

FISCAL BRIEF



MICHIGAN TUITION GRANT PROGRAM

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FAST FACTS

- Tuition Grants are awarded to resident students with a financial need who are enrolled at a Michigan independent postsecondary college or university.
- Tuition Grant awards are set at \$2,800 for FY 2021-22.
- \$42.0 million is appropriated for Tuition Grants in FY 2021-22.
- Tuition Grants are awarded for up to 10 semesters.
- Tuition Grants restrict the amount of awards per institution at \$4.8 million.
- 13,284 Tuition Grants were awarded in FY 2020-21.

INTRODUCTION

The Michigan Tuition Grant program is one of the state postsecondary financial aid programs funded in the Higher Education budget. Tuition Grant awards are targeted to Michigan residents enrolled at an independent (i.e., private), degree-granting, non-profit postsecondary institution located within the state who also demonstrate financial need. For FY 2021-22, \$42.0 million is appropriated for the Tuition Grant program, and the award level has been set at \$2,800 per recipient. This brief will provide background on the Tuition Grant program.

PROGRAM DETAILS

The Tuition Grant program was established by 1966 PA 313 to assist Michigan residents pursuing higher education at independent colleges and universities. The scholarship was originally awarded to both undergraduate and graduate students, although graduate student eligibility for the program was eliminated under changes made in the FY 2009-10 Higher Education budget.

Students are eligible for the Tuition Grant program under the following main conditions¹:

- Enroll for at least 6 credits at an independent college or university that participates in the program.
- Submit the Free Application for Federal Student Aid (FAFSA) by the Department of Treasury's application deadline, which is currently March 1.
- Demonstrate financial need. Financial need is determined through information submitted through the FAFSA, which calculates the Expected Family Contribution (EFC) compared to the overall cost of attendance.
- Be a Michigan resident for at least 1 year prior to applying.

The majority of students may receive the award for up to 10 semesters. 2021 PA 41 made a change to the program whereby students receiving the Tuition Grant and enrolled at an eligible institution for the Spring 2020 semester or the 2020-21 academic year are eligible for 12 semesters to account for the potential academic disruptions of the COVID-19 pandemic.² There is also a 10-year window of program eligibility that begins from the first semester the Tuition Grant is awarded.

¹ The full list of Tuition Grant program conditions can be found [here](#).

² More information about 2021 PA 41 can be found [here](#).

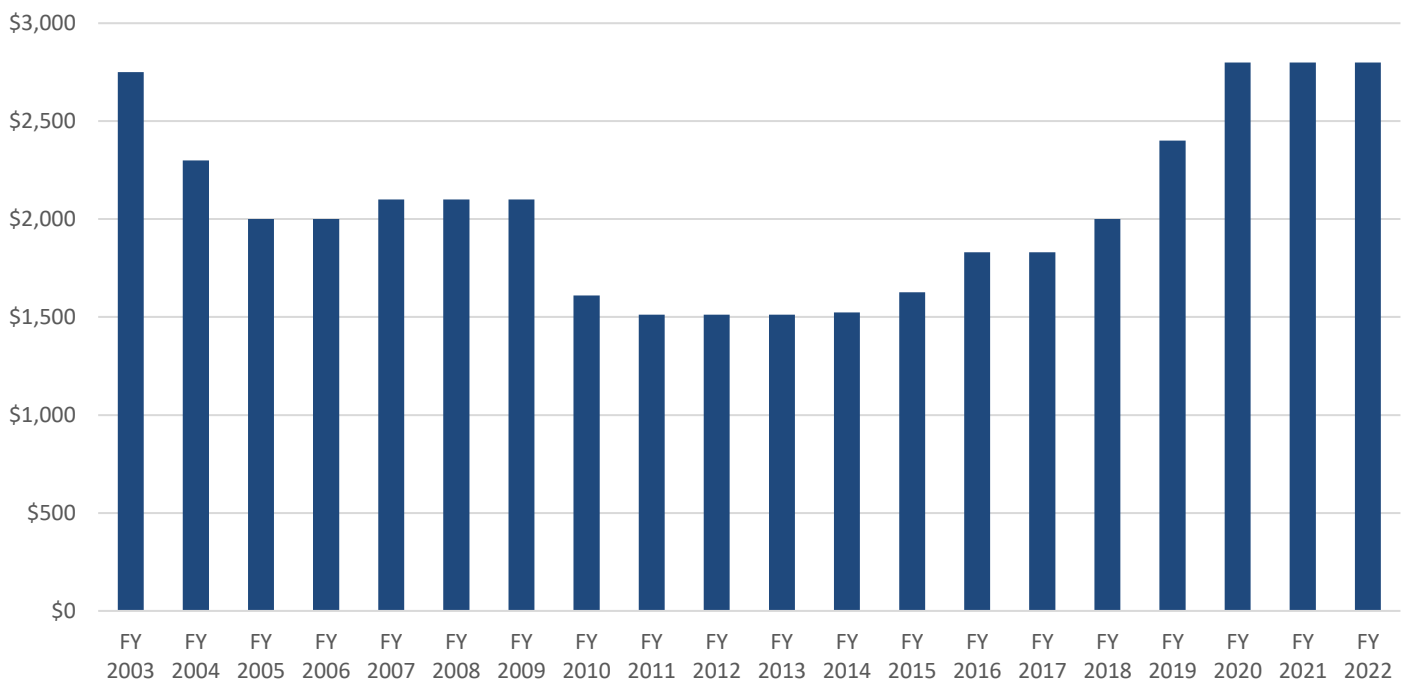
While the Tuition Grant program is governed by the program statutes found in 1966 PA 313, there are additional program guidelines contained in boilerplate sections of the annual Higher Education budget.

