From the Director’s Desk

At times, managing the University’s financial aid enterprise is akin to touching down on an aircraft carrier: both the plane and the landing strip are in motion.

This year was one of those times. All told for 2010-11, we offered $1.2 billion to 48,629 applicants. Fortunately, we did not have to pay out on all of the offers, as many admitted students did not enroll at MSU.

We actually paid just over $600 million to about 36,000 students for 2010-11. Interestingly, this closely dovetails the total University tuition and fee revenue of $654 million for the year. The majority of the $600 in paid financial aid was in the form of student loans which represented almost half of the total. Many parents take out loans to help their students cover college costs and those parent loans represented another 13% of the total.

Grants and scholarships comprised about all of the remainder, with less than ½ percent coming from work study earnings. We do realize that most students who work are not doing so under the work study program so that tiny percentage is misleading.

The outlook for 2011-12 is very similar to last year’s scenario, but with an increased number of aid recipients and paid dollars. Already, we have made offers to 36,114 students which puts us 6% ahead of last year at the same point in time.

We expect borrowing to increase the most and grants and scholarships also to rise a bit, the rise entirely because of MSU’s continued commitment to providing financial aid to needy and meritorious students. The latest proposals in Washington, D.C., hold flat the current federal student aid award amounts; in the current environment, this will have to qualify as good news for students.

Rick Shipman
Director of Financial Aid
Michigan State University

Changes In Available Federal Aid Programs Affects MSU

There are two significant changes to the available funding in federal aid programs that affect MSU students for the 2011-12 aid year.

The first is the end of funding for the Academic Competitiveness Grant (ACG) for freshmen and sophomores and for the National Science and Mathematics Access to Retain Talent (National SMART) Grant for juniors and seniors. Congress allowed the funding for these two programs to expire with the end of the 2010-11 award year. These awards, targeted to high-need and high-achieving students, allowed from $750 to $4000 to be awarded each aid year. Secondly, the federal government has discontinued the funding of the Year-
Federal Aid Program changes...

Round Pell Grant program. New just two years ago, this program allowed students to receive Pell Grant each semester, year round, which allowed many high-need students to fund summer study. However, in a move to save money in recent budget compromises, this additional Pell Grant funding for summer was discontinued in order to preserve the current award amounts for the fall and spring semesters.

While Michigan State University continues to increase institutional commitments to high-need students, the loss of federal grant funds does affect our students. We continue to monitor action at both the state and federal level so as to do our best to compensate for changes in financial aid programs and funds.

Financial Aid and Freshman Seminars Abroad

Imagine meeting your future classmates halfway around the world before entering your first MSU classroom. MSU Freshman Seminars Abroad (FSA) give incoming freshmen that opportunity. Seminars take place over 7-16 days in July or August prior to the start of the student’s freshman year and count for two credits. Locations vary; for example, 2011 freshmen traveled to Ireland, New Zealand, and Africa. In addition to being an overall leader in study abroad programs, MSU has eight years of experience facilitating first-year students with study abroad. MSU has provided the model for other institutions seeking to implement similar programming.

With the exception of international students, students participating in FSA, as with all MSU study abroad programs, may obtain financial aid to help finance their trip. This aid typically comes in the form of federal student loans and grants, as well as possible funding from MSU. A financial aid budget for fall and spring is established by MSU to include overall estimated education expenses. Freshman students participating in FSA receive an increase to their regular fall budget for the program fee and additional costs of their freshman seminar. The majority of students who apply for financial aid will receive that aid in the form of loans.

Although seminars take place during the summer, they are considered fall semester programs. Therefore, the program fee and related tuition appear on the student’s tuition bill for the fall semester. Program fees range from approximately $2800 to $3500, depending on the location of the program. Since Freshman Seminars are associated with fall semester, and financial aid will not disburse until 10 days prior to the beginning of fall semester based on federal regulations, the Student Accounts Office (Billing Office) will apply the financial aid towards the bill as pending or “anticipated” aid to help cover the bill (i.e. “credit”). This also means students expecting a refund won’t receive that refund until 10 days before fall classes begin.

Students, faculty or staff who wish to find more information about financing study abroad should not hesitate to speak to a Financial Aid Advisor. No appointment is ever necessary.
The Office of Financial Aid begins each academic year with the question of how the state budget will affect the existing state aid programs that are remaining. We have seen the loss of many programs over the last few years as we continue through the economic recession, but a couple of programs are still available for our students. These include the Michigan Competitive Scholarship and the Tuition Incentive Program.

In response to the growing concerns regarding student loan indebtedness the Department of Education has created a federal student loan repayment program that can potentially lower monthly student loan payments and offer loan forgiveness after a certain number of on-time payments. This payment plan is known as the Income-Based Repayment option.

