

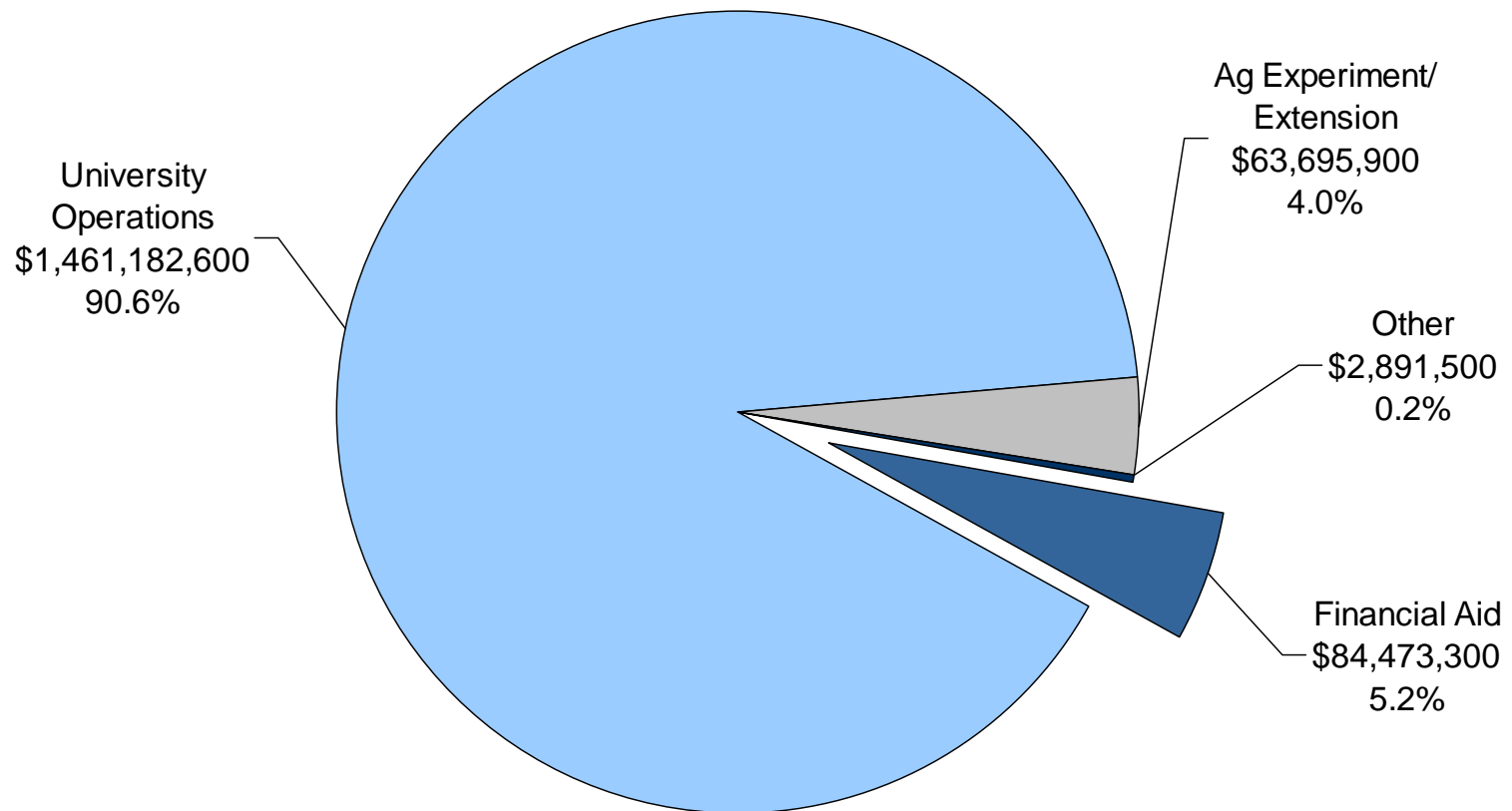
Background Briefing: State Financial Aid Programs



