

DATE: March 19, 2014
TO: House Appropriations Subcommittee on Higher Education
FROM: Kyle I. Jen, Deputy Director
RE: Tuition Grant Program

Background Information

The Tuition Grant Program is a state financial aid program established by Public Act (PA) 313 of 1966. Under the provisions of the statute, Tuition Grant awards are restricted to Michigan residents with financial need who enroll at an independent, degree-granting, nonprofit postsecondary institution in Michigan on at least a half-time basis.¹ Students apply for the grant by submitting the Free Application for Federal Student Aid (FAFSA). Information submitted through the FAFSA is utilized to determine whether financial need exists based on the difference between cost of attendance and an expected family contribution.

The Tuition Grant can be applied only to tuition and mandatory fees. Students may receive an award for up to 10 semesters of undergraduate study. The maximum award amount is determined annually by the Department of Treasury based on available state funding and the projected number of eligible students. For FY 2013-14, the maximum award amount is \$1,524.

Section 7 of PA 313 of 1966 (MCL 390.993) provides that a student receiving a State Competitive Scholarship cannot receive a Tuition Grant concurrently. (The State Competitive Scholarship requires both a qualifying ACT score and demonstrated financial need, and can be claimed at both public and independent colleges or universities.) The statute provides instead that a student receiving a Competitive Scholarship may have his or her award increased up to the maximum Tuition Grant award amount using funds appropriated for the Tuition Grant Program.

For FY 2013-14, the maximum State Competitive Scholarship award amount is \$630, so a student receiving a Competitive Scholarship and also enrolling at an independent college or university in Michigan could receive an additional \$894 to get to the maximum Tuition Grant award amount of \$1,524. The supplemental amount is awarded as part of the student's Competitive Scholarship, but is funded from the Tuition Grant appropriation.

Tuition Grant Appropriation and Expenditures

The FY 2013-14 appropriation for the Tuition Grant Program is \$31.7 million. For the last several years, this appropriation has been funded from federal Temporary Assistance to Needy Families (TANF) revenue as part of an ongoing arrangement to meet federal TANF maintenance-of-effort (MOE) requirements. Prior to this fund shift, the appropriation was funded from state GF/GP revenue.

A large reduction was made to the appropriation for the Tuition Grant Program, along with the appropriations for most other state funded-financial aid programs, in FY 2009-10.² In FY 2008-09, the

¹ Other program requirements can be found here:

http://www.michigan.gov/documents/FactSheetMTG_153010_7.pdf

² Total appropriations for state financial aid programs were reduced by 63.9% from FY 2008-09 to FY 2009-10:

<http://www.house.mi.gov/hfa/Archives/PDF/hied%20financial%20aid%20memo%202012-09.pdf>.

appropriation for the program had been \$56.8 million, with a maximum award amount of \$2,100. As part of the reduction implemented for FY 2009-10, two policy changes were made. First, awards to graduate students were eliminated. Second, a cap of \$3.0 million was instituted for awards to students at any single institution. This change affected students at Baker College and Davenport University; students at those institutions had received a total of \$27.7 million in awards in FY 2008-09. The amount of Tuition Grant funding at those two institutions (which each have multiple campuses in Michigan), then, has been dramatically reduced.

An attached table shows the number and dollar amount of Tuition Grant awards in FY 2012-13 by institution. A total of \$25.8 million in standard Tuition Grant awards were made to 22,226 students at 33 institutions. An additional \$5.1 million in supplemental awards were made to 6,006 State Competitive Scholarship recipients at those institutions. In sum, \$30.9 million was awarded to 28,232 students at independent colleges and universities from the Tuition Grant appropriation.

Proposed Changes in the Executive Budget

The Executive Budget for FY 2014-15 proposes no change in the appropriation for the Tuition Grant Program from the FY 2013-14 level of \$31.7 million. A number of boilerplate changes are, however, proposed in section 252 of the Higher Education budget article:

Application Deadline

The Executive Budget would move the application deadline for the program from July 1 to March 1. The earlier deadline would be consistent with the deadline for the State Competitive Scholarship Program (which is determined administratively).

