

Chapter 3 Undergraduate Students: Affordability

Goals

The University of Michigan has a longstanding commitment to provide a package of financial aid that meets the full demonstrated need of admitted, in-state students to pay for tuition, room and board, textbooks and incidentals. Starting with the Winter 2018 term, the U-M launched the "Go Blue Guarantee," which pledges the University to provide aid to cover four years of tuition for any in-state student who is admitted and whose family income is below \$65,000.

Overview

The University has worked very hard in recent years to minimize tuition increases. It has been able to reduce the net cost of attendance for undergraduate students with financial need (despite the recent dramatic decline in state support) by making sizeable and growing investments in financial aid, funded through a combination of aggressive cost containment and generous philanthropic contributions. Furthermore, the central financial aid budget for undergraduate students has grown by more than 11 percent annually over the last decade. In addition, student support is the highest priority for the current Victors for Michigan fundraising campaign.

There are two broad student loan categories: packaged loans and supplemental loans. Students who apply for financial aid at U-M are automatically considered for several low-interest

federal loans. Packaged loans are generally based on student need and offered to eligible students as part of the student's financial aid package. Supplemental loans represent borrowing to replace a portion of the Expected Family Contribution or Work Study offered as part of a student's financial aid package. Supplemental loans can be acquired through the federal government or a private lender.

In 2016-17, 70 percent of in-state and 51 percent of out-of-state students received some type of aid. The average student loan debt for in-state students who graduated in 2016-17 was \$22,406.

For More Information

Office of Financial Aid (finaid.umich.edu/)







Go Blue Guarantee (goblueguarantee.umich.edu/)

U-M Affordability Guide for In-State Students (admissions.umich.edu/costs-aid/michigan-residents/)

Cost Cutting and Budget Update (publicaffairs.vpcomm.umich.edu/key-issues/cost-cutting-budget-update/)

 *Chart updated since the September 2017 edition.*

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Tuition and fees for new in-state freshmen start at \$7,413 per semester in the College of Literature, Science & the Arts, Penny W. Stamps School of Art & Design, and the School of Nursing. New in-state freshmen entering the College of Engineering pay the highest per-semester rate of \$7,928.

3.1 Undergraduate Tuition and Required Fees, per Semester, 2017-18.

School/College	Program	Per semester	
		In-State	Out-of-State
Taubman College of Architecture & Urban Planning	Lower Division	\$7,413	\$23,738
	Upper Division	\$8,348	\$25,404
Penny W. Stamps School of Art & Design	Lower Division	\$7,413	\$23,738
	Upper Division	\$8,348	\$25,404
Stephen M. Ross School of Business	Lower Division	\$7,859	\$24,139
	Upper Division	\$9,913	\$27,012
School of Dentistry (Dental Hygiene)	Lower Division	\$7,550	\$23,877
	Upper Division	\$8,491	\$25,549
School of Education	Upper Division	\$8,348	\$25,404
College of Engineering	Lower Division	\$7,928	\$23,877
	Upper Division	\$10,223	\$26,794
School of Information	Upper Division	\$8,348	\$25,404
School of Kinesiology	Lower Division	\$7,819	\$25,235
	Upper Division	\$8,964	\$27,560
College of Literature, Science & the Arts	Lower Division	\$7,413	\$23,738
	Upper Division	\$8,348	\$25,404
Medical School¹	Upper Division	\$8,348	\$25,404
School of Music, Theatre & Dance	Lower Division	\$7,706	\$24,053
	Upper Division	\$8,640	\$25,718
School of Nursing	Lower Division	\$7,413	\$23,738
	Upper Division	\$8,348	\$25,404
	Accelerated Second Career	\$9,340	\$28,386
College of Pharmacy	Upper Division	\$8,348	\$25,404
Gerald R. Ford School of Public Policy	Upper Division	\$8,348	\$25,404

SOURCE: U-M Office of the Registrar.

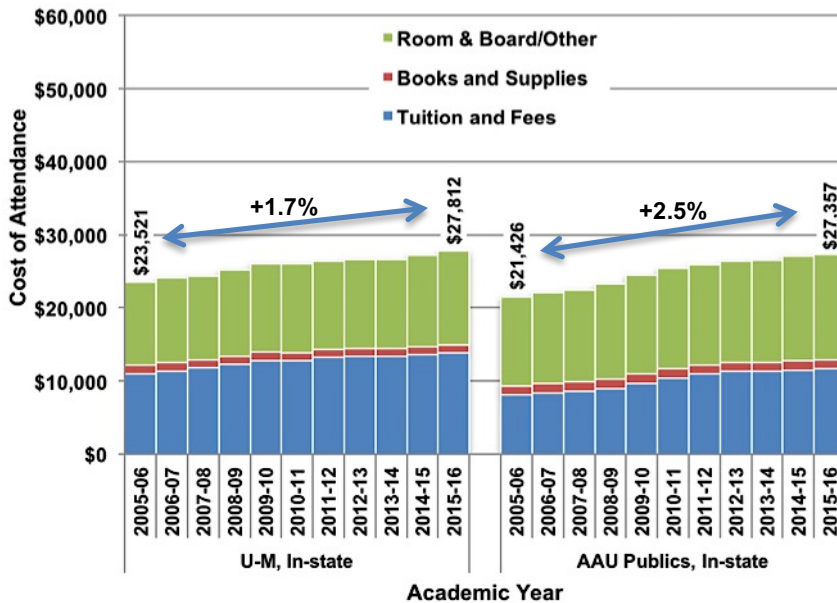
Tuition increased by 2.9 percent over 2015-16 for In-State undergraduate students. Out-of-State undergraduates saw increases of 4.5 percent over last year.

Students who have completed fewer than 55 credits toward program completion pay the Lower Division tuition rates. Those who have completed 55 credits or more pay Upper Division rates.