TUITION GRANT AWARD AMOUNTS

The award amounts for the Tuition Grant program are determined both by section 252 of the Higher Education budget and the Department of Treasury. Between FY 2005-06 and FY 2018-19, boilerplate guidelines set a maximum limit on the award, and the Department of Treasury determined the actual award level depending on the number of recipients and the program's appropriation levels, which typically matched the maximum limit. The FY 2019-20 budget began the process of setting an actual award amount, instead of a maximum cap. The department still retains statutory authority to adjust the award levels if appropriation levels are insufficient to meet the set award amount in boilerplate.

As indicated in **Figure 1**, award levels have fluctuated significantly over the most recent 20-year period. Despite going from \$2,750 in FY 2002-03 to \$2,800 FY 2021-22, a \$50 or 2% increase in nominal figures, Tuition Grants have not regularly been awarded at current levels. Current Tuition Grants are \$1,288 or 85% greater than the recent low point in FY 2011-12.

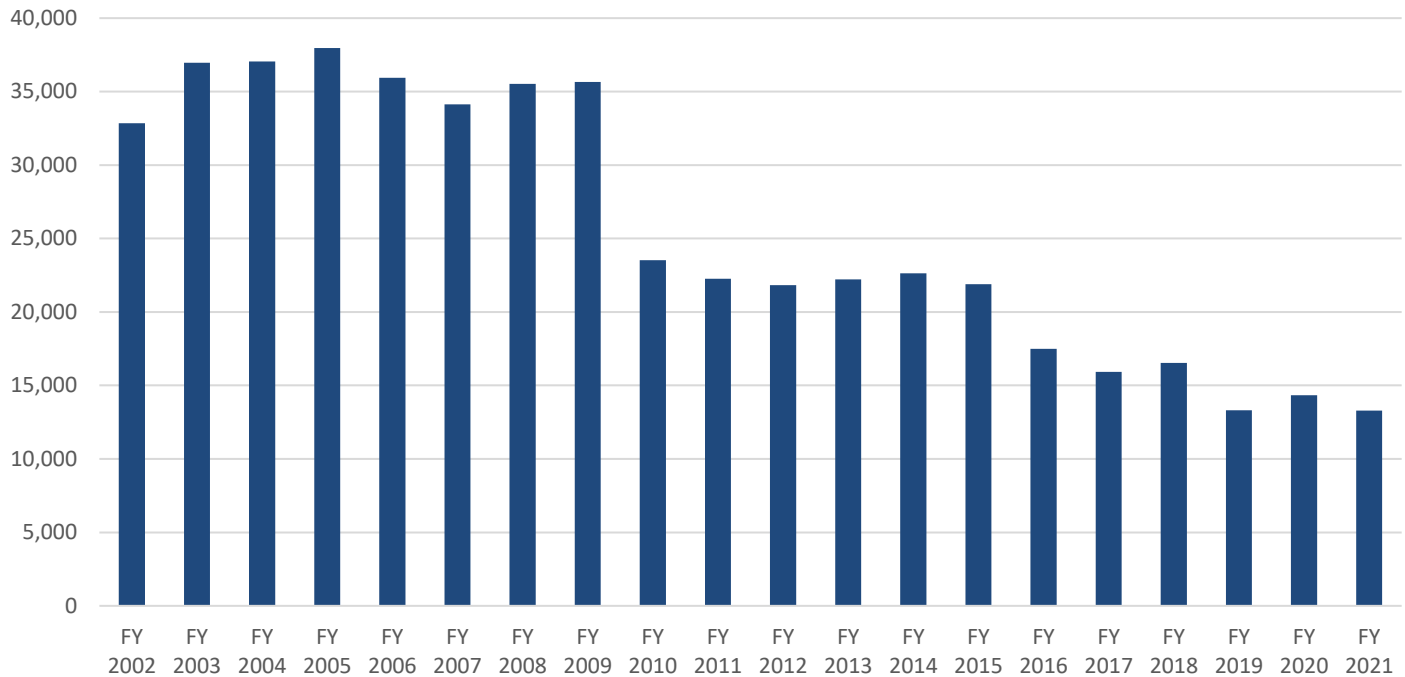
Figure 1: Tuition Grant Award Levels



TUITION GRANT PROGRAM AWARDS DISTRIBUTED

According to the latest data from the Department of Treasury, 13,284 Tuition Grant awards were made to Michigan students in FY 2020-21. **Figure 2** shows the total number of Tuition Grants awarded to students over the most recent 20-year period.