Kyle I. Jen, Associate Director
House Fiscal Agency
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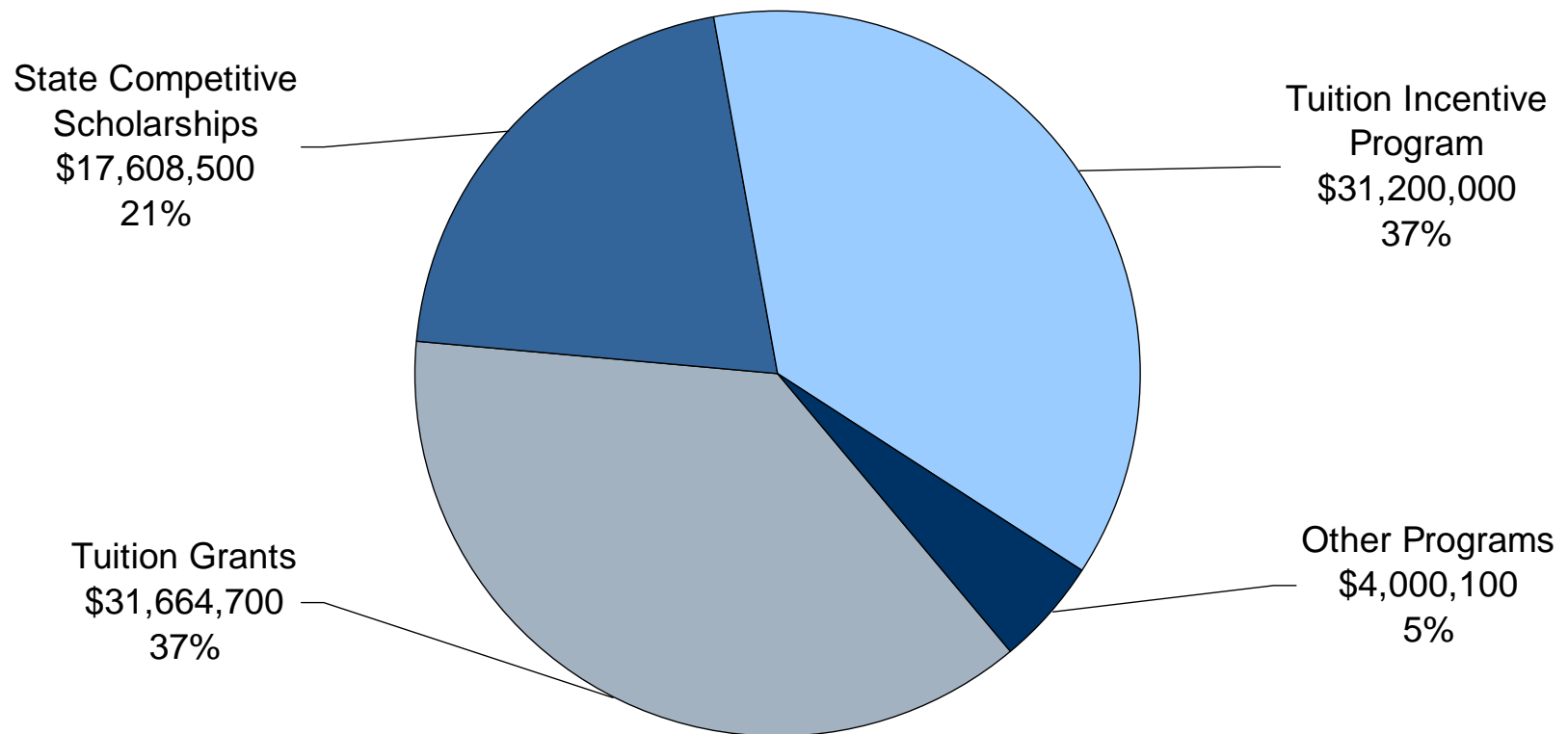
Financial Aid as % of Overall Higher Education Budget: FY 2009-10