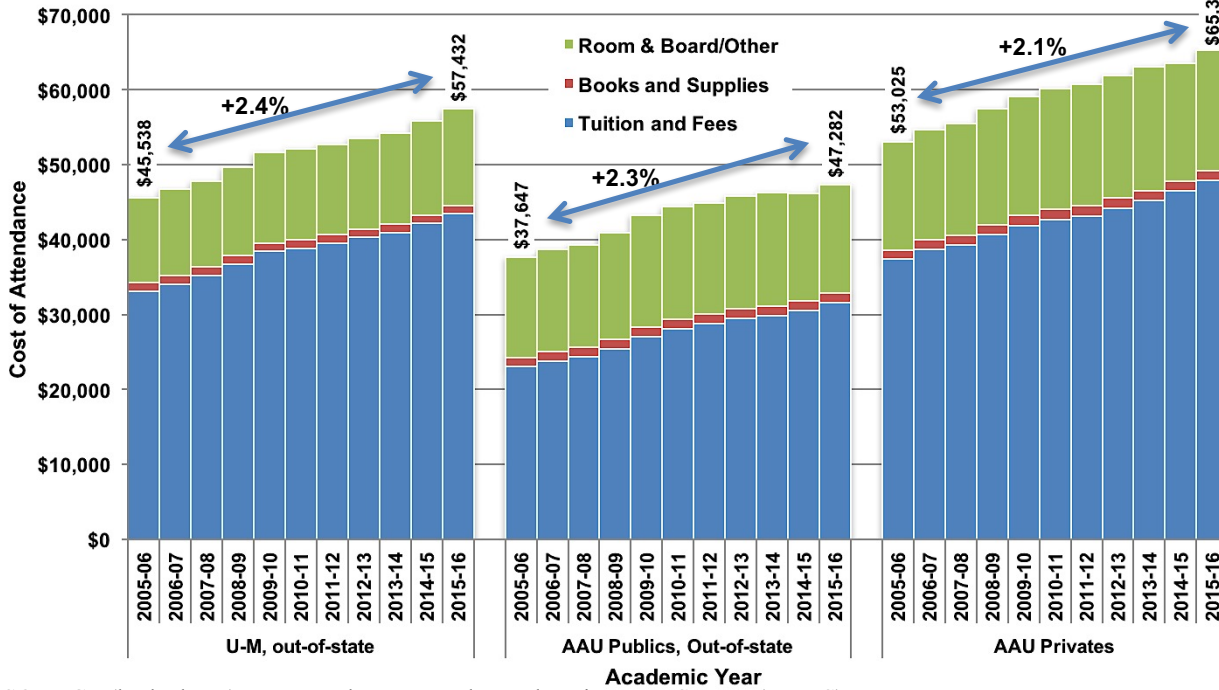
¹ The Medical School first offered the MEDPREP, a post-baccalaureate pre-medical program, in May 2015.

Over the last decade, the “sticker price” for in-state U-M students has grown more slowly than the comparable average for in-state students at AAU public universities.

**3.2.1 Total Cost of Attendance Before Financial Aid, In-State Students
U-M and AAU Public Universities, Adjusted for Inflation², FY2006-16.**



**3.2.2 Total Cost of Attendance Before Financial Aid, Out-of-State Students,
U-M and AAU Public and Private Universities, Adjusted for Inflation², FY2006-16.**



SOURCE (both charts): Integrated Postsecondary Education Data System (IPEDS).

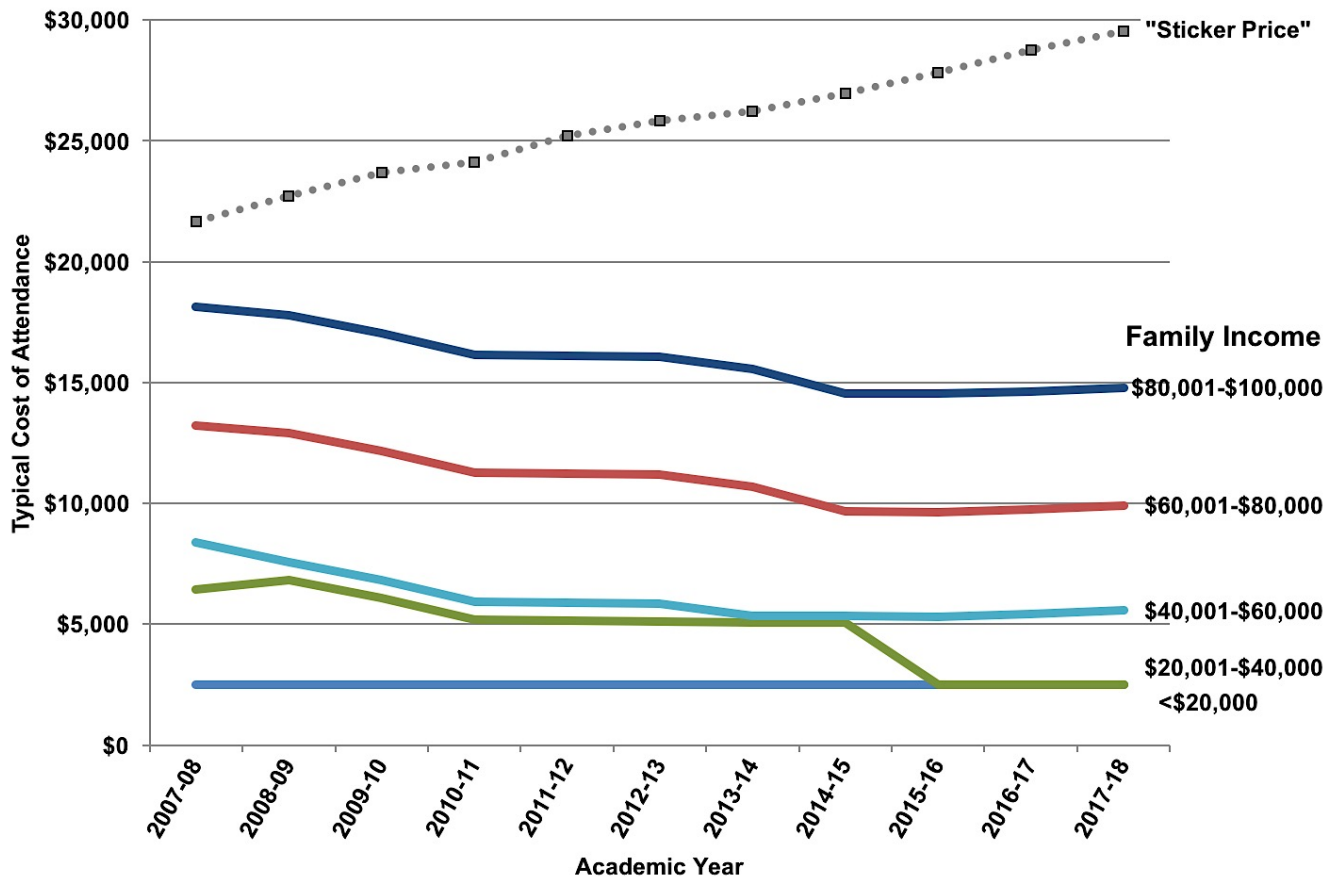
The total cost of attendance (*excluding* any financial aid contributions) for incoming freshmen is a benchmark figure that includes Regentally-approved tuition and required fees and room and board, plus reasonable estimates for the costs

