

# FISCAL BRIEF

## NORTH AMERICAN INDIAN TUITION WAIVER PROGRAM FOR COMMUNITY COLLEGES

Perry Zielak, Senior Fiscal Analyst  
October 15, 2020

### FAST FACTS

- Indian Tuition Waiver Program waives tuition costs for eligible North American Indian students.
- 1,256 ITW waivers were granted at public community colleges in FY 2018-19, a 20% decline over a 10-year period.
- In FY 2018-19, community colleges faced an estimated ITW funding shortfall of \$781,514.
- ITW funding was revised in FY 2019-20 to fully match program costs.
- Community colleges were appropriated \$1.8 million for ITW funding in FY 2020-21.

### INTRODUCTION

The North American Indian Tuition Waiver (ITW) Program requires public universities, community colleges, and tribal colleges to waive tuition and fee costs for eligible North American Indian students. Between Fiscal Years (FY) 1996-97 and 2018-19, funding for the program was rolled into each community college's operations line item. Starting with FY 2019-20, funding was delineated in each community college's operation line and appropriated at a level that matched the cost of the waivers for the most recently reported fiscal year data, FY 2017-18. Prior to FY 2019-20, state funding consistently fell short of the cost community colleges incurred providing the waiver. This fiscal brief summarizes the history and funding of the ITW program in the Community Colleges budget.

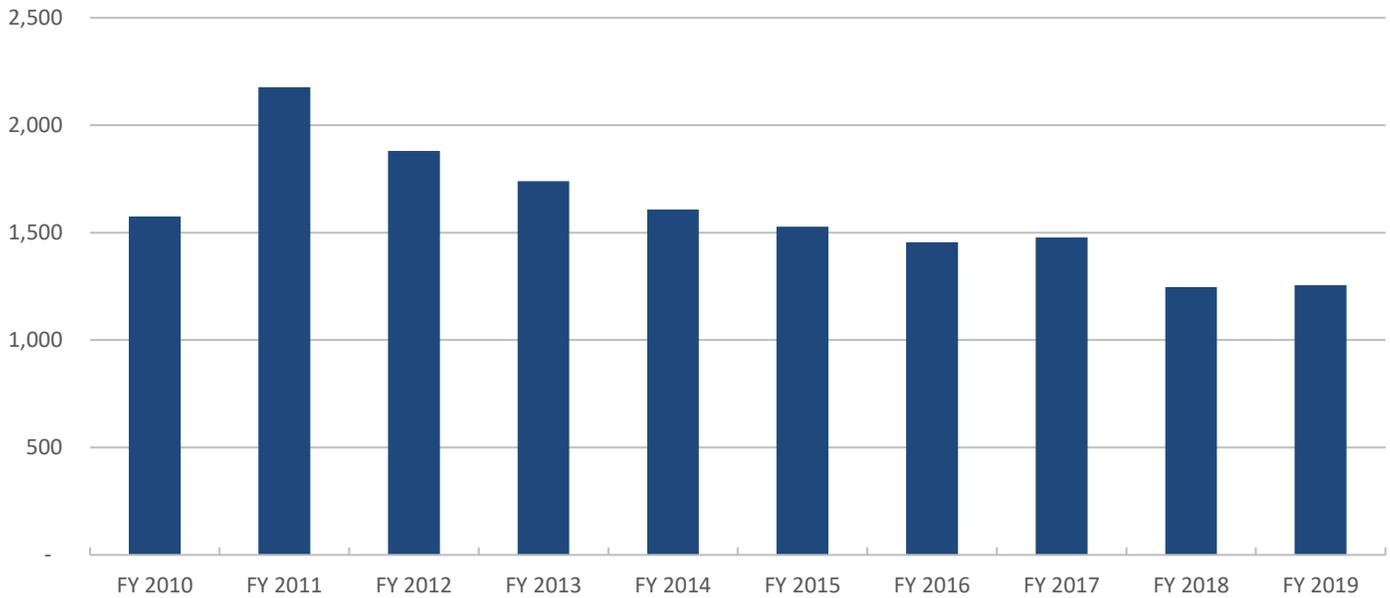
### INDIAN TUITION WAIVER PROGRAM HISTORY

The ITW Program was created by 1976 PA 174. The act requires public universities and community colleges to waive tuition for North American Indian students who apply for the program and meet the following requirements:

- Are  $\frac{1}{4}$  or more Native American blood quantum, as certified by the student's Tribe.
- Are an enrolled citizen of a US federally recognized Tribe.
- Are a legal resident of the State of Michigan for at least the past 12 months.
- Are enrolled as a student attending a public university, community college, or tribal college.

The Michigan Department of Civil Rights (MDCR) has the administrative responsibility to determine whether a student is eligible for the program. For FY 2018-19, the most recent fiscal year reported, 1,256 waivers were granted by public community colleges. [Figure 1](#) shows the number of ITWs reported by public community colleges over the past 10 years. The number of waivers granted decreased by 20% over the decade, and 42% from its peak in FY 2010-11.

