In 1985, Michigan State University’s Office of Financial Aid disbursed some $60 million in aid to students. Last year, MSU disbursed more than $530 million to more than 37,000 students, or nearly 73 percent of the student population.

“If I’m doing the math right, that’s an annual increase of 9.5 percent and, for the time period, an increase of nearly 783 percent,” said OFA Director Rick Shipman.

It’s been 45 years since the office’s beginnings in 1964. Since then, OFA has established itself as one of the top units of its kind in the country, deftly adjusting to the needs of MSU students and their families.

Some of more recent programs include:

- The Disabled Veterans Assistance Program, which covers all education-related costs, including tuition, fees, room and board, books and other incidentals for disabled vets.

- The Adverse Economic Circumstances Fund which can be used by students and their families who have suffered serious financial setbacks due to the loss of income during tough economic times.

- The MSU Assistance Program that targets students whose family income exceeds the criteria for federal awards, such as Pell grants, but still demonstrate substantial need.

- The Spartan Advantage Program that ensures students have tuition, fees, room, board, and books covered with a combination of work study and gift aid.

“The degree to which MSU has stepped up to the plate to address the various needs of students is very admirable. The growth of the MSU aid programs exceeds the growth in the state and federal aid programs over this time period and also exceeds the growth in tuition. It really is proof of MSU’s stated commitment to needy students,” said Shipman.

The growth of the OFA closely follows the growth of the federal student aid programs. In 1958, the U.S. Congress created the National Defense Student Loan Program which provided low-cost loans with generous forgiveness provisions to students in math, science, foreign language, and teacher education programs. Today this is known as the Federal Perkins Loan Program, named for the late Congressman Carl D. Perkins who championed the program while in Congress.

About 1964, MSU decided to assign a person to head up the university’s financial aid initiative. That person was Henry Dykema who also served as a religious adviser in the Dean of Student’s Office. He hired one full-time secretary to help out.

In 1965, these programs were supplemented by the Higher Education Act’s Equal Opportunity Grant and TRIO programs. This grant is now the Federal Pell Grant and provides gift assistance to the neediest students while the TRIO programs provide funding for student support services that are geared toward ensuring the academic success of disadvantaged
students. In 1968, the loans which today are called Federal Stafford Loans were created and in 1980 parents became eligible to borrow federal loans under the Parent Loan for Undergraduate Students program.

Throughout the 1960s, the staffing continued to increase in the OFA as the programs and dollars increased and more students began to qualify for these funds. There was little computer support and much paper processing required to verify applicant eligibility, certify loans, and transfer dollars to the student’s account.

By the mid-1970’s, MSU consolidated the responsibility for scholarship administration by transferring scholarship renewals from the Office of Admissions and Scholarships to the OFA. Institutional aid programs were also growing quite rapidly at this time. The first automated financial aid delivery systems were introduced in the ‘70s also and MSU began to take advantage of them to speed up the processing of applications and posting of payments to student accounts. By the end of that decade, the automated systems were quite complex and advanced.

Today the office employs 42 full-time staff, plus several students. The OFA’s primary office is located in the Student Services Building which was the original office location. There also is a secondary office in the Hannah Administration Building and part-time branches in Fee Hall and the Secchia Center in Grand Rapids.

What’s going on with....

Financial Aid Grants from the State of Michigan

If you follow the State of Michigan legislative news, you may be aware that the status of the state financial aid programs for 2009-10 and beyond is still in question. The Michigan Promise Grant is perhaps the best-known of these programs. The MPG is a grant paid over a three-year period for students who qualify on the ACT during their senior year of high school, for a total award of $4000.

However, the State of Michigan is struggling to balance its budget for the 09-10 fiscal year, which begins on October 1. At the time of this writing, no financial aid from the state has been sent on to Michigan’s colleges and universities for their students. If some or all of these aid programs survive the budget process, MSU will be notified of eligible students and the Office of Financial Aid will revise aid offers to include the funding. Students should make certain they have requested the funding from the State of Michigan to be sent to their school of choice, so the grant will be sent without delay if the legislature continues the program.

