

FISCAL BRIEF



NORTH AMERICAN INDIAN TUITION WAIVER PROGRAM

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FAST FACTS

- Indian Tuition Waiver Program waives tuition costs for eligible North American Indian students.
- 1,102 ITW waivers were granted at public universities in FY 2017-18.
- In FY 2018-19, ITW costs for public universities of \$10.9 million exceeded appropriations of \$4.2 million, for an estimated shortfall of \$6.7 million.
- The university ITW program shortfall has grown by 108% over the past ten years.
- One-time supplemental payments of \$300,000 were provided in FYs 2017-18 and 2018-19 to reduce funding shortfalls.

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. Funding for the program is rolled into each university's operations line item. State funding has not kept up with the costs universities incur providing the waiver, resulting in an estimated total shortfall of \$6.7 million. This fiscal brief summarizes the history and funding of the ITW program in the Higher Education budget.

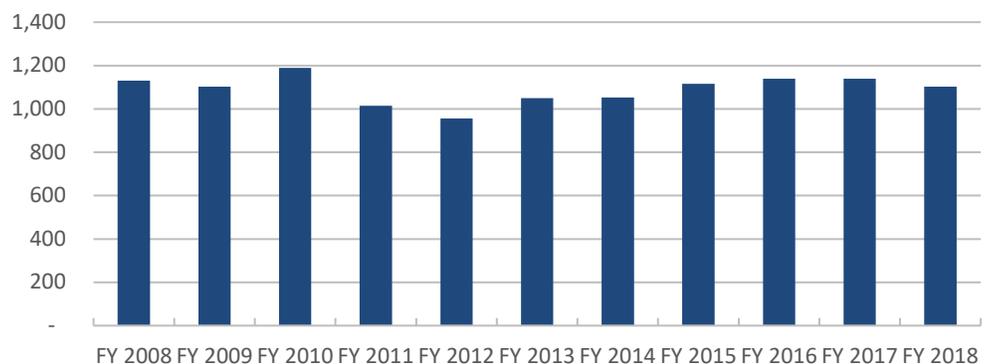
INDIAN TUITION WAIVER PROGRAM HISTORY

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 has the administrative responsibility to determine whether a student is eligible for the program. [Figure 1](#) shows the number of ITWs reported by public universities over the past 10 years.

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



INDIAN TUITION WAIVER FUNDING

Funding for the ITW program is currently included in each university's operations line item. Prior to Fiscal Year (FY) 1995-96, the costs of the ITW program were appropriated in a stand-alone line item in 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 the 28 public community college operations line items. In practice, ITW program costs are 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 has been 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 is no boilerplate language specifically designating an amount for the ITWs in the universities' operations line items.

The House and Senate Fiscal Agencies track and provide the estimated ITW allocations in the jointly produced annual Higher Education Appropriations Report. Public universities report ITW costs to the state's Higher Education Institutional Data Inventory (HEIDI) system and to the Michigan Department of Civil Rights. [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 28% over this period, mostly due to the increasing cost of tuition.

University	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	% Change
Central	\$1,159,337	\$1,385,188	\$1,559,795	\$1,730,032	\$1,598,046	37.8%
Eastern	218,473	167,180	241,292	227,994	302,300	38.4%
Ferris	636,275	687,040	834,254	939,124	1,007,267	58.3%
Grand Valley	915,137	997,604	1,110,371	1,171,705	1,074,971	17.5%
Lake Superior	750,512	969,123	851,062	923,500	953,969	27.1%
Michigan State	1,109,472	1,331,982	1,247,597	1,498,950	1,467,696	32.3%
Michigan Tech	262,492	260,129	204,109	332,490	466,564	77.7%
Northern	765,402	863,240	1,082,800	1,053,814	1,099,959	43.7%
Oakland	293,848	280,563	265,681	242,353	285,070	(3.0%)
Saginaw Valley	146,817	164,513	209,251	219,006	223,878	52.5%
UM Ann Arbor	774,564	756,180	722,115	643,575	803,521	3.7%
UM Dearborn	160,123	182,029	175,520	207,725	160,184	0.0%
UM Flint	263,138	346,123	349,972	324,641	276,985	5.3%
Wayne State	422,514	431,286	393,585	375,814	417,227	(1.3%)
Western	634,113	677,772	653,204	770,183	767,883	21.1%
TOTAL	\$8,512,217	\$9,499,952	\$9,900,608	\$10,660,906	\$10,905,520	28.1%

[Table 2](#) shows the estimated state funding for the ITW program in FY 2018-19, broken down by institution.

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
TOTAL	\$2,345,676	\$1,400,000	\$500,000	\$300,000	(\$327,117)	\$4,218,559

*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.

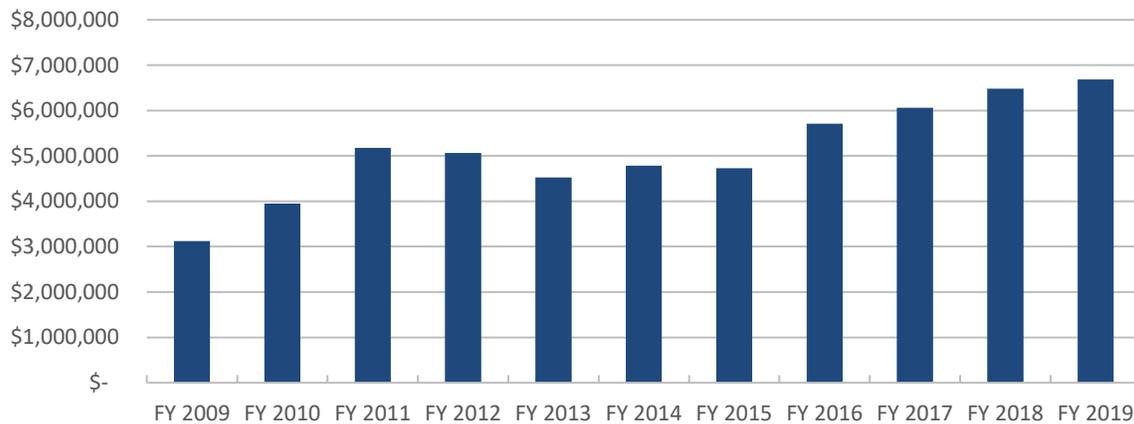
The total estimated funding amount for each institution is the amount of ITW program funding assumed to be in each university's operations appropriation. State funding for the ITWs has not kept pace with the cost of the ITWs granted by the universities, which has created a structural deficit that is borne by the universities' other revenue sources. [Table 3](#) shows the FY 2018-19 estimated shortfall for each institution.

Table 3: Indian Tuition Waiver Estimated Funding Shortfall

University	Total Estimated FY 2018-19 Funding	FY 2017-18 Actual Cost	Total Estimated FY 2018-19 Shortfall
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)
TOTAL	\$4,218,559	\$10,905,520	(\$6,686,961)

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 is \$4.2 million, which results in a shortfall of \$6.7 million. [Figure 2](#) shows the annual ITW shortfalls universities have incurred since FY 2008-09. The shortfalls have increased by \$3.5 million (108%) over the last ten-years.

Figure 2: Indian Tuition Waiver Total Shortfall for Universities



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. The FY 2017-18 appropriation was treated as one-time funding and not included in the universities' baseline funding levels for FY 2018-19. It is unclear if the \$300,000 allocation for FY 2018-19 will be rolled into the baseline funding for FY 2019-20. Individual university adjustments for FYs 2007-08, 2014-15 and 2018-19 are included in [Table 2](#).

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 pro-rated 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 2018-19.