

A young man with a beard and a bun hairstyle is sitting on a blue bench in a library or study area. He is wearing a light blue hoodie and brown pants. He is looking down at a laptop on his lap and holding a brown and yellow coffee cup. In the background, other students are blurred, and a woman in the foreground is also blurred, holding a blue water bottle.

Michigan's Tuition Incentive Program: An Initial Look at Take-up



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Policy Issue

Like many states across the country, Michigan has an ambitious goal for increasing postsecondary attainment. In 2019, Governor Whitmer [announced](#) a goal for 60% of the adult population to have a post-secondary certificate or degree by 2030. Increasing college affordability has been a key strategy for reaching this goal in many states, particularly in Michigan where a broad set of programs now serve a diverse set of students, including the new [Community College Guarantee](#). In order for these efforts to work, students must know about their eligibility for programs and be able to access them. Extensive research suggests that we shouldn't take this as a given, as many students are unaware of the supports they are entitled to or have difficulty navigating the process to receive them. This brief is part of a larger study examining Michigan's Tuition Incentive Program (TIP), a financial aid program that covers community college tuition for students who received Medicaid during childhood. It is currently one of the state's largest financial aid programs.¹ TIP is notable in that eligibility is determined early for many students and is based on participation in a well-known safety-net program, the benefit can be stacked on top of the Federal Pell grant, and it does not require annual eligibility determination. In this brief we describe the TIP program, examine historical trends in eligibility, and document patterns in participation in the program among those that are eligible using newly-matched administrative data through 2023. We distill some recommendations for policy-makers considering similar free college programs. In follow-up analyses, we will further explore explanations for these patterns through extensive semi-structured interviews with high school counselors throughout the state.

These research results use data structured and maintained by the Michigan Education Data Center (MEDC). MEDC data is modified for analysis purposes using rules governed by MEDC and are not identical to those data collected and maintained by the Michigan Department of Education (MDE) or Michigan's Center for Educational Performance and Information (CEPI). Results represent the analysis, information and opinions of the authors and are not endorsed by, nor do they reflect the views or positions of grantors, MDE, CEPI or any employee thereof. Financial support from this project was provided by the Institute for Educational Sciences (R305A220070). We are grateful to our state partners at the Michigan Department of Lifelong Education, Advancement, and Potential (MiLEAP), MDE, CEPI, and the Michigan Department of Health and Human Services

Key Findings

- 1 TIP is an important guarantee of affordable college for many Michiganders. More than one-third of high school graduates are eligible for TIP, and this share increased between 2011 and 2022.
- 2 However, participation in TIP is far from complete, despite the program's value and extensive outreach efforts. Only 14% of eligible high school graduates receive TIP within two years and only 29% of TIP-eligible community college enrollees do. Nearly all TIP-eligible community college students should be receiving TIP.
- 3 Clear information about eligibility appears critical to take-up. Students with early and consistent Medicaid enrollment, which determines TIP eligibility, have significantly higher take-up than those who barely qualify or do so later. Early and consistent Medicaid participation likely results in greater knowledge about eligibility. Take-up is also higher at high schools with greater FAFSA filing rates and at colleges where staff can access information about students' eligibility.
- 4 Administrative hurdles cannot explain all of the low take-up: less than 50% of TIP-eligible community college enrollees who received Pell Grants (indicating FAFSA filing and engagement with colleges' financial aid offices) also received TIP, and take-up did not increase with the removal of an application requirement.