of books and supplies, transportation, and miscellaneous expenses. The net cost of attendance will vary depending on financial aid provided, as well as the differences in transportation requirements and housing choices.

² Based on 2016 U.S. Consumer Price Index.

Typical students with family incomes up to \$100,000 pay less today to attend U-M than they did in 2007-08. The loan component in the financial aid package for such students is lower now, as well.

3.3.1 Projected Typical Cost of Attendance³ for New U-M Freshmen by Family Income Level, Before Merit Aid, Academic Year 2008-18.



SOURCE: U-M Sample Financial Aid Packages, Office of Financial Aid.

Students from families in the lowest income bracket are not required to pay anything out-of-pocket to attend the University of Michigan. The \$2,500 in net cost for the under \$40,000 group represents the amount of Work Study earnings made available to these students. Work Study opportunities are offered to all students whose family income is \$100,000 or less.

The dotted line labeled “Sticker Price” is the cost of attendance before taking into account any grants, loans or scholarships that may be available to reduce the out-of-pocket costs.

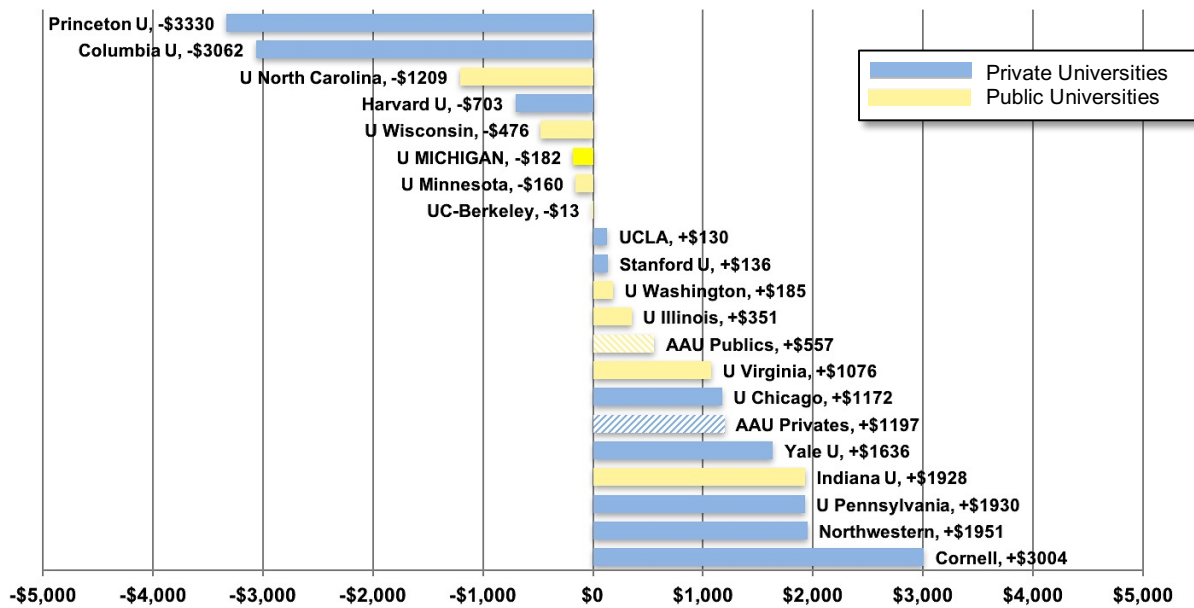
Merit-based scholarship aid is not reflected in the cost of attendance data presented here. Merit grants reduce the need to take loans or to participate in Work Study as part of a student’s Expected Family Contribution.⁴

³ The projected cost of attendance calculation considers Work Study to be a cost to the student, although it can be covered through a Work Study job. The net cost of attendance also accounts for the tax credits typically available to families with annual incomes in the \$20,000 to \$100,000 range. The net cost does not take into account any reduction in loan amounts that were made possible through the award of merit-based scholarships.