Carry Forward Provisions

The Executive Budget would eliminate existing budget language that provides for unexpended funds appropriated for the Tuition Grant Program to be carried forward to the subsequent budget year. This provision has been implemented in recent budget years through the statutory work project process. Most recently, approximately \$1.6 million in unexpended funds were carried forward from FY 2012-13 for expenditure in FY 2013-14.

Performance Reporting

The Executive Budget would add performance reporting requirements that an independent institution would have to comply with in order for the institution's students to participate in the Tuition Grant Program.

First, institutions would be required to participate in the state's P-20 longitudinal data system. This system, which currently incorporates K-12 school districts, community colleges, and public universities, will eventually allow the state to more accurately track postsecondary student completion rates, accounting for transfers between multiple institutions, as well as determine postsecondary academic performance for students graduating from a particular high school or transferring from a particular community college.

Second, institutions would be required to report annually on the following metrics:

- The number of students in the previous academic year who received a Tuition Grant and successfully completed a program or graduated.
- The number of students in the previous academic year who received a Tuition Grant and took remedial education classes.

- The number of students in the previous academic year who received a federal Pell Grant (also need-based) and successfully completed a program or graduated.

Please call if you have any questions about this information.

Attachment

FY 2012-13 Tuition Grant Awards by Institution

Institution	Tuition Grants Awards		Supplemental Competitive Scholarships		Total from Tuition Grant Appropriation	
	Awards	Award Amount	Awards	Award Amount	Awards	Award Amount
Adrian College	752	\$1,048,373	244	\$220,107	996	\$1,268,480
Albion College	435	614,336	303	273,484	738	887,820
Alma College	461	647,082	409	369,337	870	1,016,419
Andrews University	162	211,043	30	25,856	192	236,899
Aquinas College	794	1,068,674	366	321,435	1,160	1,390,109
Baker College	2,281	2,729,560	366	256,271	2,647	2,985,831
Calvin College	535	752,179	698	621,798	1,233	1,373,977
Cleary University	216	198,348	9	4,225	225	202,573
College for Creative Studies	607	770,003	142	117,193	749	887,196
Compass College of Cinematic Arts	49	50,423	6	4,215	55	54,638
Concordia University	185	258,342	52	44,541	237	302,883
Cornerstone University	921	1,161,275	227	198,620	1,148	1,359,895
Davenport University	3,865	2,890,463	209	98,881	4,074	2,989,344
Finlandia University	283	377,899	40	34,727	323	412,626
Grace Bible College	128	178,724	31	27,164	159	205,888
Great Lakes Christian College	86	103,194	7	6,370	93	109,564
Hope College	515	734,560	681	617,220	1,196	1,351,780
Kalamazoo College	162	232,400	263	237,331	425	469,731
Kettering University	364	496,764	410	351,207	774	847,971
Kuyper College	155	205,471	48	41,195	203	246,666
Lawrence Technological University	607	722,666	247	205,501	854	928,167
Madonna University	1,443	1,614,701	126	105,576	1,569	1,720,277
Marygrove College	698	865,563	11	9,838	709	875,401
Michigan Jewish Institute	10	15,120	2	1,874	12	16,994
Northwood University	1,106	1,365,960	172	147,582	1,278	1,513,542
Olivet College	716	975,331	98	84,799	814	1,060,130
Robert B. Miller College	152	141,239	4	1,768	156	143,007
Rochester College	474	591,192	30	25,576	504	616,768
Sacred Heart Major Seminary	19	26,082	0	0	19	26,082
Siena Heights University	1,076	1,172,885	99	82,991	1,175	1,255,876
Spring Arbor University	1,552	1,920,249	287	257,836	1,839	2,178,085
University of Detroit Mercy	1,104	1,403,359	372	332,079	1,476	1,735,438
Walsh College	313	220,053	17	6,943	330	226,996
TOTAL	22,226	\$25,763,513	6,006	\$5,133,540	28,232	\$30,897,053

Source: Student Scholarships and Grants, Department of Treasury