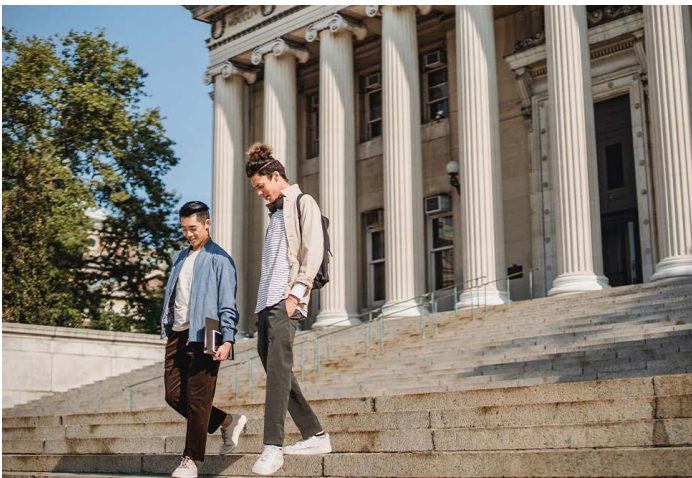
Take-up of TIP is similar to that for other financial aid and social programs. Prior research points to the complexity of application processes, a lack of information on eligibility and program details, hassle costs, and stigma as main reasons for incomplete social program take-up generally. Our ongoing work is examining these and other factors in the context of TIP.

Recommendations

Policy-makers looking to develop free college programs should learn from the experience of TIP. A potential strength of TIP is that students learn eligibility early - in time to prepare to make college choices - but this also comes at a cost. Colleges have incomplete knowledge about students' eligibility for TIP and many students who qualify probably don't know it despite the outreach. The program has few points of contact with eligible students after they leave high school. Sending the list of all eligible students to all participating institutions (especially community colleges) every year so that TIP is included in financial aid packages by default would help fill this informational gap. States should also reconsider the role of FAFSA when it is not used to assess need. Getting students to file the FAFSA is vital to ensuring all Federal



resources are being used to meet students' needs, but it should not present an additional barrier to receiving aid from a program that does not use it for eligibility determination. There also appears to be room to continue to inform students about their eligibility through multiple outreach channels throughout and after high school. Finally, there are multiple program features that warrant further study and for which additional information could be retained and analyzed, including the timing of notification, how engaged students are in outreach efforts, and what information is collected about students' college intentions. These features could provide more clarity about how the TIP program could be strengthened even further.



Describing the Tuition Incentive Program

Michigan's Tuition Incentive Program (TIP) is one of the longest-standing and largest college aid programs in the state. TIP provides scholarships that cover tuition and fees (up to \$450) for students from economically-disadvantaged backgrounds to enroll in community college.² The state spent about \$94 million on the program in the 2023-24 school year, providing benefits to about 32,000 students.



What makes TIP unique?

TIP has several qualities that make it stand out relative to other scholarship programs. First, unlike many state aid programs, TIP is a “first-dollar” scholarship program.³ This means that as institutions package financial aid offers to students, TIP is applied first. Many other state aid programs - the Reconnect program in Michigan and the Tennessee and Oregon Promise programs - are “last dollar” scholarships. This means

that they provide aid if there are remaining tuition costs after other aid programs, like the federal Pell Grant, have been applied.⁴ However, first-dollar scholarships can be fully stacked on top of other financial aid, allowing students to access more aid overall. This means that students can pay for all of their tuition costs with TIP, and then use their Pell Grant for other expenses that are not covered by TIP, such as books, food, and housing. Last dollar scholarship programs are unfortunately less generous for many low-income students since the Pell Grant already covers most or all of their tuition needs.

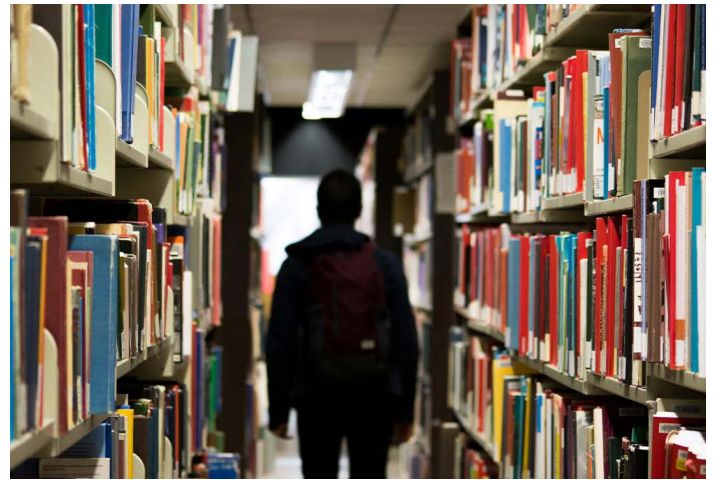
Second, eligibility for TIP is based on participation in another social safety net program: Medicaid. Medicaid provides health insurance coverage to children living in households that earn less than roughly 215% of the federal poverty line in Michigan. Children who received Medicaid for at least 24 of 36 consecutive months at some point between age 9 and high school graduation are eligible for the TIP scholarship. Few states have financial aid programs that explicitly tie eligibility to another social program; [Washington State](#) just recently tied participation in SNAP to eligibility for some financial aid. Tying aid to another social safety net program potentially simplifies the process of determining need because it does not depend on information

