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Michigan's Tuition Incentive Program: Understanding Take-Up

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Overview & Key Findings

This report explores the factors that influence take-up of Michigan's Tuition Incentive Program (TIP), one of the state's largest financial aid programs that provides free community college to low-income students based on their childhood participation in Medicaid. This report draws on semi-structured interviews with high school counselors, program administrators, and staff members in financial aid offices at Michigan higher education institutions.

This study is part of a larger mixed-methods evaluation conducted in partnership with the Michigan Department of Lifelong Education, Advancement, and Potential (MiLEAP).[1] An earlier policy brief found that only 29% of eligible students who enroll in a qualifying program receive TIP funding within two years of high school graduation, and take-up varies considerably across high schools.[2] This brief presents qualitative findings explaining what might contribute to inconsistent take-up, identifies barriers to accessing and administering the scholarship, and proposes policy recommendations. Michigan has made efforts to address these challenges, working to increase outreach and streamline financial aid distribution and communication. Future work will investigate how these changes have improved take-up in Michigan and inform policy in other states. You can find all EPI research here and TIP quantitative results here.

Key factors that influence take-up:

1. **Incomplete knowledge of the program:** According to high school counselors, many students were unaware of their TIP eligibility. Counselors specifically highlighted that the chosen notification method – the U.S. postal service – caused this information gap, as students may not have received or opened the letter, did not understand or remember it, or discarded it.

2. **FAFSA is a barrier to participation:** Students must fill out the FAFSA to access TIP. Counselors perceived a lack of parental buy-in that prevented some students from completing the FAFSA. Without parental consent, students cannot submit the FAFSA on their own, and without it, they cannot receive TIP aid.

3. **Linking a complex web of fragmented administrative systems:** TIP administration involves two state agencies, 31 public community colleges and specific programs at select four-year institutions, a third-party data portal, and school counselors. While counselors have no official role in administering TIP, they play a key role in helping students navigate access to the benefits they are entitled to.

[1] Until recently, financial aid was managed through the Michigan Office of Student Aid, which was housed in the Department of Treasury. This office moved to the newly formed MiLEAP, but research occurred prior to MiLEAP's formation.

[2] This analysis was limited to students who graduated between 2011 and 2021.

Introduction

States spent nearly $16.6 billion on college financial aid for the 2022-23 school year, with $10.3 billion allocated to need-based grant aid for low-income students who face persistent barriers to college access and completion (College Board, 2023; Goldrick-Rab et al., 2016; NASSGAP, 2022). However, social benefits—like financial aid—often fail to reach eligible beneficiaries. Research on take-up highlights two primary mechanisms that shape program access: administrative burden and front-line administrators.

In higher education, the FAFSA presents a particularly high barrier to college access (King, 2004; Kofoed, 2017; Page et al., 2020). When filling out the FAFSA, students may not understand their parents' incomes, debts, or ability to pay for college. School administrators—at both the high school and postsecondary levels—play an important role in shaping the college-going process, including applications and access to scholarships. School counselors, in particular, shape students' postsecondary outcomes (Mulhern, 2023; Sattin-Bajaj et al., 2018; Stephan & Rosenbaum, 2013). They influence whether and where students enroll, as well as their persistence, majors, and degree completion (Mulhern, 2023).

TIP is one of Michigan's largest grant aid programs; in 2023-24, more than 30% of high school graduates were eligible. The program provides scholarships covering tuition and fees for enrollment in an associate's degree or certificate program at Michigan institutions, with some funds also allocated for four-year college degrees. TIP addresses the following shortcomings of many aid programs:

- It is a "first-dollar" program applied before Pell, making Pell grants available for expenses other than tuition.
- Categorical eligibility is based on Medicaid coverage for 24 months of any consecutive 36-month period from age nine to high school graduation. Thus, students can learn their eligibility well before making college decisions, rather than waiting until after applying and completing a FAFSA to determine their aid amount.
- No reapplication is necessary, and as of 2021, there is no separate TIP application requirement.

