

# FISCAL BRIEF



## NORTH AMERICAN INDIAN TUITION WAIVER PROGRAM FOR HIGHER EDUCATION

Perry Zielak, Senior Fiscal Analyst  
October 15, 2020

### FAST FACTS

- Indian Tuition Waiver Program waives tuition costs for eligible North American Indian students.
- 1,148 ITW waivers were granted at public universities in FY 2018-19, a 4% increase over a 10-year period.
- In FY 2018-19, public universities faced an estimated ITW funding shortfall of \$6.7 million.
- ITW funding was revised in FY 2019-20 to fully match program costs.
- ITW funding for tribal institutions was revised in FY 2020-21, as Keweenaw Bay Ojibwa Community College was added.

### 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 university's operations line item. Starting with FY 2019-20, funding was delineated in each university'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 universities incurred providing the waiver. This fiscal brief summarizes the history and funding of the ITW program in the Higher Education budget.

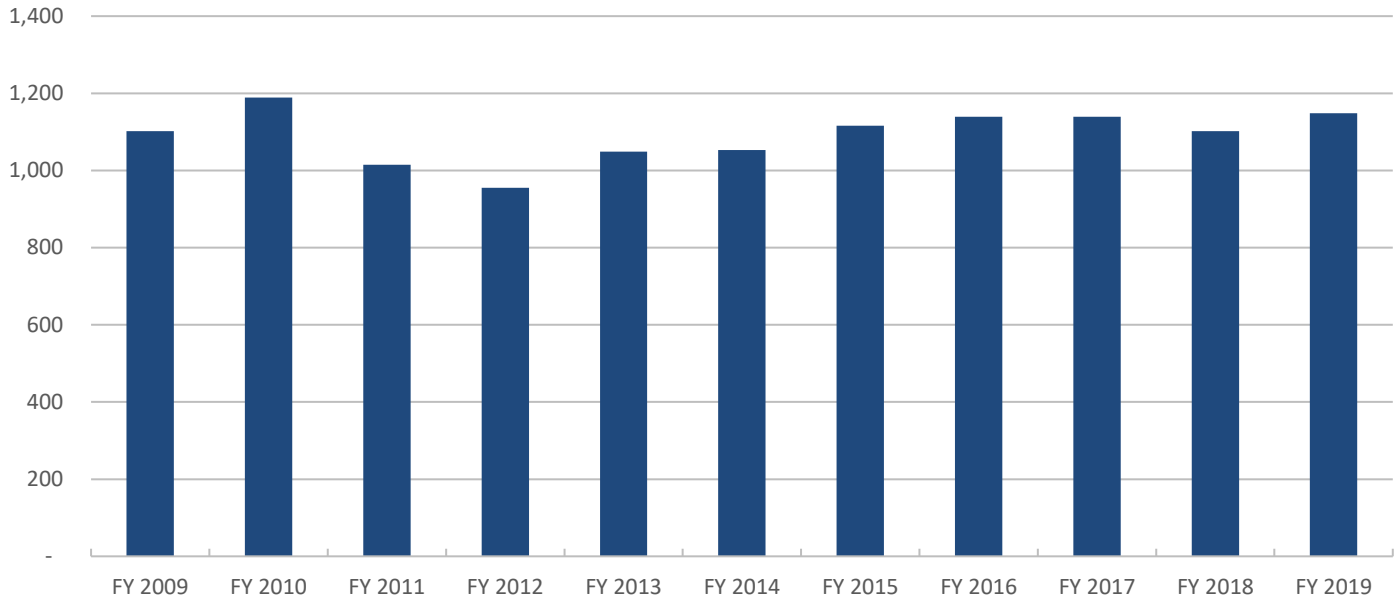
### INDIAN TUITION WAIVER PROGRAM HISTORY

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, 1,148 waivers were granted by public universities. [Figure 1](#) provides the number of ITWs reported by public universities over the past 10 years. The number of waivers granted increased by 4% over the decade.

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



### **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 university general fund resources, which include state appropriations.

Since funding for the ITWs was rolled into the operations line items, each university'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 Higher Education budget act. However, there was no boilerplate language specifically designating an amount for the ITWs in the universities' operations line items.

During this period, the House and Senate Fiscal Agencies tracked and provided the estimated ITW allocations in the jointly produced annual Higher Education Appropriations Report. Public universities reported ITW costs to the state's Higher Education Institutional Data Inventory (HEIDI) system and to the MDCR. [Table 1](#) shows the ITW costs as reported by the public universities in HEIDI over the past 5 years. Total ITW costs have increased by 24.1% over this period, mostly due to the increasing cost of tuition.

