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## Expansion Of UM's M-PACT Plan

By *Judith Earley*

According to a report from the Higher Education Washington, Inc., NewsLine, the University of Michigan is expanding its M-PACT financial aid program. More than 400 UM students will see the effects immediately and save at least \$5,000 a year because of these changes. The M-PACT program replaced student loans with grants for the neediest students and is part of a 10-percent increase in financial aid grants for both new and returning Michigan students. About two-thirds of UM students receive some form of merit- or need-based financial aid.

M-PACT is open to low-income Michigan resident undergraduates and supplements traditional financial aid. Unlike loans, students do not have to repay grants and work-study assistance; and the total M-PACT financial aid package covers their tuition, room and board, books, and other expenses. For example, a typical UM freshman in the College of Literature, Science, and the Arts who would receive the full benefits of the expanded M-PACT program would receive \$2,500 in federal work-study plus \$17,678 in grants from federal, state, and other University of Michigan sources.

The M-PACT program is projected to disburse more than \$3 million next year to more than 1,800 students. Even before the new changes were instituted, Kiplinger's had rated the University of Michigan number 16 on a national list of the 100 best values in public higher education. The original M-PACT program will remain in effect, which originally increased the need-based grant assistance to \$12,200 per year for students from families whose financial circumstances made them eligible for a full Pell grant. M-

PACT aid will top off the university's existing financial aid package with additional grants of \$1,500, \$1,000, or \$500, depending upon the student's financial need. In every case, the new aid produces a dollar-for-dollar reduction in loans. Financial aid officials regularly advise students to apply for aid at least once to find out what options might be available to them, as family income, family size, and total family assets can influence the amount of aid packages.

Students from low-income families typically shy away from taking on student loans. The burden of a large amount of undergraduate debt is especially hard on the lowest-income students; the prospect of having to pay back loans for years to come may discourage the students from enrolling in graduate or professional school.

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The program was launched by University of Michigan President Mary Sue Coleman in early 2005 and intends to leave low-income students with an expected financial contribution of close to nothing. Although it provides the greatest amount of assistance to families at the lowest end of the income scale, M-PACT also was designed to assist those students whose families may earn slightly more than the cutoff amount to qualify for a Pell grant. The University of Michigan is working through its Michigan Difference campaign in an attempt to raise a permanent endowment of at least \$60 million to support M-PACT.