Figure 2: Tuition Grant Total Awards



As indicated in **Figure 2**, 37,958 Tuition Grant awards were made in FY 2004-05, which serves as the highest number of awards given in a fiscal year over this 20-year span. Over 24,600 fewer students received a Tuition Grant in FY 2020-21 compared to the peak year of 2004-05, a decline of 65%. A number of factors contributed to the decline in students receiving Tuition Grants:

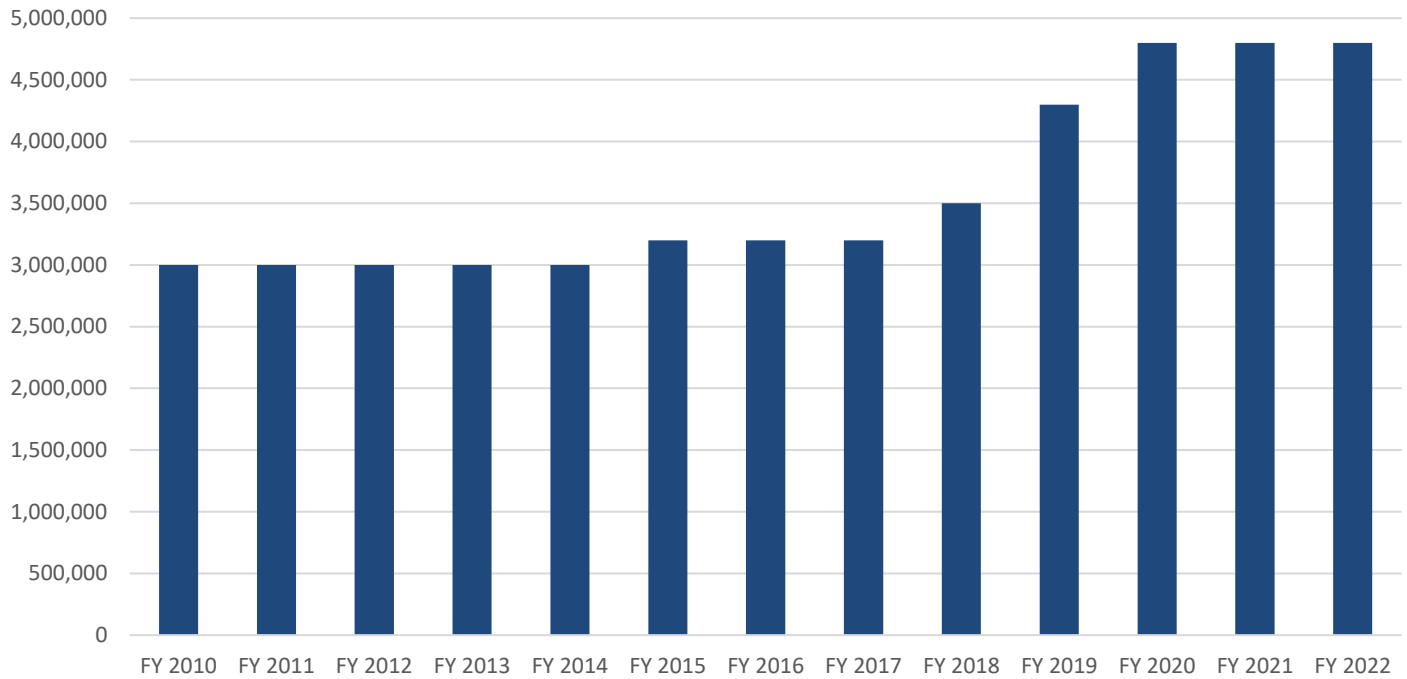
- Graduate students were no longer eligible for the program in FY 2009-10. Over 3,200 graduate students received Tuition Grant funding in the last year of eligibility.
- An institutional cap was implemented in FY 2009-10, restricting the total amount an individual institution could receive in Tuition Grants, potentially reducing the number of students at institutions that reached the cap. Additional information about institutional caps can be found in the next section.
- The decline in awards mirrors the overall decline in students attending postsecondary institutions in the state due to demographic changes: fewer births resulting in fewer Michigan college-age students.
- The COVID-19 pandemic has resulted in lower enrollment rates at nearly every higher education institution in the state, both public and private, two-year and four-year, since it began in March 2020.