FY 2009-10 Total = \$1,612.2 Million



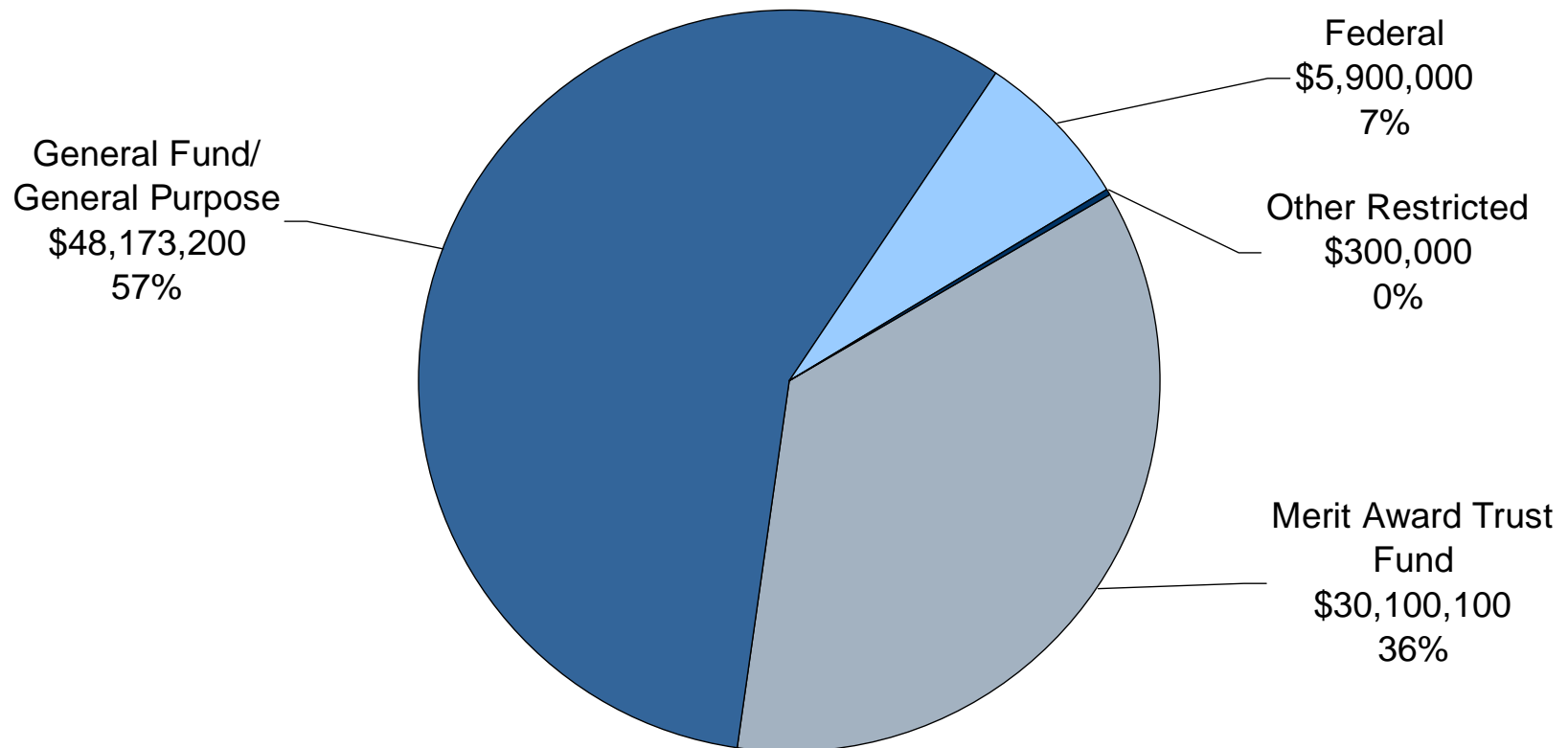
Financial Aid Program Funding Amounts

FY 2009-10 Total = \$84.5 Million



Financial Aid Funding Sources

FY 2009-10 Total = \$84.5 Million



Development of Michigan's State Financial Aid System

- ❑ **1964: State Competitive Scholarship Program**
- ❑ **1966: Tuition Grant Program**

- ❑ 1986: Michigan Education Opportunity Grants
- ❑ 1986: Work Study Program
- ❑ 1986: Part-Time Independent Student Program
- ❑ **1986: Tuition Incentive Program**

- ❑ 1999: Merit Award Program
- ❑ 2002: Nursing Scholarship Program
- ❑ **2005: Children of Veterans Tuition Grant Program (moved from Department of Military and Veterans Affairs)**
- ❑ 2006: Promise Grant Program (replacing Merit Award Program)

Note: Bolded programs have appropriations in FY 2009-10 budget act.

