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For immediate release Aug. 30, 2011

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State university scholarships dramatically reduce tuition costs for many students, report shows

The average student at Michigan's public universities pays about half of the "sticker" price of tuition, thanks largely to extensive efforts by university leaders to provide need and merit-oriented scholarship aide in the face of unprecedented cuts in higher education support by the Michigan Legislature and governors.

A new study released today by the Presidents Council State Universities of Michigan, the average cost for a family to send a student to a state university was \$4,787 in 2010, compared to an average listed tuition of \$9,661. (The study did not include room and board or books.) That means students on average paid 49.5 percent of the listed price, down from 56.1 percent of the listed price in 2009.

In 2002, the state provided \$1.8 billion for higher education; the recently approved budget for FY 2012 allocates just \$1.3 billion to higher education, a 27 percent cut before factoring in inflation. Per student state support for higher education will drop from 10th lowest in the nation to fifth lowest due to the dramatic 15 percent in state support in the current state budget, despite repeated evidence that the only path to prosperity for a state is to increase the percentage of college graduates living in it.

As part of the \$500 million cut in state support for higher education, the state has all but eliminated scholarship support for public university students. This year, the state eliminated support for work study jobs aimed at low income students. As these budget cuts have forced universities to raise tuition to maintain a high quality education students and businesses demand, universities have stepped up to provide significant aid to ensure that low income families can still obtain the opportunities higher education provides in getting them onto the ladder of prosperity.

"University presidents and board of directors have been forced to raise tuition far higher than they wish in the face of dramatic cuts in higher education appropriations by the state. A significant part of the increase has been reprogrammed into scholarships, to ensure that low income families still have access to higher education," said Glenn Mroz, president of Michigan Technological University and chair of the Presidents Council.

The study showed:

- Need-based financial aid from 2007 to 2010 increased from \$1,446 per student to \$2,573 per student.
- Merit-based aid has decreased, from \$1,761 to \$1,718 per student over the last four years.
- Work study financial aid has increased from \$74 to \$95 per student during the period.
- The study also factored in an average \$488 federal tax credit and deduction from taxes, based on information from the 2008 tax year.
- Overall, the total "discount" from the sticker price of education has increased from \$3,769 in 2007 to \$4,874 in 2010.
- From FY 2005 to 2010, Michigan's state support per student dropped nearly 20 percent, while the U.S. average showed a decrease of 3.1 percent.
- As a result of major cuts in state support for higher education, tuition provides about 75 percent of university education revenue in Michigan.

"Many parents read or see a tuition price in news media, or even on a college web page, and don't go further to find out that there is extensive scholarship support for many students provided not through the state, but by universities," said PCSUM Executive Director Michael Boulus. "We hope this study will encourage more parents and student to seek out scholarship information and fill out the vital Free Application for Federal Student Aid, or FAFSI, form that is the first step in qualifying for that aid."

The study was conducted by PCSUM staff using data from the state's HEIDI data base. It replicates a study first conducted by former House Fiscal Agency higher education expert Hank Prince in 2004 at request of PCSUM. The research starts with a nominal resident undergraduate tuition and fee rate based on an enrollment weighted average of the posted tuition and fee rates at the Michigan 15 public universities. It then subtracts total need-based financial aid divided by undergraduate students, total merit-based financial aid divided by undergraduate students, total work-study aid divided by students, and then subtracts federal tax credits to determine what an average family actually pays.

Those wishing to read the entire study can find it at www.pcsum.org.

The Presidents Council, State Universities of Michigan serves as a forum for the presidents and chancellors of the Michigan 15 public universities to discuss and frame positions on key higher education finance and policy issues.