

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 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.

For years, steep cuts to Michigan’s state-funded student financial aid programs led to less affluent students facing higher loans to meet the costs of college, or worse, not attending a university at all. Michigan ranked last in the nation for state-funded financial aid per public university student in FY2023 (\$23), and fourth lowest for aid per all public students.ⁱ

Since 2023, however, the Michigan Achievement Scholarship (MAS) has marked a game-changing turnaround in the state’s investment in student financial aid and public university affordability. This much appreciated aid program is now helping low- and middle-income students better afford a quality public university education by contributing up to \$5,500 per student – about 29% to 42% of resident undergraduate tuition at the state’s public universities. Nearly three-quarters of enrolling university students are expected to be eligible for the scholarship. 33,449 state university students received the MAS this past fall, reflecting a more than 100% increase over the program’s first year.

The state’s FY2025 budget expanded the MAS to include the Community College Guarantee, providing free in-district tuition to all full-time community college students, aligning with the recommendations from the Governor’s Growing Michigan Together Council report recommendations. To grow our state’s population and economy, the council recommended an expansion of our universal preK-12 system to a preK-14 system by providing two years of free tuition at community colleges or public universities.ⁱⁱ Taking the next step by increasing the MAS award amount for students enrolled at the universities will represent a step toward the vision cast by the Growing Michigan Together Council.

Finally, one of the biggest obstacles for students to afford college in Michigan prior to the MAS was that award amounts for previous state financial aid programs were small and rarely adjusted for inflation. The sunseting Michigan Competitive Scholarship, the main

state financial aid program for university students, was only \$1,500 by the program's end. The MAS has already gone through two years of sharp inflation without an adjustment for public university students. Pegging the award amount to an inflation index would prevent this fantastic state financial aid program from diminishing its impact on college affordability.

Policy Actions:

- Continue the phased-in implementation of the Michigan Achievement Scholarship (MAS).
- Increase the MAS financial award for students enrolling at a public university as a next step to expanding to a university preK-14 education system, aimed at strengthening the state's population and economic growth strategy.
- Index the MAS to the Consumer Price Index to ensure that student purchasing power is not eroded over time.

ⁱ Ibid.

ⁱⁱ Growing Michigan Together Report. Recommendation to expand to universal PreK-14 education system on page 39. <https://growingmichigan.org/wp-content/uploads/2023-12-14-GMTC-Final-Report-2.pdf>