State Competitive Scholarship Program

- FY 2009-10 Appropriation: \$17.6 million
- Funded primarily with GF/GP; appropriation includes \$2.9 million in federal funds, but approximately \$1.4 million will be forfeited due to overall reduction in need-based aid
- Awards made to students at both public/independent institutions meeting two major criteria:
 - Qualifying score on ACT (composite score of 23)
 - Financial need (cost of attendance minus expected family contribution)
- 34,200 students received awards in FY 2008-09
- Maximum award reduced from \$1,300 to \$510 for FY 2009-10

Tuition Grant Program

- FY 2009-10 Appropriation: \$31.7 million GF/GP
- Awards made to students attending independent colleges and universities based on financial need (cost of attendance minus expected family contribution)
- Funds also used for supplemental awards to Competitive Scholarship winners attending independent institutions
- 42,092 students received standard or supplemental awards in FY 2008-09
- Changes for FY 2009-10:
 - Awards to graduate students eliminated (\$4.5 million in FY 2008-09)
 - Cap of \$3.0 million per institution (affects students at Baker College and Davenport University: \$21.1 million and \$6.8 million in FY 2008-09)
 - Maximum award for students at other institutions reduced from \$2,100 to \$1,610

Tuition Incentive Program

- FY 2009-10 Appropriation: \$31.2 million (primarily Merit Award Trust Fund revenue)
- Created as incentive for low-income students to graduate from high school; Medicaid-eligible individuals may apply beginning in 6th grade
- Two phases:
 - Phase I: Program pays associate's/certificate program tuition costs at community college or four-year institution (amount limited at independent institutions)
 - Phase II: Program pays \$500/semester toward completion of bachelor's degree for up to four semesters
- Number of participants has grown from 3,318 in FY 2000-01 to 13,957 in FY 2008-09 due to large pool of potential participants
- Approximately 70% of participants attend community colleges