TUITION GRANT PROGRAM INSTITUTIONAL CAP

Unlike other state financial aid scholarships, the Tuition Grant program features a restriction on the total annual program funding students at a single postsecondary institution may receive. The cap was first implemented in FY 2009-10 and set at \$3.0 million. The cap has primarily impacted two institutions: Baker College and Davenport University. In FY 2008-09, the year prior to implementation of the cap, students at both institutions received Tuition Grants totaling \$27.7 million. Under the first year of the institutional cap, funding was restricted to a total of \$6.0 million for students at the campuses of both institutions.

The institutional cap for FY 2021-22 has been set at \$4.8 million. This reflects a \$1.8 million or 60% increase over the original \$3.0 million cap. **Figure 3** provides a historical look at the Tuition Grant institutional cap.

Figure 3: Tuition Grant Institutional Cap



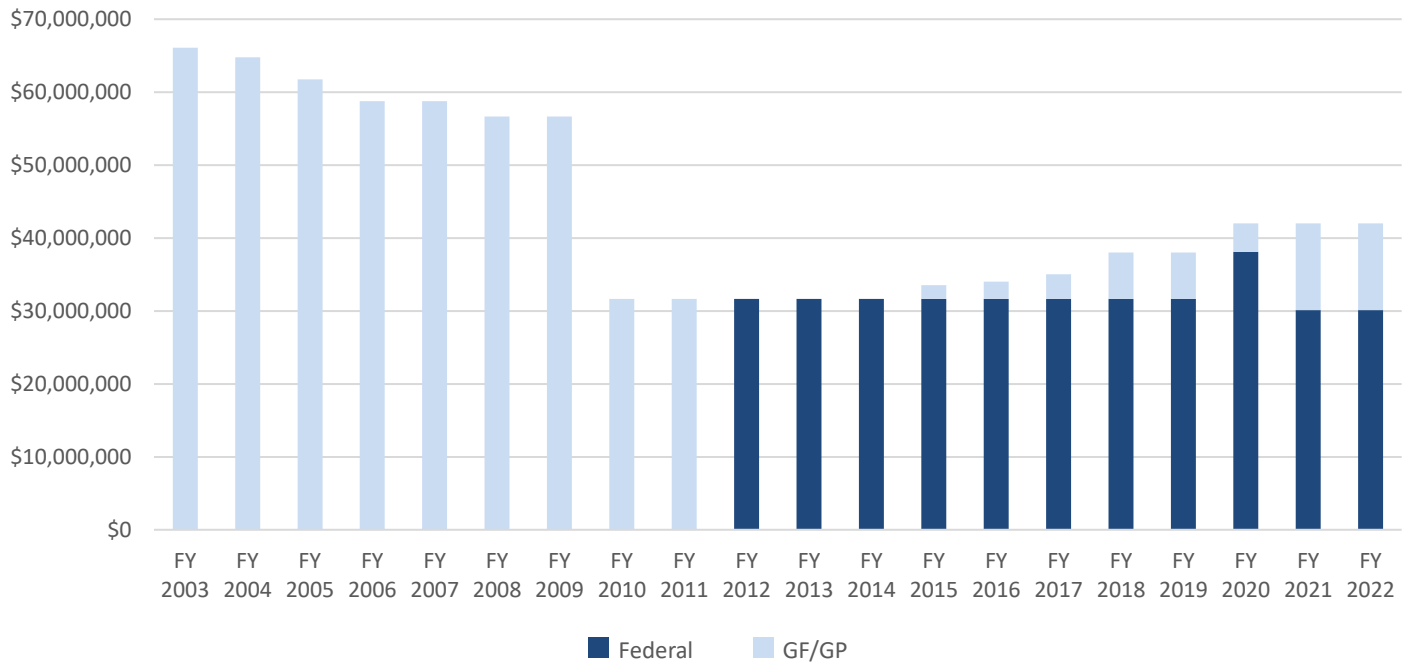
TUITION GRANT PROGRAM RELATIONSHIP WITH THE MICHIGAN COMPETITIVE SCHOLARSHIP

Tuition Grants and the Michigan Competitive Scholarship program have a unique relationship. Section 7 of 1966 PA 313 restricts students from receiving both the Tuition Grant and Michigan Competitive Scholarship, as Michigan Competitive Scholarships can be awarded to students enrolled at either public or independent institutions who demonstrate financial need and have a qualifying SAT score. However, the statute states that students receiving the Michigan Competitive Scholarship and enrolled at an independent postsecondary institution may have their Competitive Scholarship award limit increased to match the amount of the Tuition Grant award.

For FY 2021-22, the Tuition Grant award amount is \$2,800, while the Michigan Competitive Scholarship award amount is \$1,000. This results in a supplemental \$1,800 award for students awarded Competitive Scholarships enrolled at private institutions. This supplemental award is funded through the Tuition Grant appropriation. For FY 2020-21, supplemental awards totaled \$6.0 million.

TUITION GRANT PROGRAM APPROPRIATION HISTORY

Figure 4: Tuition Grant Appropriation Amounts



The FY 2021-22 Higher Education budget appropriated \$42.0 million for the Tuition Grant program. This represents a decline of \$24.1 million or 36% from the program's FY 2002-03 appropriation of \$66.1 million. However, FY 2021-22 appropriations have increased by \$10.4 million or 25% from the funding level between FY 2009-10 and FY 2013-14, which was the program's lowest funding level over the most recent 20-year period.