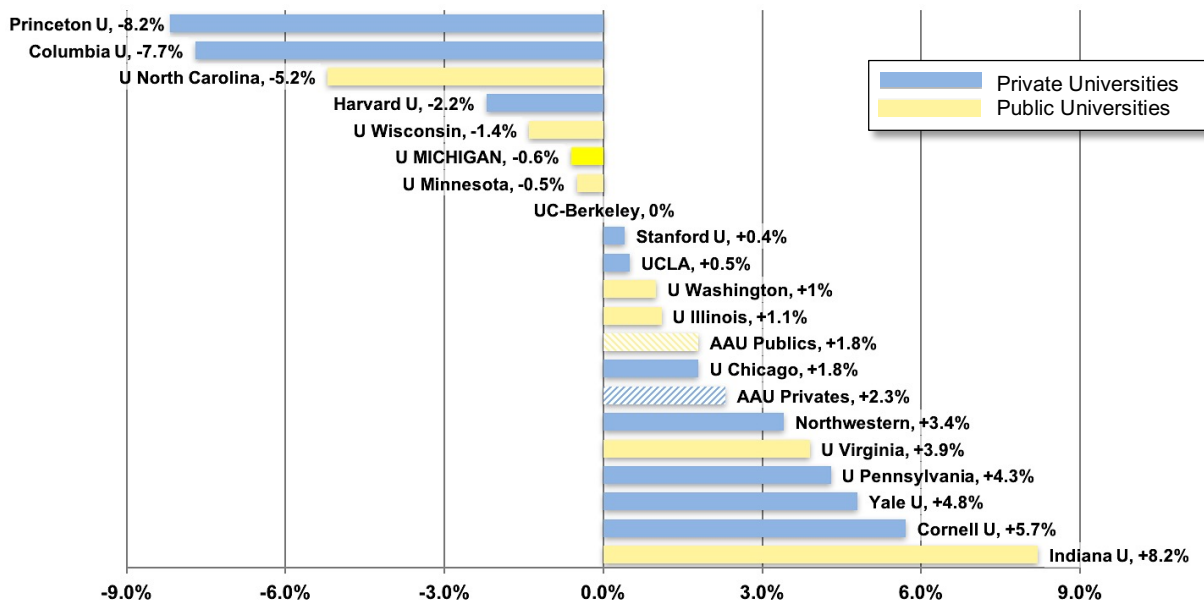
⁴ Financial Aid Report to U-M Board of Regents from Martha E. Pollack, Provost, February 2016.

From FY2013 to FY2015, the average net cost of attendance (or net price) for first-time, full-time freshmen who received grants or scholarships aid decreased slightly at the U-M, while a majority of its peer universities⁵ had increased net price.

3.3.2 Dollar Change in Average Net Cost of Attendance for New Freshmen Receiving Aid, at U-M and Peers⁵, FY2013-15.



3.3.3 Percent Change in Average Net Cost of Attendance for New Freshmen Receiving Aid, at U-M and Peers⁵, FY2013-15.



SOURCE: Integrated Postsecondary Education Data System (IPEDS).

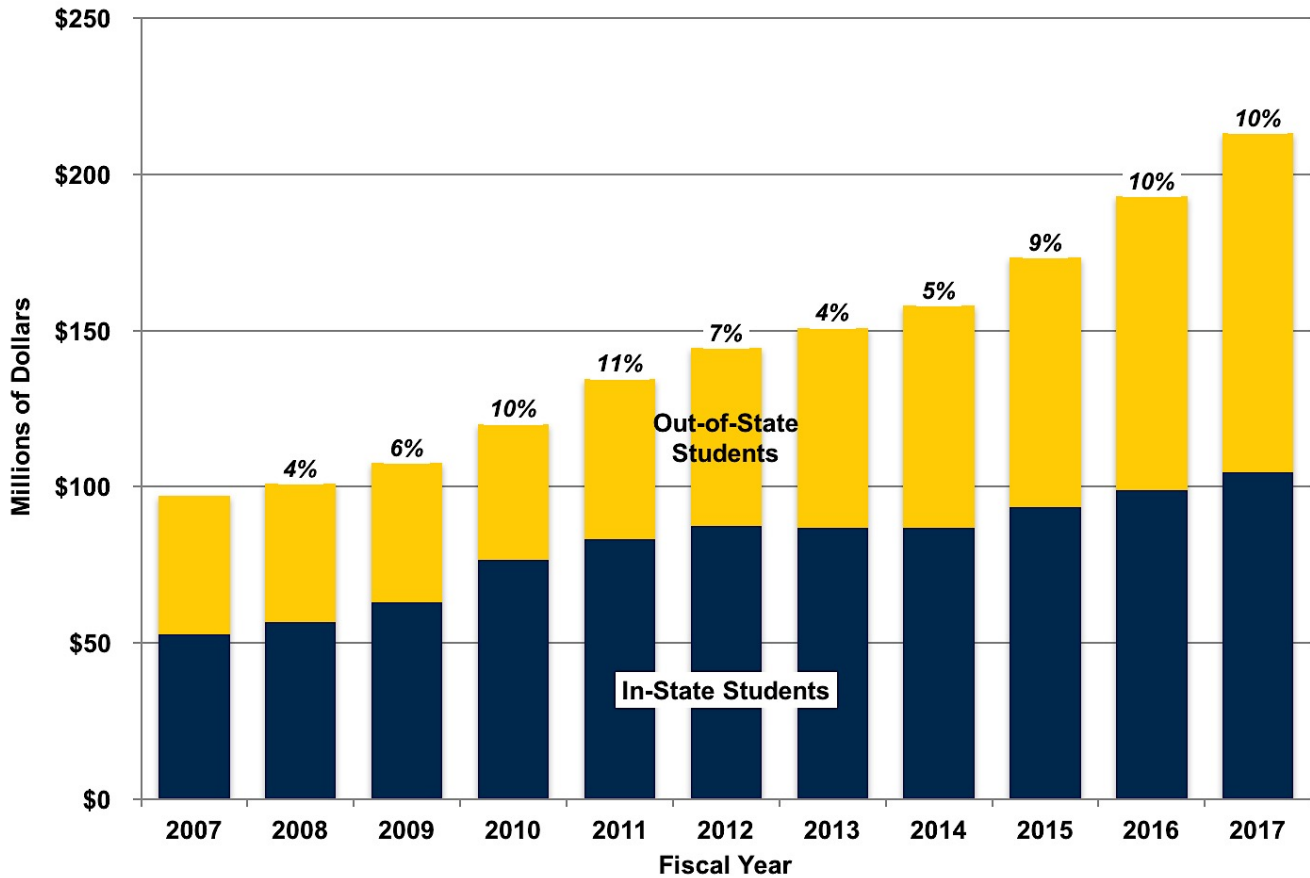
In FY2015, the average net cost of attendance (full cost minus financial aid) for U-M first-time, full-time in-state undergraduate students who received grant or scholarship aid had fallen to \$15,757, compared to \$15,939 for FY2013.

Since the calculation is based only on students receiving aid, a school's net price rises when it spreads its aid budget over a larger number of students.

⁵ A list of "official" peers used for comparison on this page is published in Appendix A.