derived from the Free Application for Federal Student Aid (FAFSA).



Third, once students become eligible for TIP, which could happen as early as age 11, the state sends a notification to the student's home to inform them of their eligibility. This notification tells students early on that community college is free. In general, very few scholarship programs provide any type of early notification of eligibility, so this feature also makes TIP stand out. A long-standing criticism of financial aid in the United States is that students only learn about their scholarships and net cost after they make their college application decisions. Notifying students early could affect students' subsequent academic trajectories. Students who may not have even considered the possibility of going to college may change their behavior if they expect to have community college paid for by TIP.

Finally, eligibility is fixed throughout college and there is no need for students to continue to verify or prove their eligibility each year. This contrasts with most aid programs, including the Federal Pell grant, which relies on an annual need assessment via the FAFSA. Students may cycle in and out of eligibility, making it difficult to plan. Guaranteed aid has been shown to be effective at boosting college enrollment and completion in Michigan (Dynarski et. al. 2021). TIP guarantees aid for up to ten semesters regardless of students' changing economic circumstances.



How do students receive TIP?

Despite these helpful design features, hurdles in the process of learning about and actually receiving TIP aid likely impede full participation. Even though the state of Michigan determines which students are eligible for TIP using a child's Medicaid participation records, students still need to

fill out the FAFSA to receive aid through the program. Up through 2020, students also had to fill out an application for TIP by August 31 of the year that they graduated from high school, even if they don't intend to immediately enroll in college. This TIP application was eliminated in 2021. Students also have to graduate from high school by age 20, and must be enrolled at least half-time in an eligible institution in order to claim the benefits.

eligible students and compare it against their own roster, making changes in the MI Student Aid system as needed. While an improvement, students still fall through the cracks, especially when they don't know about the program or their own eligibility. College financial aid offices cannot include TIP in financial aid packages if they do not know students are eligible for it.



By default, colleges only receive the list of students that are eligible for TIP and who also listed the institution first on the FAFSA. Students wishing to attend a different institution and receive TIP can do so either by changing their institution in the MI Student Aid online system, notifying the MI student aid office, or contacting their community college financial aid office to make the change on their behalf. More recently colleges can download a list of TIP

How many Michiganders are eligible for TIP?

To understand more about who is eligible for TIP and who participates in the program, we combine administrative data from the Michigan Department of Education (MDE), the Center for Education Performance and Information (CEPI), and MI Student Aid, within the Office of Higher Education in the Michigan Department of Lifelong Education, Advancement, and Potential (MiLEAP) that allow us to follow students as they progress through school from kindergarten through 12th grade, linked to their college enrollment through the National Student Clearinghouse (NSC) and STARR, a database of student enrollment at (primarily) public institutions in the state of Michigan. We pair these data with records from the Michigan Department of Health and Human Services (MDHHS), which allows us to observe students' participation in the Medicaid program over the course of childhood.

We focus our analysis on students who graduated from high school between the 2010-11 and 2020-21 school years. Each cohort includes approximately 100,000 graduates, so this sample includes more than 1 million students over this eleven-year time period.

