

Michigan's Financial Aid Programs are Too Complicated There is a Better Way

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Michigan's financial aid system is complicated. There are eight different programs targeted at different populations, each operating under different rules and eligibility requirements. As a result, it is impossible to automate key processes, forcing students and counselors to spend hours completing unnecessary paperwork verifying eligibility, processing applications, and more, time that could be better spent helping students select the right academic program, identify resources to cover the cost of college, and access support systems and other campus resources.

Financial Aid: What Works?

Decades of research show that financial aid is essential to helping students enroll in and complete college. But how that aid is designed has important implications for its effectiveness. To maximize its efficacy, financial aid should be:

- **Predictable** – based on straightforward needs-based criteria. Making eligibility criteria straightforward and easy to understand reduces the time students and families must spend learning about the program, increasing uptake.
- **Dependable** – an entitlement for any qualified student with a dedicated funding stream. As college costs continue to rise, students need to know their financial aid will adequately and reliably cover the cost of attending college.
- **Streamlined** – students should only have to navigate one set of program rules. The simpler the process for obtaining and maintaining aid, the greater its effect on college going and completion.

Michigan State Financial Aid Programs At-a-Glance

On the next page is an overview of Michigan's eight state financial aid programs, their key eligibility requirements, and award levels. For more details about these programs and how they differ from each other and from federal financial aid programs, please see TICAS's full report. The programs are ordered from largest to smallest based on funding value. Please note that the funding levels are from the FY22 budget and change annually. The volume is based on the 2019-20 academic year.

Financial Aid Program	Scale and Scope	Eligibility Requirements	Amount
Tuition Incentive Program 1987	Funding: \$71,300,00 Volume: 25,505	Received Medicaid for 24 months between age 9 and high school graduation	Phase I: Tuition and mandatory fees up to \$250 Phase II: \$500 per semester, \$400 per term
Michigan Reconnect 2020	Funding: \$55,000,000 Volume: NA	Aged 25+ Maintain 2.0 GPA No withdrawals after first year	In-district tuition and mandatory fees
Michigan Tuition Grant 1966	Funding: \$42,021,500 Volume: 14,338	Financial need Enroll at independent non-profit, 4-year MI college or university	\$2,800
Michigan Competitive Scholarship 1964	Funding: \$29,861,700 Volume: 28,819	Minimum scholastic achievement Financial need Maintain 2.0 GPA	\$1,000
Futures for Frontliners 2020	Funding: \$25,000,000 Volume: 15,500	Worked in essential industries during state shutdown Maintain 2.0 GPA No withdrawals after first year	In-district tuition and mandatory fees
Children of Veteran's Tuition Grant 2005	Funding: \$1,319,080* Volume: 446	Child of veteran killed or permanently injured in line of duty Maintain 2.25 GPA	\$2,800
Fostering Futures Scholarship 2008	Funding: \$750,000 Volume: 438	In Michigan foster care on/ before age 13	\$3,000
Police Officer's and Firefighters' Survivors Tuition Waiver 1996	Funding: \$80,920* Volume: 6	Children and spouses of MI police and firefighters killed in line of duty	Tuition

* Appropriations for CVTGT and the Police Officers and Firefighters Survivor Tuition Waiver are combined in the FY22 budget. This is a projection of funding based on expenditures from the 2019-2020 academic year.

Policy Recommendations

To make Michigan's financial aid programs easier to access and maintain, state policy makers should remove unnecessary hurdles and differences in program requirements. To start, the state should align the basic requirements of all financial aid programs through incremental, low-cost improvements. Over the long-term, state policymakers should modernize the state's financial aid programs to create a more flexible, responsive, and streamlined system for helping students attain a degree. These recommendations include:

- Using the Free Application for Federal Student Aid (FAFSA) as the gateway for all financial aid programs;
- Enforcing the same deadline and process across programs for withdrawing from classes without having to repay the grant;
- Aligning all financial aid programs to a single, standard, institutional appeals process that allows financial aid counselors to adjust and maintain students' awards when appropriate;
- Aligning admissions test score and GPA requirements for obtaining and maintaining aid;
- Redefining "mandatory fees" to reflect the actual costs incurred by students and removing arbitrary caps;
- Removing the requirement that students pass a criminal background check to receive aid;
- Allowing students to use their awards at the college of their choice; and
- Eliminating age restrictions so students can access financial aid whenever they choose to attend college.