



STATE FINANCIAL AID PROPOSAL FOR MICHIGAN STUDENTS CONCEPT PAPER

The demand for student financial aid in the State of Michigan and throughout the nation is at an all-time high due to the current economic recession. Even before the reductions in the 2009-10 state budget students with financial need did not compare well to those in other mid-western states.

If Michigan is to prosper in the future we need a population that is highly educated. We need to provide funds to individuals that do not have the resources to obtain that education.

To that end, the directors of financial aid at the State's four-year public universities believe the time has come to simplify student financial aid for the State of Michigan. This simplification effort should have as its foundation:

- A simple application process using the Free Application for Federal Student Aid (FAFSA);
- A clear commitment to providing need-based aid to families at a pre-determined amount that is not subject to the number of eligible applicants each year or the timing of the application;
- Eligibility criteria that can be easily communicated to families, students and high school counselors;
- One need-based grant program that would provide assistance to students regardless of their choice of institution or academic program;
- A program that is simple to administer both at the state and campus levels.

Clear funding goals are needed for any State Financial Aid Program.

We would suggest the following:

- All students have access to the funds covering average tuition and fees. This suggests that state funds would be provided to cover this amount, but the amount would be reduced by the Expected Family Contribution (as determined from by the Federal Formula) and the amount of Pell Grant funding the student receives from the Federal Government. It should be remembered that the cost to attend college is greater than just tuition and fees. Other costs, such as room/board and books/supplies, would be the responsibility of the student to be covered by loans, work or other scholarship funds;
- Two levels of "average tuition and fees" should be established. One for four year schools (both public and private) based on the average cost of public universities, and one for the average cost of the community colleges;
- A suggested maximum award of at least \$4000 per academic year;
- Full time enrollment (12 credits per semester) would be required for the four year school awards. Half – time (6 credits) would be required for community college awards;
- Awards would be renewable for a maximum of five years, but satisfactory academic progress would be required;
- Transfer and returning students would be eligible for a reduced number of years;
- The awards are for undergraduate, degree seeking students only.

