

TO: Michelle Rhodes, Director of Financial Aid;
Lynn Blue, Vice President for Enrollment Development
Gayle Davis, Provost & Vice President for Academic Affairs

FROM: Robert Hollister, Chair, FSBC

SUBJECT: Financial aid annual budget

DATE: April 13, 2016

CC: Karen Gipson, Chair, ECS/UAS; Lisa Surman Haight, Senate Assistant

The FSBC, as part of our annual charge, has reviewed the allocation of funds to Financial Aid. We show in **Table 1** that the University has met and, in fact, greatly exceeded Objective 7.6 of the former Strategic Plan:

“Between 2009 and 2015, the rate of increase in financial aid awarded to students meets or exceeds the rate of increase in the university’s tuition and room and board costs.”

The committee is concerned that the current rate of increase in financial aid is not sustainable. The FSBC recognizes that increased allocation to financial aid is a national trend which universities in Michigan are following as shown in **Fig 1**. However, further increases may put undue stress on the University’s budget. Simply stated, the budget for Financial Aid cannot continue to grow at the current rate. We suggest that the administration, keeping in mind the many different budget priorities, align the rate of increase in financial with the rate of increase in tuition and state appropriations.

Moreover, in cases where increases in financial aid exceeds increases in tuition or state appropriation, the Office of Financial Aid should provide evidence that the increase is necessary to meet clearly identified and agreed upon objectives. The FSBC recognizes the vital role of financial aid to the long term health of the University and looks forward to working with the administration to identify optimum strategies for the future.

Table 1. 10-year Comparison of GVSU Financial Aid, State Appropriations, and Tuition Rate increases.

	<u>Financial Aid</u>		<u>Tuition</u>	<u>State Appropriation</u>	
		% increase	% increase		% increase
2006-07	\$15,694,811		5.92%	61,129,900	
2007-08	\$19,305,757	23.0%	9.90%	62,603,400	2.41%
2008-09	\$22,210,043	15.0%	13.20%	63,387,500	1.25%
2009-10	\$22,634,639	1.9%	5.30%	64,021,400	1.00%
2010-11	\$24,532,312	8.4%	5.31%	63,758,300	-0.41%
2011-12	\$26,062,527	6.2%	6.91%	61,976,400	-2.79%
2012-13	\$30,277,125	16.2%	3.70%	52,677,400	-15.00%
2013-14	\$35,867,836	18.5%	3.74%	55,436,000	5.24%
2014-15	\$38,121,517	6.3%	2.90%	57,823,500	4.31%
2015-16	\$40,429,303	8.50%	2.98%	63,035,200	9.01%
10 yr change		11.56%	5.99%		0.56%

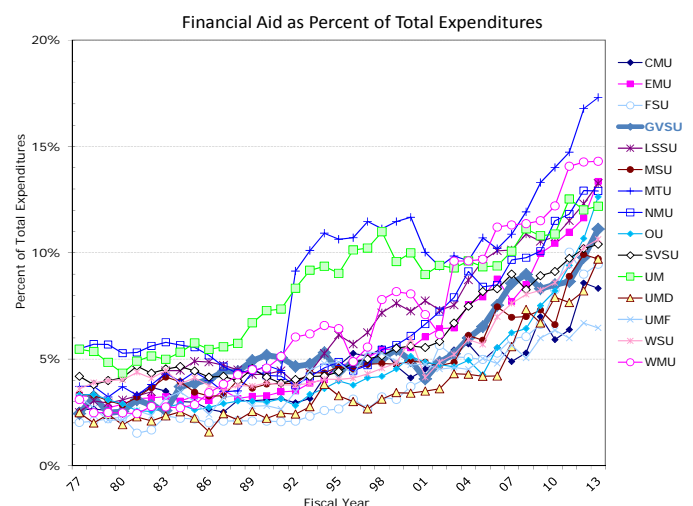


FIG 1. Financial aid as a percentage of total expenditures at public Universities in Michigan.