In the 2016-17 academic year, the U-M provided \$213 million in grants and scholarships from all university funds to undergraduate students.

✦ 3.4 Total U-M Expenditures for Undergraduate Student Grant and Scholarship Aid, by In-State/Out-of-State Status, Adjusted for Inflation⁶, with Annual Percentage Increases, FY2007-17.



SOURCE: U-M Financial Aid Data.

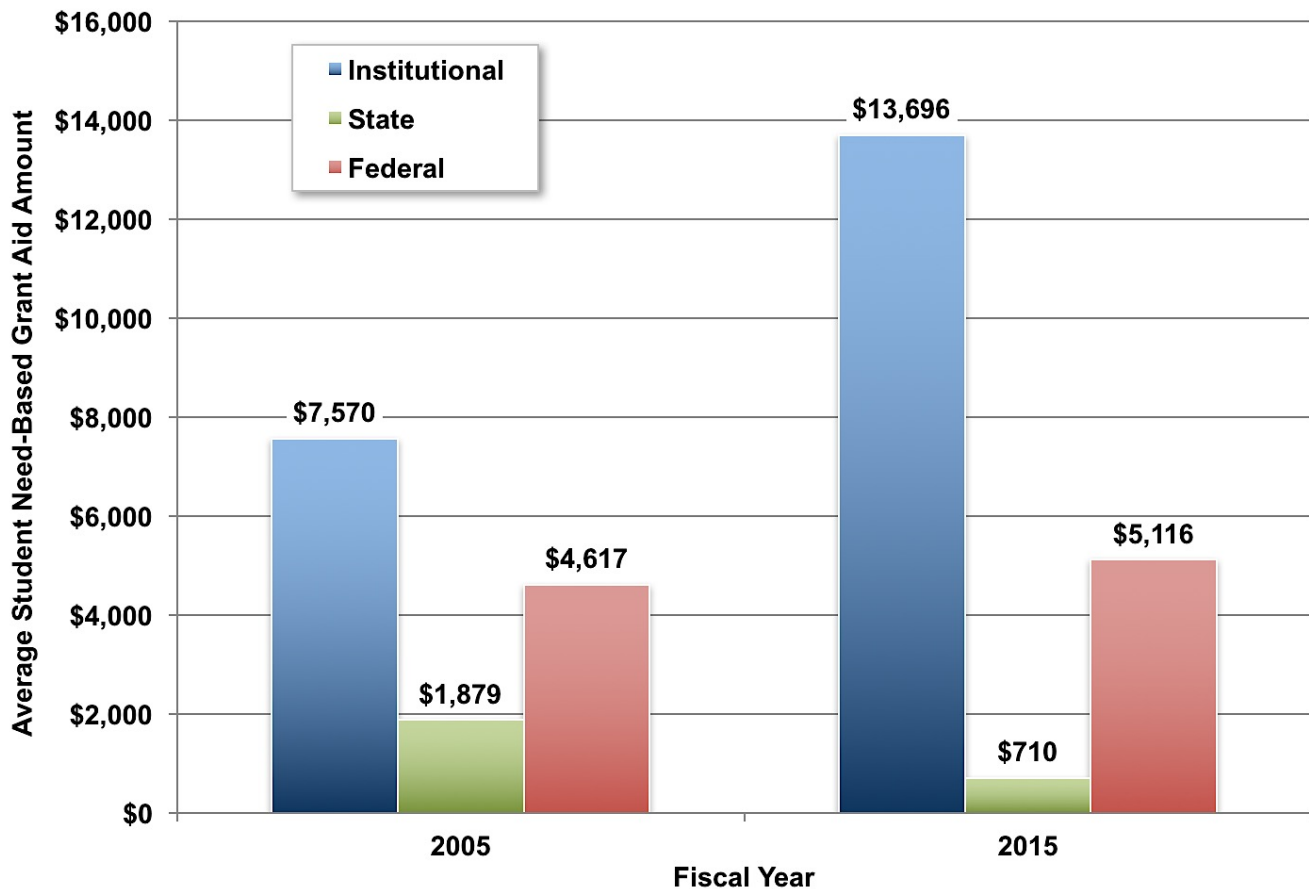
This chart shows the amount of financial aid paid to undergraduates from institutional funds as both need-based grants and merit-based scholarships. The value above each column is the percentage increase in expenditures for grant and scholarship aid from the previous year.

Fundraising provides an important component of the institution’s financial aid resources. In the recent Michigan Difference fundraising campaign, donors committed support for more than 2,000 endowed scholarships valued at \$281 million. About 20 percent of the U-M endowment is now dedicated to financial aid.

⁶ Inflation adjustment based on the estimated 2017 U.S. Consumer Price Index provided by the U-M Research Seminar on Quantitative Economics.

Between FY2005 and FY2015, U-M increased the inflation-adjusted, average need-based institutional grant to new undergraduate students by \$7,620. At the same time, when adjusted for inflation, the average grant from the federal government increased by \$1,386 and the average state grant **decreased** by \$818.

3.5.1 Average Per Student Need-based Grant Aid by Source, Adjusted for Inflation⁷, for New Freshmen at U-M, FY2005 and FY2015.