Other Financial Aid Programs

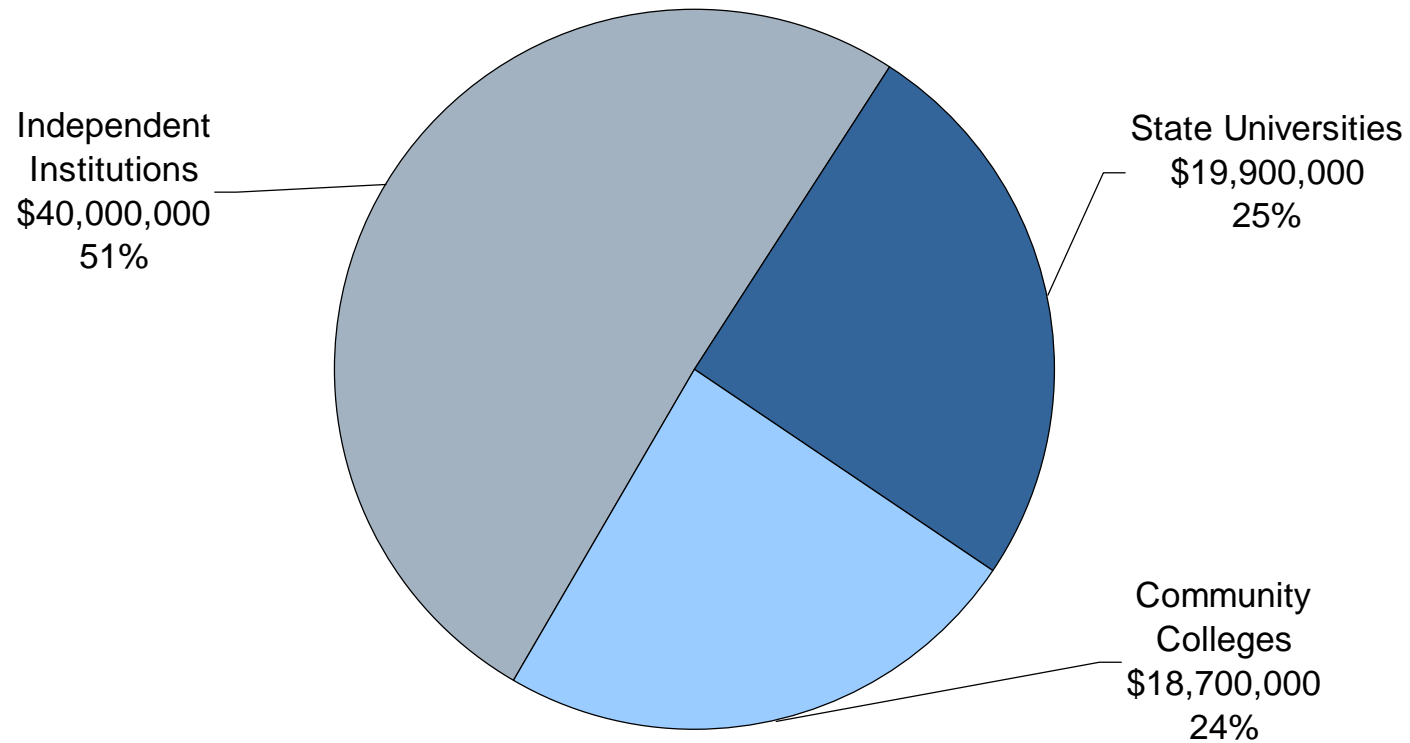
- *Project GEAR UP: \$1.5 million*
Federally-funded awards targeted to students in urban school districts who have participated in college-exposure programs
- *Robert C. Byrd Honors Scholarship Program: \$1.5 million*
Federally-funded awards to academically-outstanding high school graduates
- *Children of Veterans Tuition Grant Program: \$1.0 million*
Grants to children of deceased or disabled veterans; funded by combination of income tax form check-off box contributions and GF/GP funding

Financial Aid Programs Eliminated for FY 2009-10

- *Michigan Promise Grant Program (FY 2009-10 Exec Rec: \$140.0 million)*
Awards of \$4,000 to students completing two years of postsecondary education; \$2,000 available over first two years of college based on performance on Michigan Merit Exam.
- *Michigan Work Study Program: (FY 2008-09: \$7.3 million)*
Allocations to institutions for need-based work study opportunities
- *Part-time Independent Student Program (FY 2008-09: \$2.7 million)*
Need-based awards to adult, part-time, independent students
- *Michigan Education Opportunity Grants (FY 2008-09: \$2.1 million)*
Need-based awards for students at public universities/colleges
- *Nursing Scholarship Program (FY 2008-09: \$4.25 million)*
Awards to nursing students agreeing to undertake nursing careers in Michigan