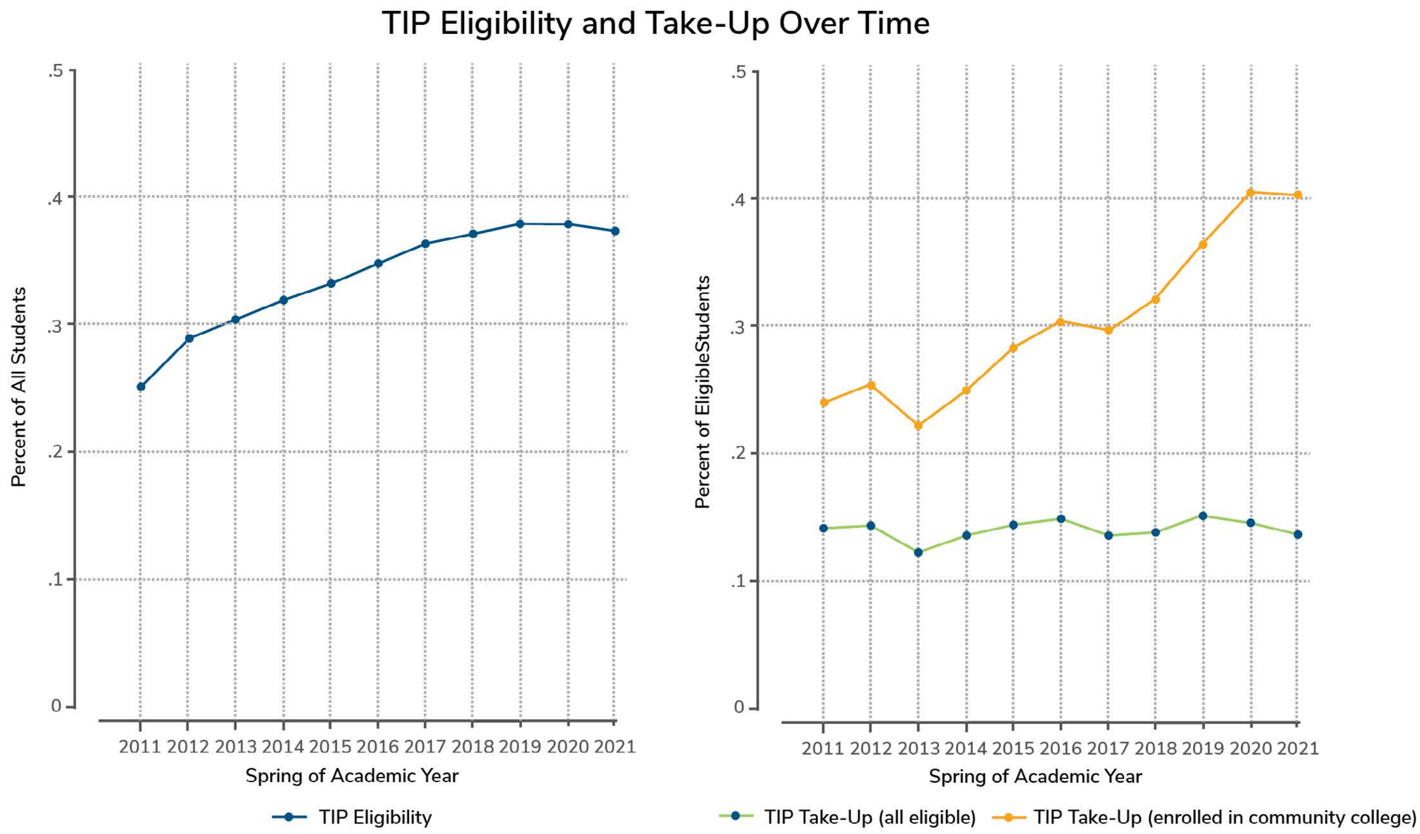
While administrative data determines eligibility, students must still complete several steps to qualify for the funding:

- Complete the FAFSA and list the institution where the student intends to enroll as their first choice (or contact the state to let them know where they have enrolled instead).[3]
- Enroll in at least six credits per semester in a qualifying program (an associate degree or a certificate program of at least one year).

[3] If a student changes their mind about where they plan to enroll, they must inform the state that they will enroll somewhere else. If they fail to notify the state, TIP dollars cannot be used at the new institution. This is different from most financial aid, where the FAFSA is sent to all schools listed. In 2025, MiLEAP added a process through which institutions could access a database to find students who were not on their eligibility list (due to MiLEAP not knowing where students were enrolled); however, our interviews with financial aid staff indicated that this process was challenging to navigate.

- Graduate from high school by age 20 and enroll within 4 years of high school graduation.

