

FUNDING THE FUTURE:

How Michigan's Financial Aid Investments Stack Up in the Midwest

Across the country, states are proposing to use their current budget surpluses to invest in higher education with direct need-based financial aid for students. With the state's current budget surplus of about \$5.8 billion, **Michigan has the biggest opportunity in decades to make unprecedented investments in need-based financial aid.** This opportunity comes at the same time the state is facing statewide enrollment declines in community colleges and most universities due to the pandemic.

Students who discontinue their education after high school are at higher risk of never enrolling or completing a college degree. Decades of need-based financial aid research show that it is essential for helping students enroll, afford, and complete a post-secondary degree or credential. Enrollment declines reduce Michigan's chances of growing its skilled workforce and economy. To help Michigan's students and access higher education and the benefits of a degree, the state can look to its neighbors for inspiration.

Need-Based Financial Aid Investment in Midwestern States

State	Est. Need-Based Financial Aid Spending per Student	Fall 2021 Enrollment	Est. Total State Need-Based Financial Aid Spending
Indiana	\$1,123	317,129	\$356 M
Illinois	\$828	543,628	\$450 M
Regional Average	\$619	405,448	\$242.5 M
Minnesota	\$615	338,183	\$208 M
Wisconsin	\$532	274,494	\$146 M
Michigan	\$316	430,017	\$136 M
Ohio	\$300	529,239	\$159 M

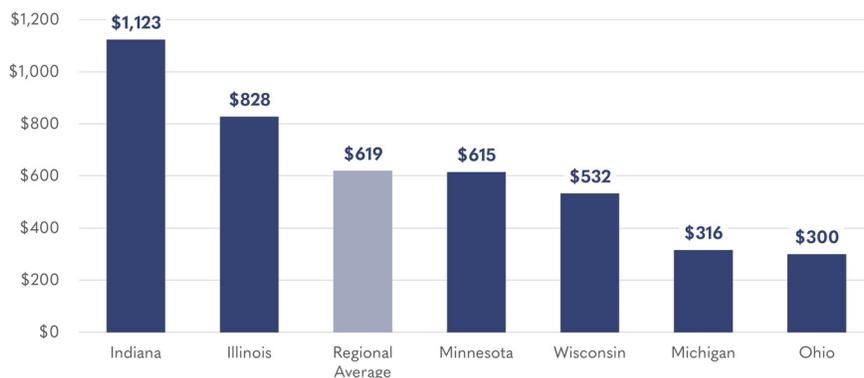
Source: Enrollment Numbers: National Student Clearinghouse. "Overview: Fall 2021 Enrollment Estimates". (2022). https://nscresearchcenter.org/wp-content/uploads/CTEE_Report_Fall_2021.pdf

Funding Numbers: State Higher Education Executive Officers Association. "State Higher Education Finance Report". (2021). <https://shf.sheeo.org/report/>

As of last fall, Michigan has the third largest college enrollment in the Midwest. Despite a larger than average student population that would benefit from more generous need-based financial aid, the state spends less in total need-based financial aid than all other Midwestern states and less than all but Ohio in average need-based financial aid award. With increased investment, Michigan can match the contributions of its peers and set up the state and its residents to thrive economically in the future.

- » \$75 million: Raising state investments by \$75 million would bring Michigan's total investments above those of Ohio, Minnesota, and Wisconsin and raise per student spending to \$490.
- » \$150 million: This investment would raise total state and per student funding above the regional average.
- » \$350 million: Michigan could raise its per student spending to \$1,130 per student, making it the most generous supporter of students in the Midwest.

Estimated Need-Based Financial Aid Spending Per Student



Source: State Higher Education Executive Officers Association. "State Higher Education Finance Report". (2021). <https://shf.sheeo.org/report/>