Conditional Grant	2003**	No	X	X		X (from 2007 on)	X (from 2007 on)		No	Yes (2003-04) No (2005-present)	No	
Michigan Promise Scholarship	Grant or Scholarship	2008**	No	X	X	X				Yes	No	Yes	
Michigan Tuition Grant	Grant or Scholarship	1966*	Yes	X	X		X	X		No	Yes	No	
Michigan Work Study	Work-study	1986*	No	X	X		X	X		No	Yes	No	
Tuition Incentive Program	Tuition waiver	1987*	Yes	X	X					Yes	Yes	No	

Source: National Association of State Student Grant and Aid Programs
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APPENDIX C

Funding for Michigan Grant Programs, 2003-2011															
Program	Adult Part-Time Grant		Children of Veterans Tuition Grant	Michigan Competitive Scholarship	Michigan Educational Opportunity Grant	Michigan Merit Award		Michigan Nursing Scholarship		Michigan Promise Scholarship	Michigan Tuition Grant	Michigan Work Study	Tuition Incentive Program	Total	
	Yes	No				Yes	No	Yes	No					Yes	No
2003	\$2,744,029	\$0	\$39,405,643	\$2,212,064	\$112,820,847	\$3,911,565	\$0	\$0	\$0	\$0	\$60,583,353	\$7,562,825	\$8,873,423	\$238,113,749	53%
2004	\$2,645,688	\$0	\$39,605,384	\$2,081,429	\$70,442,986	\$3,920,626	\$0	\$0	\$0	\$0	\$52,996,579	\$6,655,415	\$11,281,720	\$189,629,827	63%
2005	\$2,618,961	\$0	\$37,425,962	\$2,042,376	\$105,133,966	\$0	\$4,011,718	\$0	\$0	\$0	\$53,989,044	\$7,114,256	\$11,705,482	\$224,041,765	51%
2006	\$2,641,895	\$400,317	\$34,573,693	\$2,066,572	\$110,606,613	\$0	\$3,964,549	\$0	\$0	\$0	\$51,094,356	\$6,895,529	\$14,694,653	\$226,938,177	49%
2007	\$2,640,154	\$801,998	\$37,030,387	\$2,080,560	\$116,737,758	\$0	\$4,257,060	\$0	\$0	\$0	\$50,961,457	\$6,930,902	\$17,600,277	\$239,040,553	49%
2008	\$2,636,407	\$859,930	\$37,071,451	\$2,076,524	\$59,618,605	\$0	\$4,447,010	\$0	\$37,919,791	\$0	\$53,088,352	\$6,797,457	\$21,798,128	\$226,313,655	55%
2009	\$2,645,980	\$948,324	\$38,444,428	\$2,084,057	\$5,278,030	\$0	\$4,444,154	\$0	\$90,500,000	\$0	\$54,864,134	\$6,967,592	\$26,678,698	\$232,855,397	57%
2010	\$0	\$945,115	\$21,377,766	\$0	\$1,289,278	\$0	\$0	\$0	\$0	\$0	\$25,480,385	\$0	\$31,519,636	\$80,612,180	97%
2011	\$0	\$996,674	\$24,794,191	\$0	\$19,563	\$0	\$0	\$0	\$0	\$0	\$25,151,099	\$0	\$34,650,729	\$85,612,256	99%
Total 2003-11	\$18,573,114	\$4,952,358	\$309,728,905	\$14,643,582	\$581,947,646	\$7,832,191	\$21,124,491	\$0	\$128,419,791	\$0	\$428,208,759	\$48,923,976	\$178,802,746	\$1,743,157,559	58%

Source: National Association of State Student Grant and Aid Programs, Repository--Annual Surveys (<http://www.nassgap.org/viewrepository.aspx?categoryID=3#>, accessed Oct. 1, 2012)
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