Between 2011 and 2021, approximately one-third of all high school graduates were eligible for TIP, based on their Medicaid participation between age 9 and high school graduation (as indicated by the red, horizontal line, see Figure 1). The share of high school graduates eligible for TIP has also risen steadily over the last decade, from 25% of high school graduates being eligible in 2011 to 37% in 2021, likely due to both economic factors in the state, as well as Medicaid expansions over the last several decades. Our calculations of TIP eligibility, based on Medicaid enrollment data from MDHHS, are consistent with state-published numbers on the number of TIP-eligible high school graduates.⁵

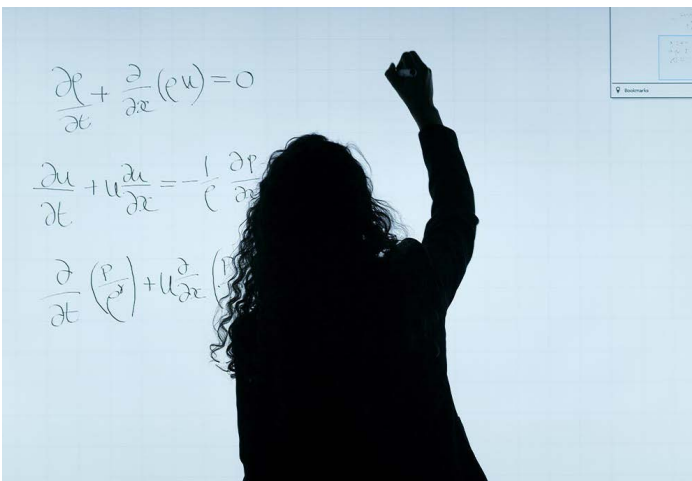
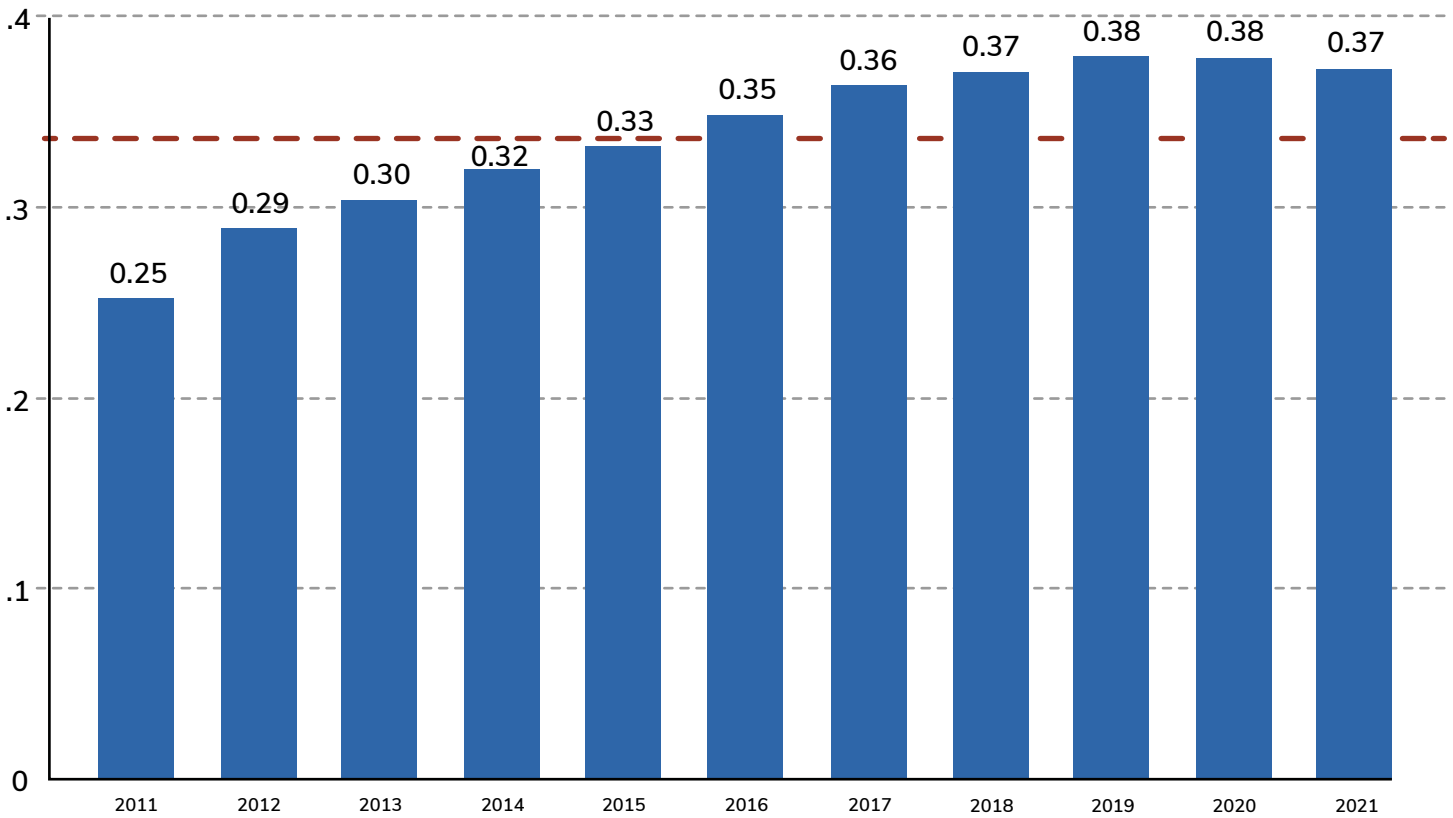