Financial Aid Applications Rise Significantly with Current Economic Conditions

As of the end of July there is a 14% increase in the number of students applying for financial aid (29922 vs. 34059). This reflects a national trend as the economy makes it more difficult for families to finance college. Some factors include the loss of home equity or investments that families may have planned to use to pay college bills; loss of income due to widespread unemployment, especially for those in the automobile manufacturing sector; and continued support of family members (especially recent college graduates) who are unable to find jobs and instead may be living at home with and being financially supported by parents.
The Office of Financial Aid continues to award a mixture of gift, work, and loan programs. The most recent year for which data is available is 2007-08. As the graph shows, the majority aid dollars are from the student and parent loan programs (60%), with grant programs from all sources (federal, state, MSU, and private) following at 39%. The federal work-study program accounts for less than 1% of student financial aid dollars.

Funds for 2009-10 are difficult to predict. Federal grant dollars for very needy students (Pell Grant) have increased for 2009-10, both in maximum award amount and in the number of students eligible for the award. MSU institutional need-based aid funds have also increased, as usual, to at least equal the percentage of the tuition increase for 2009-10. However, the State of Michigan scholarship programs (the largest being the Michigan Promise Grant) is currently on hold due to state budget considerations.

In 2008-09, almost 11,000 MSU students received a Michigan Promise Grant. If this funding is lost in 2009-10, it will be a significant change to individual students who do not qualify for other forms of gift aid.

Financial Aid Resources at MSU

Work study is a program offered only to students who demonstrate a high financial need, based on certain criteria established within FAFSA (Free Application for Federal Student Aid) paperwork. Work study is awarded as part of an eligible student’s financial aid package. It is not available to all students. There are three types of work study that students may earn depending on their qualifications: Michigan Graduate work study, Michigan Undergraduate work study, and the most common type, Federal work study. Work study is a benefit for students because it can help fund their education, but it is also a benefit for employers because the federal or state government subsidizes a portion of the student’s wages, meaning the employer’s out-of-pocket costs can be significantly less. To ensure the employer is reimbursed for the government subsidized portion of an eligible student’s wages, the employer must provide the student with the required paperwork and file it with the student employment office. This program is good not only because it helps students immediately take responsibility for funding their education, but it also benefits them long-term because it decreases the amount of loan a student may need to accept, and less to pay off when they graduate.
MSU Child Care Grant

The Office of Financial Aid has recognized the barrier that exists for many students who have children in finding a way to afford childcare that is necessary to attend classes. As a way to assist students with these expenses the MSU Child Care Grant was created. This grant provides up to $1000 per semester per child for students who qualify. Many students who have received the MSU Child Care Grant have stated that they would not be able to attend without this assistance. Currently the average local rate for child care is $45 per day, which totals $1440 to $3600 per semester depending on the number of days per week care is needed. This cost combined with tuition and living expenses creates a major strain for students with children. Recipients of the MSU Child Care Grant have stated that they have improved in their studies with the reduced financial stress and the ability to put their children in quality care for a full day which allows them time for class and to study afterwards. Applications are available 30 days prior to each semester on the web at http://www.finaid.msu.edu/ccgrant.asp.

Financial Aid Help Around Campus

Need to see a Financial Aid Advisor but just don’t feel like walking to the Student Services Building or the Hannah Administration Building? Financial Aid help is coming to a dorm near you. Financial Aid Representatives will be available in the UUD offices at the following halls and dates listed below.

**Akers Hall 1:00-4:30  Brody 1:00-4:30**

| September 30 | October 1 |
| October 14  | October 15 |
| October 28  | October 29 |
| November 11 | November 12 |
| December 2  | December 3 |

Follow Us on Twitter

MSU Office of Financial Aid has joined the social network Twitter. Wondering when your FAFSA is due? Wondering when refunds are coming out? Are you curious about the fate of the Promise Grant? Or do you simply want tools to make you a successful borrower? Our tweets provide information on topics from scholarships to tips for smart borrowing. We have added this as another option so people in the MSU community can be in touch with what is happening in the world of financial aid. Come follow us at twitter.com/msufinaid.