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

University	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	% Change
Central	\$1,385,188	\$1,559,795	\$1,730,032	\$1,598,046	\$1,884,800	36.1%
Eastern	167,180	241,292	227,994	302,300	301,500	80.3%
Ferris	687,040	834,254	939,124	1,007,267	908,800	32.3%
Grand Valley	997,604	1,110,371	1,171,705	1,074,971	1,177,200	18.0%
Lake Superior	969,123	851,062	923,500	953,969	945,100	(2.5%)
Michigan State	1,331,982	1,247,597	1,498,950	1,467,696	1,604,000	20.4%
Michigan Tech	260,129	204,109	332,490	466,564	693,600	166.6%
Northern	863,240	1,082,800	1,053,814	1,099,959	1,010,600	17.1%
Oakland	280,563	265,681	242,353	285,070	266,100	(5.2%)
Saginaw Valley	164,513	209,251	219,006	223,878	219,500	33.4%
UM Ann Arbor	756,180	722,115	643,575	803,521	961,000	27.1%
UM Dearborn	182,029	175,520	207,725	160,184	167,800	(7.8%)
UM Flint	346,123	349,972	324,641	276,985	348,200	0.6%
Wayne State	431,286	393,585	375,814	417,227	462,200	7.2%
Western	677,772	653,204	770,183	767,883	841,700	24.2%
<b>TOTAL</b>	<b>\$9,499,952</b>	<b>\$9,900,608</b>	<b>\$10,660,906</b>	<b>\$10,905,520</b>	<b>\$11,792,100</b>	<b>24.1%</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**

University	Funding Added to Base in FY 1996-97	FY 2007-08 Adjustment	FY 2014-15 Adjustment	FY 2018-19 Adjustment	Net Across-the-Board Adjustments*	Total Estimated FY 2018-19 Funding
Central	\$144,117	\$151,000	\$49,800	\$39,800	(\$26,858)	\$357,859
Eastern	103,478	62,900	11,400	5,000	(14,934)	167,844
Ferris	156,380	46,300	32,100	38,600	(16,475)	256,905
Grand Valley	114,121	169,200	20,500	29,900	(27,605)	306,116
Lake Superior	276,146	181,500	215,000	52,600	(34,951)	690,295
Michigan State	313,968	192,800	8,800	9,700	(46,438)	478,830
Michigan Tech	58,509	50,800	14,900	19,200	(9,888)	133,521
Northern	264,054	130,600	61,100	37,700	(33,570)	459,884
Oakland	50,610	50,300	7,800	9,500	(9,460)	108,750
Saginaw Valley	37,266	28,600	11,400	12,900	(5,803)	84,363
UM Ann Arbor	432,567	139,500	4,400	2,400	(49,832)	529,035
UM Dearborn	58,541	21,800	11,700	6,700	(6,688)	92,053
UM Flint	54,531	21,100	21,900	19,000	(5,937)	110,594
Wayne State	169,537	94,700	10,100	2,300	(23,813)	252,824
Western	111,851	58,900	19,100	14,700	(14,866)	189,685
<b>TOTAL</b>	<b>\$2,345,676</b>	<b>\$1,400,000</b>	<b>\$500,000</b>	<b>\$300,000</b>	<b>(\$327,117)</b>	<b>\$4,218,559</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 university's operations appropriation. Historically, state funding for the ITWs has not kept pace with the cost of the ITWs granted by the universities, creating a structural deficit borne by the universities' other revenue sources. [Table 3](#) shows the FY 2018-19 estimated shortfall for each institution.

<b>Table 3: Indian Tuition Waiver Estimated Funding Shortfall</b>			
<b>University</b>	<b>Total Estimated FY 2018-19 Funding</b>	<b>FY 2017-18 Actual Cost</b>	<b>Total Estimated FY 2018-19 Shortfall</b>
Central	\$357,859	\$1,598,046	(\$1,240,187)
Eastern	167,844	302,300	(134,456)
Ferris	256,905	1,007,267	(750,362)
Grand Valley	306,116	1,074,971	(768,855)
Lake Superior	690,295	953,969	(263,674)
Michigan State	478,830	1,467,696	(988,866)
Michigan Tech	133,521	466,564	(333,043)
Northern	459,884	1,099,959	(640,075)
Oakland	108,750	285,070	(176,320)
Saginaw Valley	84,363	223,878	(139,515)
UM Ann Arbor	529,035	803,521	(274,486)
UM Dearborn	92,053	160,184	(68,131)
UM Flint	110,594	276,985	(166,391)
Wayne State	252,824	417,227	(164,403)
Western	189,685	767,883	(578,198)
<b>TOTAL</b>	<b>\$4,218,559</b>	<b>\$10,905,520</b>	<b>(\$6,686,961)</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, universities waived \$10.9 million of tuition for qualified students. The FY 2018-19 estimated state appropriation for the program was \$4.2 million, which resulted in a shortfall of \$6.7 million. The shortfalls increased by \$3.5 million (108%) between FY 2009-10 and 2018-19.