Figure 1: Share of Michigan High School Graduates Eligible for TIP

By Year of Graduation



Note: Eligibility is determined based on having been enrolled in Medicaid for at least 24 months during at least one 36 month period from age 9 until high school graduation. Sample includes all high school graduates from Michigan public high schools during the academic year indicated.

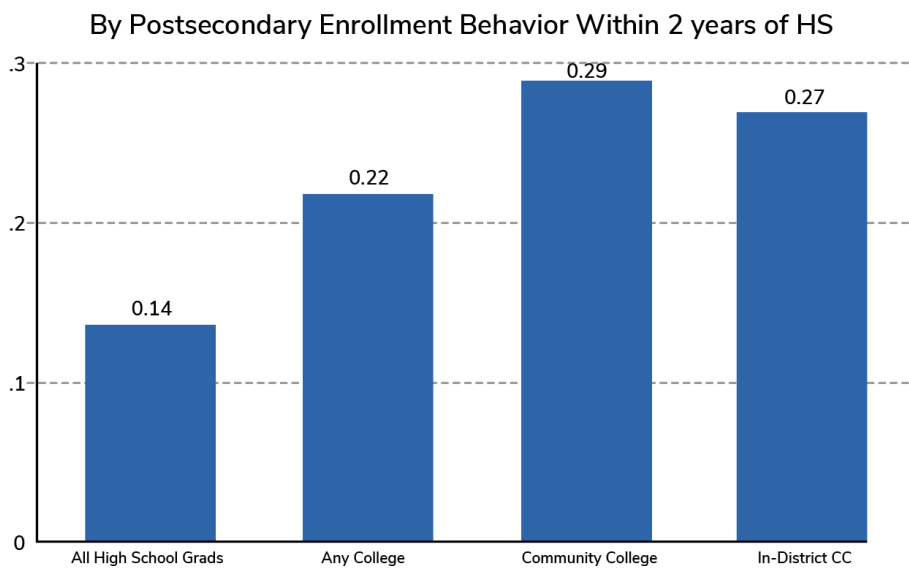
What share of eligible students participate in TIP?

Despite a large share of Michigan high school graduates who are eligible for TIP, participation in the program is far from complete. On average, 14% of Michigan high school graduates who are eligible for TIP receive the scholarship within two years of completing high school (see Figure 2).⁶ One reason that overall TIP take-up may be low is that not all students who graduate from high school end up enrolling in college.

When we limit the sample to those who enroll in any type of college within 2 years of completing high school, the take up rate increases to 22% (of eligible students) receiving TIP within 2 years of completing high school. First-time college enrollees can typically use TIP only at their in-district community colleges, which is based on geographic residence.⁷ When we restrict

our sample to those enrolling at their in-district community college, we find that 27% of eligible students receive TIP within 2 years of completing high school. This number increases slightly to 29% when we define our sample as a slightly broader group: those who enroll at any community college in the state within 2 years of completing high school.⁸ Throughout the rest of this report we focus our analysis on take-up among TIP-eligible students that enroll in a Michigan community college within two years of high school - a group where almost all students should be receiving some amount of TIP support. This measure of take-up also has the advantage of not being confounded with differences in enrollment when, for instance, looking at take-up differences across areas and groups with quite different baseline enrollment rates.