Given that TIP is intended to remove barriers to college access and improve affordability, take-up is a key measure of its effectiveness. To investigate take-up, we conducted a mixed-methods study focusing on administrative burden and the role of front-line administrators in shaping access. An initial EPI policy brief shows that 33% of Michigan high school graduates are eligible for TIP, yet only 14% receive it within two years. Among eligible students who enroll in a community college—where TIP should cover their tuition and fees—only 29% receive TIP funding. Further, take-up varies considerably across high schools. This low and inconsistent rate raises important policy questions, as it undermines Michigan's investment in college affordability, leaving public dollars unused and eligible students underserved. Understanding these barriers can help policymakers strengthen TIP's impact and demonstrate Michigan's responsiveness to student needs. To this end, we analyzed semi-structured interviews with 40 high school counselors, eight program administrators, and seven financial aid staff members at Michigan postsecondary institutions.



Key Finding 1

Incomplete Knowledge of TIP May Contibute to Low Take-Up Rates

Early notification is one of TIP's unique features. The state notifies students as early as age twelve that they are eligible for free community college. However, our interviews suggest that many students were unaware of the program and their eligibility until speaking with a counselor in 12th grade. Counselors highlighted that notification by U.S. mail was less effective than other methods. Students may not have received the letter due to address changes, may have been unwilling to open mail from the state, or may not have understood its contents. Depending on when students received the letter, they may have forgotten about it by high school. Additionally, students from low-income families move more frequently, increasing the likelihood that notification letters go to outdated addresses.

The Michigan Department of Treasury managed financial aid administration and communication until 2024, when MiLEAP's Office of Higher Education assumed the role. Several counselors noted that because the notification letter came from the Department of Treasury—embossed with the state seal—parents may have been reluctant to open it. Even students who recalled the letter often did not fully understand it. MiLEAP has since made strides by tailoring outreach and communications to student needs, reflecting its mandate to serve as a student-centered organization.

"People were throwing away that mail, because they were afraid that the Department of Treasury was contacting them for something. So they just didn't want to see it, and they would throw it away."

- Nicole, one of two counselors in a suburban high school in western Michigan, where 37% of students are TIP-eligible.

"...and of the half that know, a lot of them just don't realize what it all means. And I'm surprised how many people are TIP eligible and just don't know."

- Leah, a school counselor with over 15 years of experience at a large rural school, where approximately 35% of students are TIP-eligible.

As a result, individual counselors bear much of the responsibility for informing students of their TIP eligibility and filling the information gap. Most counselors—31 out of 40 interviewed—said they talk with students individually about their TIP eligibility. However, because counselors' advisory roles vary from school to school, we found variation in how they accessed and shared TIP eligibility information. MiLEAP has worked to increase support for counselors and establish more direct student notifications. By expanding its outreach team, the state now engages counselors and students directly—informing them about TIP and other financial aid opportunities, answering questions, and resolving administrative issues. However, these initiatives still face resource constraints, limiting their reach.

Key Finding 2

FAFSA Application: Barrier to Access

To receive TIP, students must complete the FAFSA, which Michigan uses to communicate TIP eligibility to colleges.[4] Counselors frequently identified the FAFSA as a significant barrier to receiving TIP. In particular, they noted that a lack of parental buy-in prevented some students from completing the forms. Until 2021, students were required to complete a separate TIP application by August 31 following their high school graduation. These requirements can dissuade eligible students and their parents, who may lack the information needed to navigate them.

Twenty-two of the 40 counselors described parental resistance or hesitance to complete the FAFSA, driven by several factors:

- Some parents feared the FAFSA was a means of stealing their identity or accessing their personal information.
- Students with undocumented family members feared that completing the FAFSA could jeopardize those relatives or affect the family's access to resources.

As a result, counselors assumed responsibility for guiding students through the entire FAFSA process. Without parental buy-in, however, these efforts were often unsuccessful.

Even when students complete the FAFSA, administrative barriers can still block access to aid. For example, entering the wrong year, mistyping a Social Security number, or leaving an item blank can render a FAFSA incomplete, delaying or preventing disbursement.

> **"A lot of people don't trust the government. So, when you're saying that the government needs this information, it's already a barrier."**
>
> - Alexa, the only school counselor in an urban high school in southeast Michigan, where 71% of students are TIP-eligible.