**Figure 1: Number of Indian Tuition Waivers Granted for Public Community Colleges**



### **INDIAN TUITION WAIVER FUNDING BEFORE FISCAL YEAR 2019-20**

Funding for the ITW program has undergone changes over the past 25 years. Prior to FY 1995-96, the costs of the ITW program were appropriated in a stand-alone line item in the financial aid portion of the annual Higher Education budget act. Payments were made by the state to the various institutions to reimburse them for the costs of waiving tuition under the statute. The FY 1996-97 budget began the process of incorporating program funding into the 15 individual public university and 28 public community college operations line items. In practice, ITW program costs were paid through community college and university general fund resources, which include state appropriations.

Since funding for the ITWs was rolled into the operations line items, each community college’s state funding for the ITWs was assumed to increase or decrease at the same rate as the across-the-board operations changes included in the annual Community Colleges budget act. However, there was no language specifically designating an amount for the ITWs in the community colleges’ operations line items.

During this period, the House and Senate Fiscal Agencies tracked and provided estimated ITW allocations. Public community colleges reported ITW costs and the number of waivers granted to the Workforce Development Agency, now administered by the Michigan Department of Civil Rights (MDCR) in 2016, and the information was disseminated in an annual report by the administering entity. [Table 1](#) shows the ITW costs as reported by the public community colleges to MDCR over the past 5 years. Total ITW costs have decreased by 5.3% over this period due to the decline in the number of waivers granted.

**Table 1: Indian Tuition Waiver Reported Cost History**

<b>Community College</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>% Change</b>
Alpena	\$12,997	\$34,010	\$22,229	\$19,281	\$14,200	9.3%
Bay de Noc	152,954	145,001	131,793	137,888	116,700	(23.7%)
Delta	23,623	38,993	42,139	40,859	47,700	101.9%
Glen Oaks	0	2,535	0	1,200	0	0%
Gogebic	69,248	51,424	60,830	59,915	49,600	(28.4%)
Grand Rapids	246,797	249,050	242,913	240,339	233,900	(5.2%)
Henry Ford	21,074	23,394	32,695	41,570	24,500	16.3%
Jackson	30,898	33,948	50,243	42,679	58,000	87.7%
Kalamazoo Valley	41,074	41,661	68,775	56,045	63,800	55.3%
Kellogg	28,991	21,525	73,894	79,377	61,600	112.5%
Kirtland	26,795	52,196	37,604	34,646	36,400	35.8%
Lake Michigan	24,246	35,733	30,934	11,304	8,600	(64.5%)
Lansing	120,298	130,923	144,828	153,851	158,000	31.3%
Macomb	35,692	40,887	29,990	36,014	43,400	21.6%
Mid Michigan	128,631	173,029	141,894	140,144	124,800	(3.0%)
Monroe County	7,413	1,224	7,440	856	500	(93.3%)
Montcalm	9,408	6,679	9,928	5,730	7,100	(24.5%)
Mott	30,710	40,887	35,549	13,392	24,000	(21.8%)
Muskegon	85,936	80,309	81,963	77,316	73,900	(14.0%)
North Central	241,620	193,403	152,736	177,904	173,400	(28.2%)
Northwestern	277,116	311,339	300,391	246,662	276,000	(0.4%)
Oakland	30,339	21,512	27,270	23,700	35,100	15.5%
Schoolcraft	51,372	36,878	46,242	66,983	40,300	(21.6%)
Southwestern	53,054	60,400	60,400	39,684	37,200	(29.9%)
St. Clair County	22,565	7,995	12,997	8,509	3,400	(84.9%)
Washtenaw	47,065	34,462	43,984	30,952	32,300	(31.4%)
Wayne County	17,929	18,520	12,315	8,514	14,900	(16.9%)
West Shore	47,349	47,349	25,896	19,760	26,500	(44.0%)
<b>TOTAL</b>	<b>\$1,885,254</b>	<b>\$1,935,222</b>	<b>\$1,927,871</b>	<b>\$1,815,073</b>	<b>\$1,785,800</b>	<b>(5.3%)</b>

Table 2 provides the estimated state funding for the ITW program in FY 2018-19, broken down by institution, before the Legislature changed the ITW funding structure in FY 2019-20.