### **SUPPLEMENTAL ADJUSTMENTS**

Additional funding has been appropriated on four separate occasions to address the estimated shortfall in state funding for the ITW program. In FY 2007-08, an additional \$1.4 million was appropriated to the 15 universities, which was distributed based on the gap between estimated state funding and the actual costs of the ITWs. In FY 2014-15, an additional \$500,000 was appropriated and distributed based on each university's proportion of students receiving ITWs compared to the overall Fiscal Year Equated Student (FYES) enrollment. Both of these supplemental appropriations were rolled into the university baseline funding for the next fiscal year to help reduce the structural shortfall of the program.

FYs 2017-18 and 2018-19 included a \$300,000 appropriation that was distributed proportionally based on each institution's ITW shortfall as a percentage of its state operations appropriation. Both fiscal year appropriations were treated as one-time funding and not included in the universities' baseline funding levels for the following fiscal year.

Individual university adjustments for FYs 2007-08, 2014-15, and 2018-19 are included in [Table 2](#) above. As the FY 2018-19 supplemental appropriation was not rolled into baseline funding levels, the shortfall for FY 2019-20 increased to \$6.9 million.

### 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 \$6.9 million structural deficit that universities were collectively facing.
- Individual adjustments were made for each university to match their most recently 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 was rolled into operations funding, individual university deficits varied wildly. Each university 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 university’s operations appropriation and delineated as a separate category in each school’s operations appropriation. This ensures that all parties involved know how much is appropriated for the ITW program for each university.

The Legislature continued this funding structure for FY 2020-21. Indian Tuition Waiver appropriations were increased by \$886,400 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 university for FY 2019-20 and FY 2020-21.

<b>Table 4: Indian Tuition Waiver Recent Appropriations</b>			
<b>University</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>% Change</b>
Central	\$1,598,100	\$1,964,500	22.9%
Eastern	302,300	301,500	(0.3%)
Ferris	1,007,300	908,800	(9.8%)
Grand Valley	1,075,000	1,177,200	9.5%
Lake Superior	954,000	845,100	(11.4%)
Michigan State	1,467,700	1,604,000	9.3%
Michigan Tech	466,500	693,600	48.7%
Northern	1,100,000	1,060,600	(3.6%)
Oakland	285,100	266,100	(6.7%)
Saginaw Valley	223,900	219,500	(2.0%)
UM Ann Arbor	803,500	961,000	19.6%
UM Dearborn	160,200	167,800	4.7%
UM Flint	277,000	348,200	25.7%
Wayne State	417,200	462,200	10.8%
Western	767,900	841,700	9.6%
<b>TOTAL</b>	<b>\$10,905,700</b>	<b>\$11,792,100</b>	<b>8.1%</b>

## TRIBAL COLLEGE FUNDING PASS-THROUGH

Additional funding has been provided as a pass-through to two tribal colleges, Bay Mills Community College and Saginaw Chippewa Tribal College, for ITW costs incurred. In FY 2004-05, \$100,000 was shifted to Lake Superior State University's line item along with boilerplate language that specifically allocated the funds for Bay Mills. In FY 2009-10, \$29,700 was added to Central Michigan University's operations line item with similar boilerplate language specifying the use for Saginaw Chippewa Tribal College's ITW costs. The amount of the pass-through allocation was prorated based on the relative enrollments of the two tribal colleges. The appropriations for Bay Mills Community College and Saginaw Chippewa Tribal College have remained \$100,000 and \$29,700, respectively, through FY 2019-20.

In FY 2020-21, the Legislature incorporated the following changes to the tribal college pass-through funding structure:

- Funding for the tribal colleges' pass-through was shifted from university operations into the delineated ITW category for the universities involved in the pass-through.
- A third tribal college, Keweenaw Bay Ojibwa Community College, was added to the pass-through structure, with its funding coming from Northern Michigan University's (NMU) appropriation line. Keweenaw Bay was not included when Bay Mills and Saginaw Chippewa were added due to its not being a certified institution at the time. \$50,000 was added to NMU's ITW category as a pass-through for Keweenaw Bay.
- Saginaw Chippewa Tribal College had its pass-through funding increase from \$29,700 to \$79,700 to address its estimated ITW shortfall as reported to MDCR.
- Bay Mills Community College's ITW appropriation was adjusted from \$100,000 to \$0. This adjustment was made due to Bay Mills not recognizing ITWs at its institution, despite receiving money for the ITW pass-through.
- All three tribal institutions are required to report the number of ITW waivers granted and the monetary value of the waivers to MDCR, which is the same information all 15 public universities and 28 community colleges report. This reporting requirement was incorporated to provide legislators with improved ITW deficit and surplus data for the three tribal institutions.