Beyond that, seemingly small administrative missteps can prevent aid from reaching the institution where a student enrolls. On the FAFSA, students can list up to 20 institutions that they may enroll in. However, TIP eligibility is only reported to the first-listed institution. If the student enrolled elsewhere, their institution would not receive notice of their TIP eligibility, and the aid might not reach them. Students can remedy this by contacting the state or logging onto their state aid portal, but this requires knowing they're eligible and that this step is necessary. As of 2025, institutions can access a complete database to find students who enrolled in their institution but were not on their eligibility list, but this requires financial aid staff having the right information, resources, and time to complete this step.

[4] In addition to determining where students enroll, MILEAP uses the FAFSA to establish residency, citizenship status, and student loan status.

Key Finding 3

Fragmented Administrative Systems Undermine TIP Access for Eligible Students

Students face barriers at many points in the process, from missed eligibility notifications to a complex web of administrative requirements. Many of these barriers are outside students' control. TIP eligibility requires coordinating multiple administrative systems, including two state agencies, 31 public community colleges and specific programs at select four-year institutions, a third-party data portal, and school counselors. First, the Michigan Department of Health and Human Services (MDHHS) identifies TIP-eligible students and sends that list to the Office of Higher Education, which manages eligibility data, conducts outreach, processes FAFSAs, and distributes aid. Institutions then access data through the Michigan Student Scholarship and Grant (MiSSG) portal, managed by a third-party vendor, to determine available aid for enrolled students.

While high schools are not formal administrators in this process, school counselors play a critical role in ensuring students understand eligibility and aid access. The MiSSG portal is the most common way for high school counselors to view which students are eligible for TIP, but due to data security requirements, given the sensitivity of the data, a Data Use Agreement (DUA) must be signed and submitted annually by the school's principal with the name and email of each counselor who requires access to MiSSG (*High School Counselor MiSSG Portal*, n.d.-a; *High School Counselor MISSG Portal*, n.d.-b; Michigan Department of Lifelong Education, Advancement, and Potential (MiLEAP), 2025). Staff turnover or changes in advising responsibilities create inefficiencies, and resource limitations make it difficult for state aid staff to reach all schools, resulting in delays in portal access.

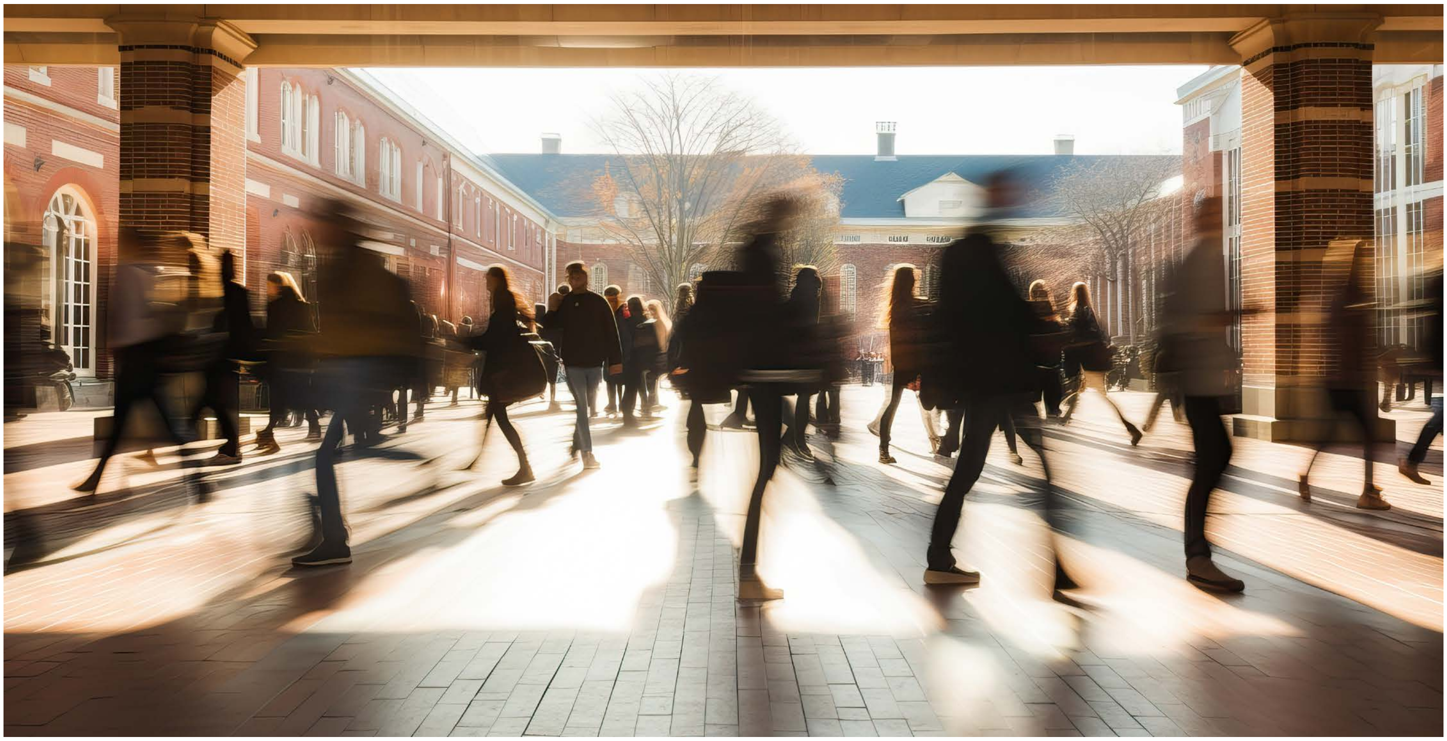
Administrative requirements do not end when a student leaves high school. Postsecondary institutions face their own hurdles, such as verifying high school graduation—a step that sometimes occurs through state data sharing but often requires direct student verification. Additionally, colleges' TIP eligibility list differs from their aid disbursement list (students whose tuition can be charged to TIP). Financial aid staff must then interpret often conflicting information about eligibility to determine what tuition can be charged to each program. Once eligibility is verified, specialists must work through a detailed set of program policies and regulations to determine aid packaging order. If students are unaware of their eligibility or how TIP works, they are unlikely to advocate for changes to their financial aid package.