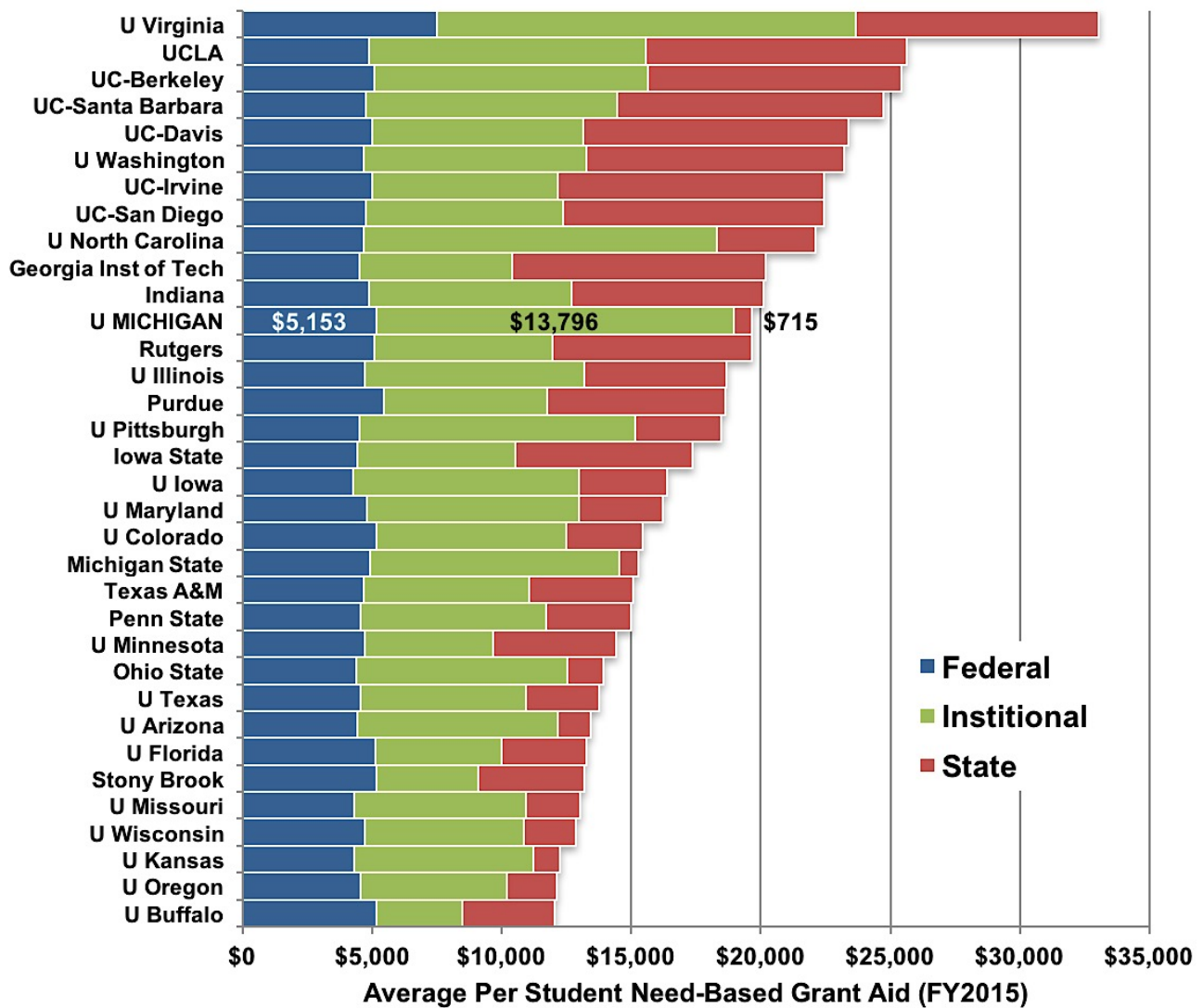
SOURCE: Integrated Postsecondary Education Data System (IPEDS).

The University of Michigan is committed to providing financial aid to meet the full demonstrated need of admitted, in-state students. To fulfill this commitment, the U-M has increased its contribution to the total need-based grant aid received by its undergraduate students every year since 2003. On average, the inflation-adjusted, need-based grant aid from the U-M to a new freshman with need was 123 percent higher in FY2015 than in FY2005. Conversely, when adjusted for inflation, the average need-based grant from the State of Michigan is 53 percent smaller now compared to a decade ago.

⁷ Based on 2015 U.S. Consumer Price Index.

The University of Michigan provides the second-highest average institutional grant/scholarship aid of all AAU public institutions. However, the average state grant/scholarship aid to U-M students is second-lowest of all AAU public universities.

3.5.2 Average Per Student Grant or Scholarship Aid⁸ by Source for New Freshmen, U-M and AAU Public Universities, 2014-15.



SOURCE: Integrated Postsecondary Education Data System (IPEDS).

Only one AAU public university – University of Virginia, at \$16,194 per student – provides a larger average institutional grant/scholarship aid to new freshman students. U-M's average institutional grant/scholarship aid to new freshman is \$13,796.