Figure 2: Share of Eligible Students Receiving TIP Phase 1 Within 2 Years



Note: Eligibility is determined based on having been enrolled in Medicaid for at least 24 months during at least one 36 month period from age 9 until high school graduation. Sample includes all high school graduates from Michigan public high schools during the academic year indicated. Any college includes colleges within Michigan and also outside the state, while community college enrollment only includes enrollment at Michigan public community colleges. In-district status is determined by the students' residence in 12th grade.

How does TIP take up vary across the state and across different groups?

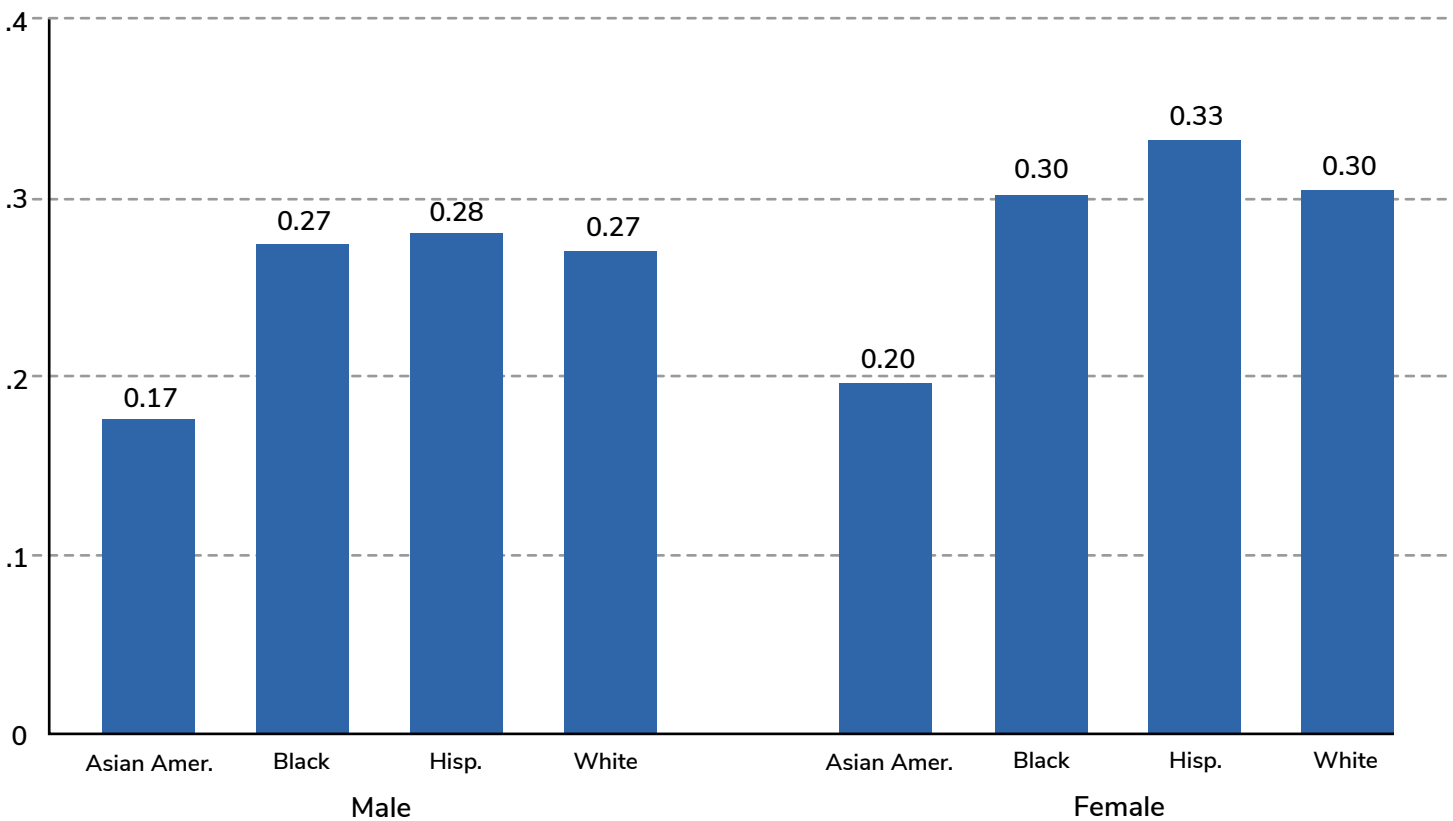
In general, take-up rates of TIP are quite similar along racial and gender lines (see figure 3). Women have slightly higher take-up rates than men, but we find no discernable racial pattern in TIP participation, aside from a slightly higher take-up rate among eligible female Hispanic students, and a much lower take-up of TIP among Asian American students. This latter finding