Key Finding 3

"These programs are a lot more complex than the billboard that says 'free tuition' makes it sound like. There's one right out here by the highway that says 'free tuition,' and it's not wrong, but it's not entirely right either. There's a lot of nuance to these things. And students get frustrated and upset. That is a barrier too. The hidden complexity in this stuff is a barrier to students."

- Andrew, a staff member of a financial aid office at a Michigan community college, with below median take-up among TIP-eligible students who enroll.

State financial aid programs differ in which students and credit types they cover. For example, while some aid programs cover any workforce training program, TIP requires enrollment in a degree program of at least 24 credits and only covers credits that apply to the qualifying program. Because each program has slightly different rules, some requiring manual verification, packaging state aid is labor-intensive.



Recommendations & Conclusion

What can policymakers do to help increase take-up of state aid?

These findings reinforce MiLEAP's strategy of designing student-centered policies and systems that lower administrative barriers. We recommend the following:

1. **Invest in the structural expansion of notification systems.** Notification of student eligibility can be strengthened in three ways. First, the state should increase investment in MiLEAP's outreach capacity, hiring more staff and extending their reach to more high schools. Additionally, the state should provide funding to community colleges so that they can allocate resources to notifying parents and students directly of TIP eligibility. MiLEAP should continue to notify students that they are TIP-eligible earlier in their high school careers, using multiple outreach strategies, allowing students to make postsecondary plans with TIP eligibility in mind.
2. **Eliminate reliance on the FAFSA[5] or provide more resources to support FAFSA completion.** Requiring students and their families to complete the FAFSA creates an obstacle to accessing programs like TIP. We recommend eliminating the FAFSA requirement for TIP disbursement. The state should automate aid disbursement for eligible students, providing TIP eligibility information directly to qualifying programs so that eligible students automatically receive TIP in their financial aid packages. If eliminating the FAFSA requirement is not feasible, we recommend providing additional completion support and an alternative pathway for students unable to file.
3. **Provide systematic access to eligibility data and support for high school counselors and college financial aid staff.** High school counselors act as front-line administrators for TIP, yet they often lack access to important data systems, such as MiSSG. Participants noted delays in obtaining data access and inefficiencies caused by staff turnover. We recommend issuing the DUA at the school level, making it available to all administrators and college-access staff at a given school. We also recommend streamlining data-sharing processes to ensure seamless information transfer as students move from high school to college.

[5] While FAFSA information is not used to determine financial need for TIP, the state currently uses FAFSA data to establish residency, citizenship status, and student loan status.

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