**Table 2: Indian Tuition Waiver Estimated FY 2018-19 State Funding**

<b>Community College</b>	<b>Funding Added to Base in FY 1996-97</b>	<b>Net Across-the-Board Adjustments*</b>	<b>Total Estimated FY 2018-19 Funding</b>
Alpena	\$9,800	1,016	\$10,816
Bay de Noc	69,000	7,151	76,151
Delta	41,400	4,291	45,691
Glen Oaks	3,100	321	3,421
Gogebic	14,100	1,461	15,561
Grand Rapids	73,000	7,566	80,566
Henry Ford	73,900	7,659	81,559
Jackson	16,700	1,731	18,431
Kalamazoo Valley	33,600	3,482	37,082
Kellogg	13,400	1,389	14,789
Kirtland	9,100	943	10,043
Lake Michigan	8,000	829	8,829
Lansing	66,600	6,903	73,503
Macomb	73,300	7,594	80,894
Mid Michigan	10,900	1,130	12,030
Monroe County	1,900	197	2,097
Montcalm	1,400	145	1,545
Mott	50,600	5,244	55,844
Muskegon	31,000	3,213	34,213
North Central	40,300	4,177	44,477
Northwestern	110,500	11,453	121,953
Oakland	54,300	5,628	59,928
Schoolcraft	29,300	3,037	32,337
Southwestern	12,900	1,337	14,237
St. Clair County	26,400	2,736	29,136
Washtenaw	30,500	3,161	33,661
Wayne County	24,900	2,581	27,481
West Shore	6,600	684	7,284
<b>TOTAL</b>	<b>\$936,500</b>	<b>\$97,059</b>	<b>\$1,033,559</b>

*\*Net Across-The-Board adjustments are the total increases or decreases made for each Fiscal Year between FY 1997-98 and 2018-19 that were not tied to performance funding.*

The total estimated funding amount for each institution was the amount of ITW program funding assumed to be in each community college's operations appropriation. Historically, state funding for the ITWs did not keep pace with the cost of the ITWs granted by the community colleges, creating a structural deficit borne by the community colleges' other revenue sources.

**Table 3: Indian Tuition Waiver Estimated Funding Shortfall**

	Total Estimated FY 2018-19 Funding	FY 2017-18 Actual Cost	Total Estimated FY 2018-19 Shortfall
<b>TOTAL</b>	<b>\$1,033,559</b>	<b>\$1,815,073</b>	<b>(\$781,514)</b>

As shown in [Table 3](#), the shortfall is calculated by taking the estimated ITW funding for the current fiscal year and subtracting the reported cost for the prior fiscal year. In FY 2017-18, community colleges waived \$1.8 million of tuition for qualified students. The FY 2018-19 estimated state appropriation for the program was \$1.0 million, which resulted in a shortfall of \$781,514.

### **INDIAN TUITION WAIVER FUNDING AFTER FISCAL YEAR 2019-20**

The Legislature made several changes to the ITW funding structure for the FY 2019-20 budget.

- Funding for the program was increased to address the \$781,514 structural deficit that community colleges were collectively facing.
- Individual adjustments were made for each community college to match their most recent reported ITW costs. Due to the reporting lag, FY 2017-18 costs were used to determine the FY 2019-20 budget adjustments. Because ITW funding had been rolled into operations funding, some community colleges would receive funding even if they did not have any students receiving the waiver, and other colleges realized six-figure deficits. Each community college would now receive funding based on the actual cost of the waivers in the most recently reported fiscal year data.
- Finally, ITW was unrolled from each community college's operations appropriation and delineated as a separate category for each college's operations appropriation. This ensures that all parties involved know how much is appropriated for the ITW program for each community college.

The Legislature continued this funding structure for FY 2020-21. Indian Tuition Waiver appropriations were reduced by \$33,400 when compared to reported FY 2018-19 ITW costs. Future legislatures will need to determine if this funding structure continues, as there is no boilerplate or statute directing how ITW funding should be distributed. [Table 4](#) shows ITW funding for each community college for FY 2019-20 and FY 2020-21.

**Table 4: Indian Tuition Waiver Recent Appropriations**

<b>Community College</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>% Change</b>
Alpena	\$19,300	\$14,200	(26.4%)
Bay de Noc	137,900	116,700	(15.4%)
Delta	40,900	47,700	16.6%
Glen Oaks	1,200	0	(100.0%)
Gogebic	59,800	49,600	(17.1%)
Grand Rapids	240,300	233,900	(2.7%)
Henry Ford	41,600	24,500	(41.1%)
Jackson	46,700	58,000	24.2%
Kalamazoo Valley	56,000	63,800	13.9%
Kellogg	79,400	61,600	(22.4%)
Kirtland	34,600	36,400	5.2%
Lake Michigan	11,300	8,600	(23.9%)
Lansing	153,900	158,000	2.7%
Macomb	36,000	43,400	20.6%
Mid Michigan	140,100	124,800	(10.9%)
Monroe County	900	500	(44.4%)
Montcalm	5,700	7,100	24.6%
Mott	13,400	24,000	79.1%
Muskegon	77,300	73,900	(4.4%)
North Central	177,900	173,400	(2.5%)
Northwestern	246,700	276,000	11.9%
Oakland	23,700	35,100	48.1%
Schoolcraft	67,000	40,300	(39.9%)
Southwestern	39,700	37,200	(6.3%)
St. Clair County	8,500	3,400	(60.0%)
Washtenaw	31,000	32,300	4.2%
Wayne County	8,500	14,900	75.3%
West Shore	19,800	26,500	33.8%
<b>TOTAL</b>	<b>\$1,819,100</b>	<b>\$1,785,800</b>	<b>(1.8%)</b>