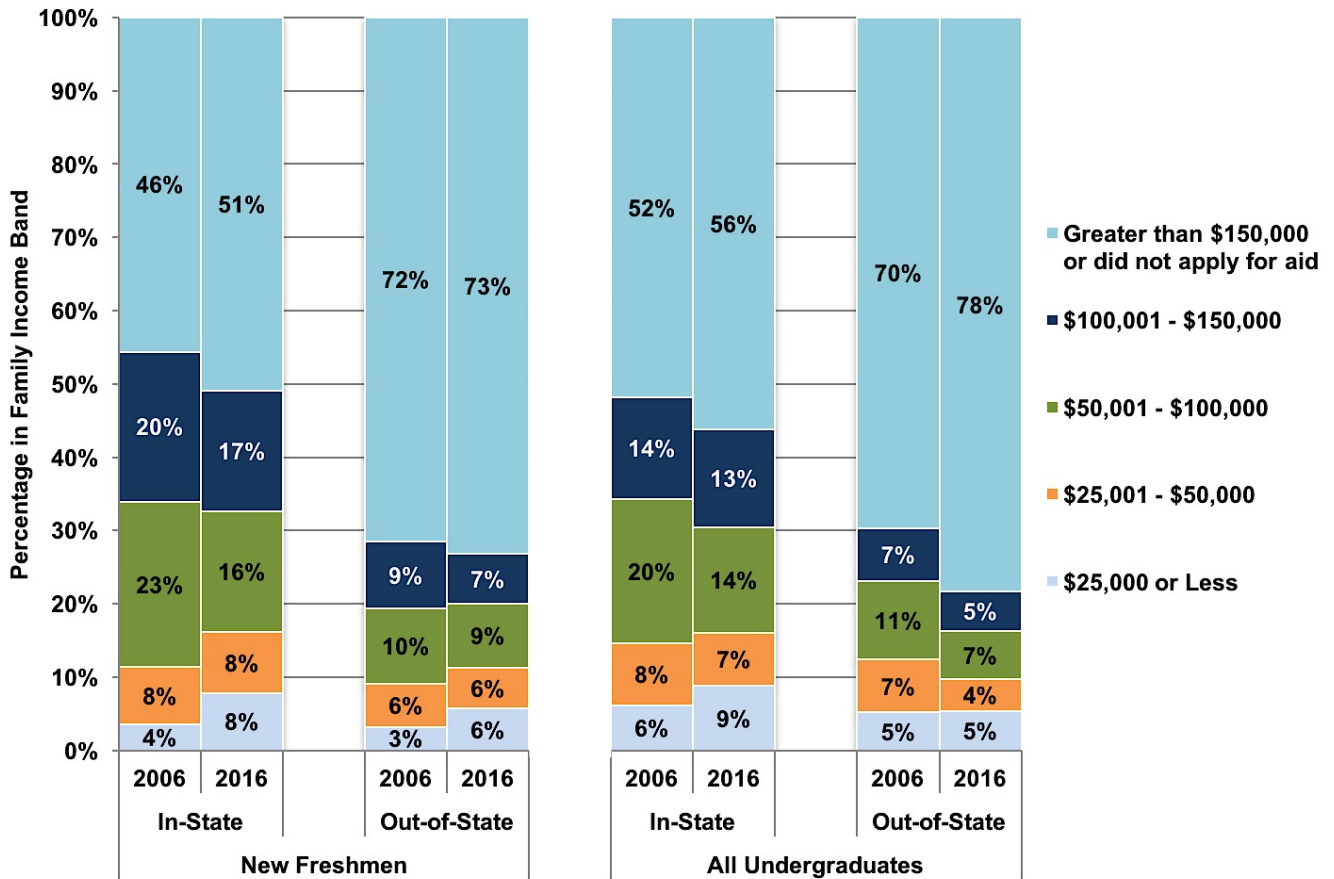
The average grant/scholarship to U-M students from the State of Michigan is smaller than similar average state aid provided to other AAU public universities. The average federal grant/scholarship aid to U-M students is \$317 higher than the average for AAU public institutions as a group.

Note: The bar segments above are the separate average grant/scholarship amounts for that grant source; the segments do not sum to the total average grant/scholarship from all sources.

⁸ The average aid calculation is based only on students who receive such aid.

The fraction of in-state new freshmen and all undergraduate students from families with an annual income of \$50,000 or less is larger now than a decade ago.

3.6.1 Family Income Distribution for New Freshmen and All Undergraduates, by In-State and Out-of-State Status, Fall 2006 & Fall 2016.



SOURCE: U.S. Department of Education.

Family income is based on data reported by families on the Free Application for Federal Student Aid (FAFSA), the online form that college students must complete to be considered for financial aid.

The U-M enrolls a low percentage of students eligible for Pell Grants compared to most other AAU public universities, and similar to the levels at many private universities.

✦ 3.6.2 Pell Grant Recipients as Percent of Undergraduate Student Body, U-M and AAU Institutions, 2015-16.

Percent of undergrads with Pell grants	
AAU Privates (average)	24%
AAU Publics (average, excluding U-M)	16%
University of California-Irvine	45%
University of California-Davis	40%
University of California-Santa Barbara	39%
University of California-Los Angeles	35%
University of California-San Diego	35%
Stony Brook University (SUNY)	33%
University at Buffalo (SUNY)	32%
Rutgers University	31%
University of Arizona	31%
University of California-Berkeley	30%
University of Florida	28%
University of Texas at Austin	24%
University of Oregon	24%
Michigan State University	23%
Columbia University	22%
Texas A & M University	22%
University of Kansas	22%
University of North Carolina	22%
University of Southern California	22%
University of Washington	22%
Iowa State University	21%
New York University	21%
University of Illinois	21%
Emory University	20%
Ohio State University	20%
University of Missouri	20%
University of Iowa	19%
University of Maryland	19%
University of Minnesota	19%

Percent of undergrads with Pell grants	
Brandeis University	18%
Purdue University	18%
University of Rochester	18%
Massachusetts Institute of Technology	17%
Case Western Reserve University	16%
Georgia Institute of Technology	16%
University of Colorado	16%
University of Pittsburgh	16%
Brown University	15%
Cornell University	15%
Indiana University	15%
Pennsylvania State University	15%
Princeton University	15%
Rice University	15%
Stanford University	15%
UNIVERSITY OF MICHIGAN	15%
Northwestern University	14%
University of Wisconsin	14%
Vanderbilt University	14%
Yale University	14%
Boston University	13%
California Institute of Technology	13%
Duke University	13%
Tulane University of Louisiana	13%
University of Pennsylvania	13%
Carnegie Mellon University	12%
Johns Hopkins University	12%
University of Virginia	12%
Harvard University	11%
University of Chicago	11%
Washington University	8%

SOURCE: Integrated Postsecondary Education Data System (IPEDS).

The Federal Pell Grant Program provides need-based grants to low-income undergraduate students to promote access to a college education. Pell Grants, unlike loans, do not need to be repaid. The maximum Pell Grant for the 2015-16 academic year was \$5,775, which is then adjusted for each

recipient according to financial need, cost to attend school, and status as a full-time/part-time and full-year/part-year student.

Data for public universities are shaded in yellow; private university data are shaded in blue.

Seventy percent of in-state undergraduate students receive some kind of financial aid, and 40 percent of in-state undergraduates receive need-based grants.

✦ 3.6.3 Number and Percentage of Undergraduate Students Receiving Aid, by Type, 2016-17.

Aid Type	In-State ⁸ (16,301) ⁹	Out-of-State ⁸ (12,663) ⁹
Need-based Grant Aid	6,565 (40%)	2,937 (23%)
Merit-based Scholarship Aid	8,054 (49%)	4,302 (34%)
Work Study	1,848 (11%)	665 (5%)
Loans	5,876 (36%)	3,239 (26%)
Any Type of Aid	11,390 (70%)	6,455 (51%)

✦ 3.6.4 Total Financial Aid Awarded and Average Total Award per Student Receiving Aid, 2016-17.

