

State Investment in Need-Based Student Financial Aid Programs Improves College Access

The State of Michigan’s primary role in higher education is the allocation of support for its public universities and community colleges in order to mitigate the cost of attendance for all students. Unfortunately, the long-term trend of state disinvestment in higher education has resulted in many lower- and middle-income families confronting unmet financial need at public institutions, even after factoring in federal grants and loans. Income-targeted state grant programs are important tools in addressing the gap between family resources and public college costs. They also promote diversity and equity in our institutions, and work toward minimizing social inequality in our state.

Steep cuts to Michigan’s state funded student financial aid programs have diminished the ability for lower-income families to afford a college education, despite tremendous investments by the public universities in the provision of institutional need-based grants. These cuts have led to less affluent students facing higher loans to meet the costs of college, or worse, not attending a university at all.

For twenty years, state financial aid appropriations for university students languished. They peaked in 2002 at \$262 million before eroding to just one-third that amount in 2022. Michigan ranked last in the nation for state-funded financial aid per public postsecondary student in FY2021, and even when including federal dollars, Michigan only ranked 36th in the nation in FY2021 for grant aid per student at just \$363. Worse, Michigan ranked 41st in the nation for grant aid per capita, coming in at just above one-third the national figure.ⁱ

However, included in the FY2023 state higher education budget is the new [Michigan Achievement Scholarship](#), a game-changing turnaround in the state’s investment in student financial aid and public university affordability. This aid program—the largest in the state’s history—will help low- and middle-income students better afford a quality public university education by contributing up to \$5,500 per student starting with spring 2023 high school graduates. Three-quarters of the incoming class is expected to be eligible for the scholarship. This equates to an amount equal to one-third to one-half of tuition and required fees among Michigan’s public universities.ⁱⁱ However, as this program is being phased-in through 2028, we need policymakers’ help in continuing with its multiyear implementation. MCL 388.1836j specifies that \$50 million should be added each year through 2028 to pay for the phase-in of the Michigan Achievement Scholarship.

Moving forward, discussions are underway regarding the consolidation of the state’s current portfolio of student financial aid programs. Having a well-funded, highly visible,

and simple to understand flagship state financial aid program such as the Michigan Achievement Scholarship is commendable, however, caution should be used when it comes to closing out other existing state aid programs at this time. While consolidation may be an eventual solution, for now, we need to ensure that there are no substantive unintended consequences for affected students by collapsing these programs prematurely.

Policy Actions:

- Increase state investment in need-based student financial aid programs that promote access for lower-income students.
- Continue to increase investment in the new Michigan Achievement Scholarship program through 2028 as is statutorily required.
- Exercise caution in consolidating the state's existing portfolio of financial aid programs to avoid unintended consequences for college affordability among affected students.

ⁱ Source: 52nd Annual Survey Report on State-Sponsored Student Financial Aid, 2020-2021, National Association of State Student Grant and Aid Programs (NASSGAP). [View](#).

ⁱⁱ MASU compiles an annual report on tuition and fees among Michigan's 15 state universities. [View](#).