To calculate a monthly payment the Department of Education would review your income, family size, and state of residence to determine the payment amount. The payment calculated from these variables must be less than what the monthly payments would be under the 10 year standard repayment plan. Your payment is determined each year as you are required to submit annual documentation regarding your income and family size.

Some of the benefits to this program include 10-Year Public Service Loan Forgiveness, 25-Year Cancellation, interest payment benefits, and possible lower monthly payments. Some of the less desirable qualities of the program are the annual documentation requirement, possible fluctuating monthly payments each year depending on income, and you could pay more interest than a standard 10-Year program depending on how long it takes to repay the loans.

Here is an example of a scenario using IBR. A student graduates from college with $57,500 in Federal Stafford Loan debt (the aggregate limit for independent undergraduate students) and goes on to find a job in public service earning $35,000 per year. The former student is single so there is 1 in the family. Their monthly student loan payment would be approximately $235 compared to $661.71 with the standard 10-Year program. Also, after 10 years of working in public service the remaining balance of her loan would be forgiven.

For more information regarding the Income-Based Repayment plan and access to calculators estimating payment amounts visit http://studentaid.ed.gov/PORTALSWebApp/students/english/IBRPlan.jsp.

The Michigan Competitive Scholarship for 2011-2012 is $575 for eligible students at Michigan State University. Eligibility requirements include a FAFSA completed by March 1st for the upcoming school year, a competitive score on the ACT, some financial need, and continuous residency in the State of Michigan from July 1st of the proceeding academic year. This program has also been affected by Michigan’s struggling economy as we reflect upon the past award amounts in 1998-1999 the

Status of State Financial Aid Programs

In response to the growing concerns regarding student loan indebtedness the Department of Education has created a federal student loan repayment program that can potentially lower monthly student loan payments and offer loan forgiveness after a certain number of on-time payments. This payment plan is known as the Income-Based Repayment option.

To calculate a monthly payment the Department of Education would review your income, family size, and state of residence to determine the payment amount. The payment calculated from these variables must be less than what the monthly payments would be under the 10 year standard repayment plan. Your payment is determined each year as you are required to submit annual documentation regarding your income and family size.

Some of the benefits to this program include 10-Year Public Service Loan Forgiveness, 25-Year Cancellation, interest payment benefits, and possible lower monthly payments. Some of the less desirable qualities of the program are the annual documentation requirement, possible fluctuating monthly payments each year depending on income, and you could pay more interest than a standard 10-Year program depending on how long it takes to repay the loans.

Here is an example of a scenario using IBR. A student graduates from college with $57,500 in Federal Stafford Loan debt (the aggregate limit for independent undergraduate students) and goes on to find a job in public service earning $35,000 per year. The former student is single so there is 1 in the family. Their monthly student loan payment would be approximately $235 compared to $661.71 with the standard 10-Year program. Also, after 10 years of working in public service the remaining balance of her loan would be forgiven.

For more information regarding the Income-Based Repayment plan and access to calculators estimating payment amounts visit http://studentaid.ed.gov/PORTALSWebApp/students/english/IBRPlan.jsp.

The Michigan Competitive Scholarship for 2011-2012 is $575 for eligible students at Michigan State University. Eligibility requirements include a FAFSA completed by March 1st for the upcoming school year, a competitive score on the ACT, some financial need, and continuous residency in the State of Michigan from July 1st of the proceeding academic year. This program has also been affected by Michigan’s struggling economy as we reflect upon the past award amounts in 1998-1999 the
award was $1200 and continued to rise reaching the maximum award of $1300 in 2008-2009. In 2009-2010 the award dropped to $510, and was $600 in 10-11.

Another program that remains available to Michigan State University students is the Tuition Incentive Program (TIP). This program comes in two phases: one is geared for students completing an associates degree and the other for students completing a bachelors degree. Students are eligible if they have or are still receiving Medicaid from the Michigan Family Independence Agency, are under the age of 20 at the time of high school or GED completion, and are a Michigan resident. More details of eligibility can be found at http://www.michigan.gov/dhs under Youth Programs. Agricultural Technology students are currently the only group of students eligible for Phase One at Michigan State. Phase One awards a maximum of 24 credit hours of tuition per year and a maximum of $250 in mandatory fees per semester. Phase Two provides up to $2000 in tuition benefits for students that have at least 56 accepted credits that would apply toward a bachelors degree.

Financial Aid Outreach

This fall the Office of Financial Aid was involved in several outreach events including advisors visiting classrooms on campus to share tips and important information to students in UGS.

You can also find a representative from the Office of Financial Aid at events such as the Study Abroad Fair, Promoting the Publics, conference sessions on how to pay for your education, and many more.