Aid Awarded	In-State ⁸	Out-of-State ⁸
Total Aid Awarded from all Sources	\$191,182,856	\$198,481,986
Average Total Award per Student Receiving Any Type of Aid	\$16,785	\$30,749

Source: U-M Office of Financial Aid.

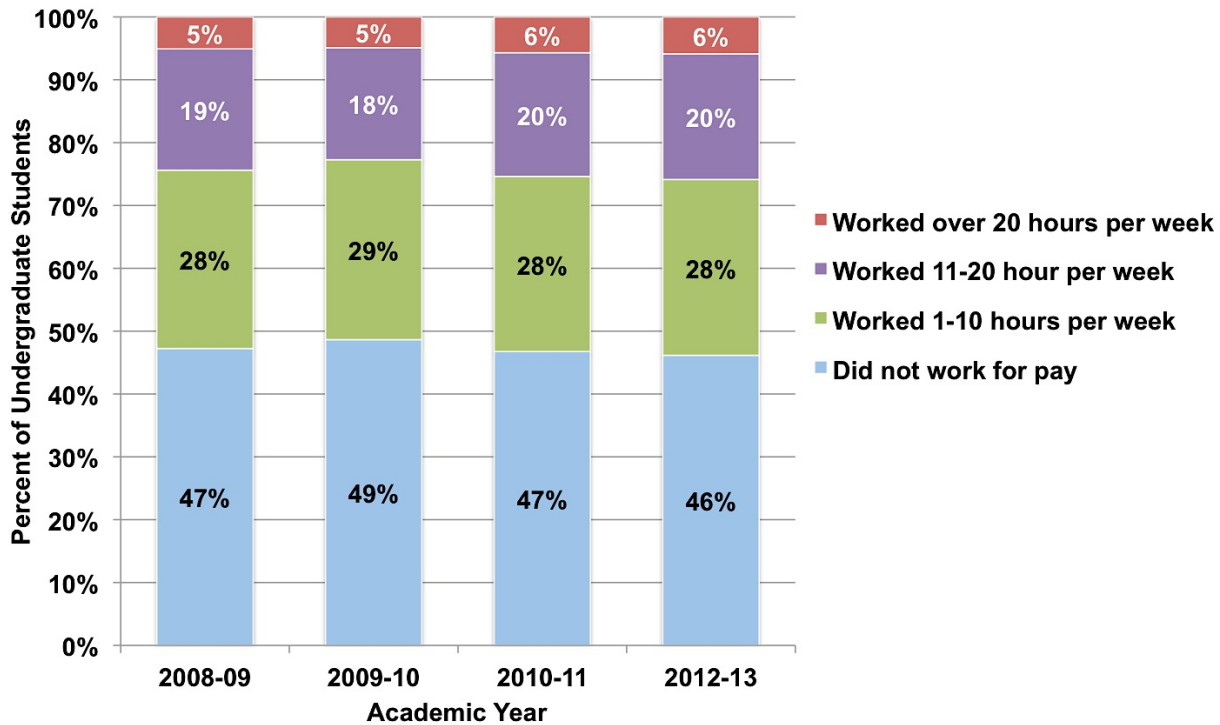
In reviewing these charts, please note: a) many students receive multiple types of aid, b) many merit-based scholarships also have a need-based component in their criteria, c) the loan data includes *all* student loans, whether included in a student's financial aid package or as a supplemental loan.

⁸ Tuition residency status

⁹ Fall 2016 enrollment

Just over half of U-M undergraduate students work for pay while in school; of those who do, most work 10 hours a week or less during the academic year.

3.7 Weekly Hours of Paid Work by U-M Undergraduate Students¹⁰, 2009-11, 2013.



SOURCE: University of Michigan Asks You (UMAY) undergraduate survey.

According to student reports, the time devoted to work for pay has remained nearly level over the last several years. While some U-M students help finance their education through work for pay during the academic year, it’s important that this not impede students’ progress toward completion of their degree programs.

The percentage of U-M undergraduates working for pay is in line with national data for fall 2010 from the U.S. Census Bureau¹¹. Six percent of U-M undergraduates work for pay more than 20 hours per week while in school, compared to 24.5 percent of full-time undergraduates at public universities work 20 or more hours per week.

Data for 2011-12 is not available because the UMAC survey was not conducted at the U-M that year.

¹⁰ Percentage distributions exclude students who did not respond.

¹¹ [The Condition of Education 2012](#), National Center for Education Statistics and American Institutes for Research, Indicator 37—College Student Employment, Table A-37-2.

Slightly more than half of in-state undergraduate students in the 2016 graduating class completed their degrees owing student loan debt.

★ 3.8 Average Student Loan Debt Burden at Graduation for All, In-State and Out-of-State U-M Undergraduate Students, 2016-17.

	All Undergraduate Students (6,905) ¹³	In-State ¹² (4,046) ¹³	Out-of-State ¹² (2,859) ¹³
Average Loan Burden	\$25,151	\$22,406	\$31,568
Number of Graduates with Loans	2,817	1,973	844
Percent of Graduates with Loans	41% of all undergraduates	49% of in-state graduates	30% of out-of-state graduates

SOURCE: U-M Financial Aid Data.

Forty-one percent of the 2016-17 undergraduate class graduated with debt. The average loan burden for in-state student graduates was \$22,406 and for out-of-state students was \$31,568. Compared to the previous year’s graduating class, the average debt burden at graduation declined by \$1,032 for in-state students and increased by \$2,637 for out-of-state students. The percentage of in-state students who graduated with debt decreased by 3 percent from the previous graduating class, and the percentage of out-of-state students to graduate with debt decreased by 2 percent.

In interpreting loan burden figures, it is important to distinguish between “packaged” loans and “supplemental” loans. Students who apply for financial aid at U-M are automatically considered for low-interest federal loans, which are awarded as part of financial aid packages. Supplemental loans, which are offered both by the federal government and private lenders, are available to all students, regardless of whether they are eligible for financial aid.

¹² Tuition residency status

¹³ Counts from 2016-17 graduating class