Since FY 2011-12, Tuition Grants have been funded through a mix of federal Temporary Assistance for Needy Families (TANF) funds and state general fund revenue, with TANF funds singularly used for a 3-year stretch beginning in FY 2011-12. Prior to FY 2011-12, Tuition Grants were funded entirely by state general fund revenue. The use of TANF funds in the Tuition Grant program fall under the goal of "prevent and reduce incidence of out-of-wedlock pregnancies," an eligible purpose of TANF-funded programming.³

CONCLUSION

While Tuition Grant program appropriation levels are up 25% from lower appropriation levels 12 years ago, program funding and awards granted have not recovered from their highs in the early 2000s. Students in the current academic year are receiving Tuition Grant awards that are at an all-time high of \$2,800. However, while award levels have increased by \$1,288 (85%) in nominal figures over the past 10 years, average tuition costs have increased by nearly \$8,100 (36%) at independent postsecondary institutions over that same time.⁴ Tuition Grants may help lower the cost of attendance at private institutions, but the award has become less impactful over time due to the rising cost of tuition.

Table 1 shows the distribution of Tuition Grant awards by institution for FY 2020-21.

³ More information about TANF funding can be found [here](#).

⁴ Tuition and fee rates for 28 private institutions were calculated with data from the federal Integrated Postsecondary Education Data System (IPEDS).

Table 1: FY 2020-21 Tuition Grant Allocation by Institution

Institution	Awards	Award Amount
Adrian College	592	\$1,576,569
Albion College	562	1,463,354
Alma College	543	1,397,579
Andrews University	57	138,051
Aquinas College	378	973,598
Baker College	1,952	3,743,740
Calvin College/University	421	1,113,867
Cleary University	191	416,395
College for Creative Studies	580	1,441,301
Compass College of Cinematic Arts	33	77,084
Concordia University	212	517,650
Cornerstone University	561	1,360,307
Davenport University	1,399	2,876,265
Finlandia University	138	346,391
Grace Christian University	164	412,655
Great Lakes Christian College	56	124,093
Hope College	520	1,383,403
Kalamazoo College	157	421,800
Kettering University	239	614,285
Kuyper College	56	135,857
Lawrence Technological University	468	1,168,157
Madonna University	713	1,676,673
Northwood University	588	1,343,811
Olivet College	452	1,139,130
Rochester College	230	508,567
Sacred Heart Major Seminary.	4	10,850
Siena Heights University	590	1,338,050
Spring Arbor University	409	986,088
University of Detroit Mercy	864	2,188,023
Walsh College	155	200,624
TOTAL	13,284	\$31,094,217