State Financial Aid Awards by Sector

FY 2009-10 Estimates: Total State Funding of \$78.6 million



Proposed Financial Aid Changes Under FY 2010-11 Executive Recommendation

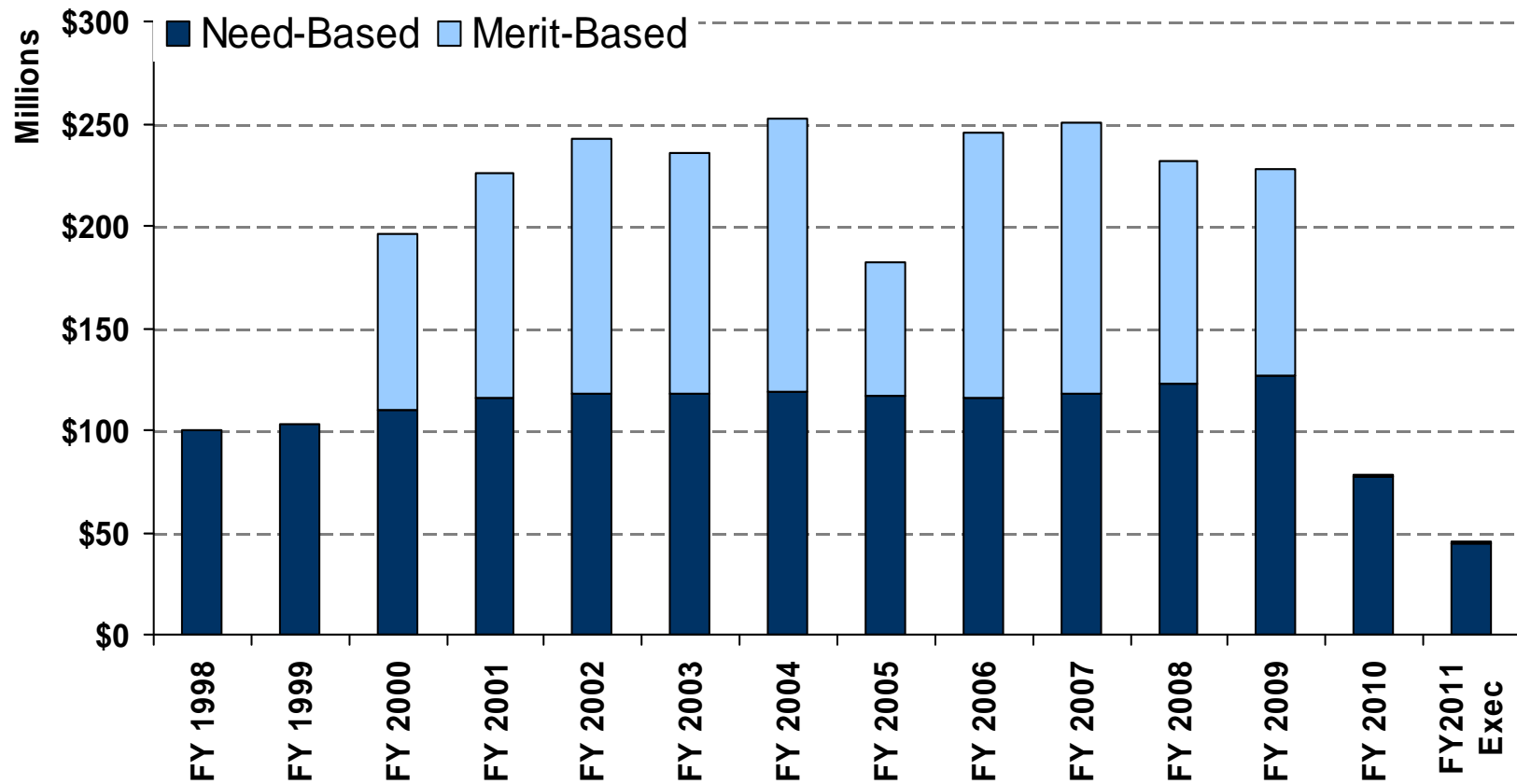
- *State Competitive Scholarship Program*
Remove \$1.4 million in forfeited federal funds

- *Tuition Grant Program*
Eliminate funding for program: reduction of \$31.7 million GF/GP

- *Tuition Incentive Program*
 - Limit reimbursed tuition costs for associate's degree students at public universities to average community college tuition rate (reduction of \$6.2 million)
 - Eliminate Phase II of program (reduction of \$1.1 million)
 - Proposed reductions would offset projected cost growth of \$6.2 million

- *Children of Veterans and Officer's Survivor Programs*
Increase line by \$200,000 GF/GP for transfer of Officer's Survivor Tuition Program from State Police budget and projected cost growth for Children of Veterans Tuition Grant Program

Changes in State-Funded Financial Aid by Category



Note: Excludes federally-funded programs

State Grant Aid per FTE Undergrad Student

	FY 2007-08 Actual	FY 2009-10 Estimated	*FY 2010-11 Estimated
National Average	\$645	--	--
Michigan (Amount)	\$466	\$194	\$113
Michigan (Rank)	#28	#38	#43

**Based on Executive Recommendation*

Sources: NASSGAP, HFA estimates