may be driven in part by small sample sizes; Asian American students represent less than 3% of TIP-eligible students in our sample.

There is, however, substantial variation in take-up of TIP across the state (see Figure 4). Take-up of TIP is highest in the Upper Peninsula and the northern Lower Peninsula, and lowest in the southeast region of the

Figure 3: Share of Eligible Community College Students Receiving TIP Phase 1 Within 2 Years

By Sex and Race/Ethnicity

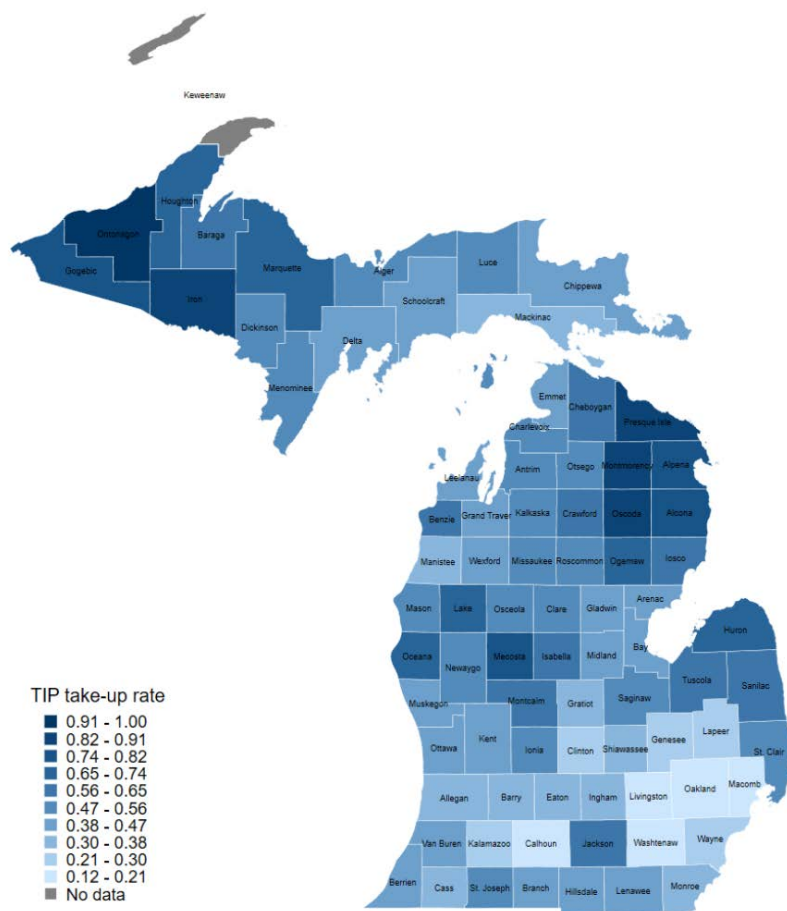


Note: This figure reports the average take-up rate for students grouped by race and sex. Take-up is defined as the proportion of TIP-eligible students enrolled in a Michigan community college who receive TIP aid within two years of high school graduation.

state. While take-up rates in some parts of the southeast are as low as 12%, in some regions of the Upper Peninsula, nearly all eligible students participate in the program. These patterns could be driven by a number of factors - differences in the types of post-secondary schooling options available, how well known the TIP program is in these communities, or other factors - which we

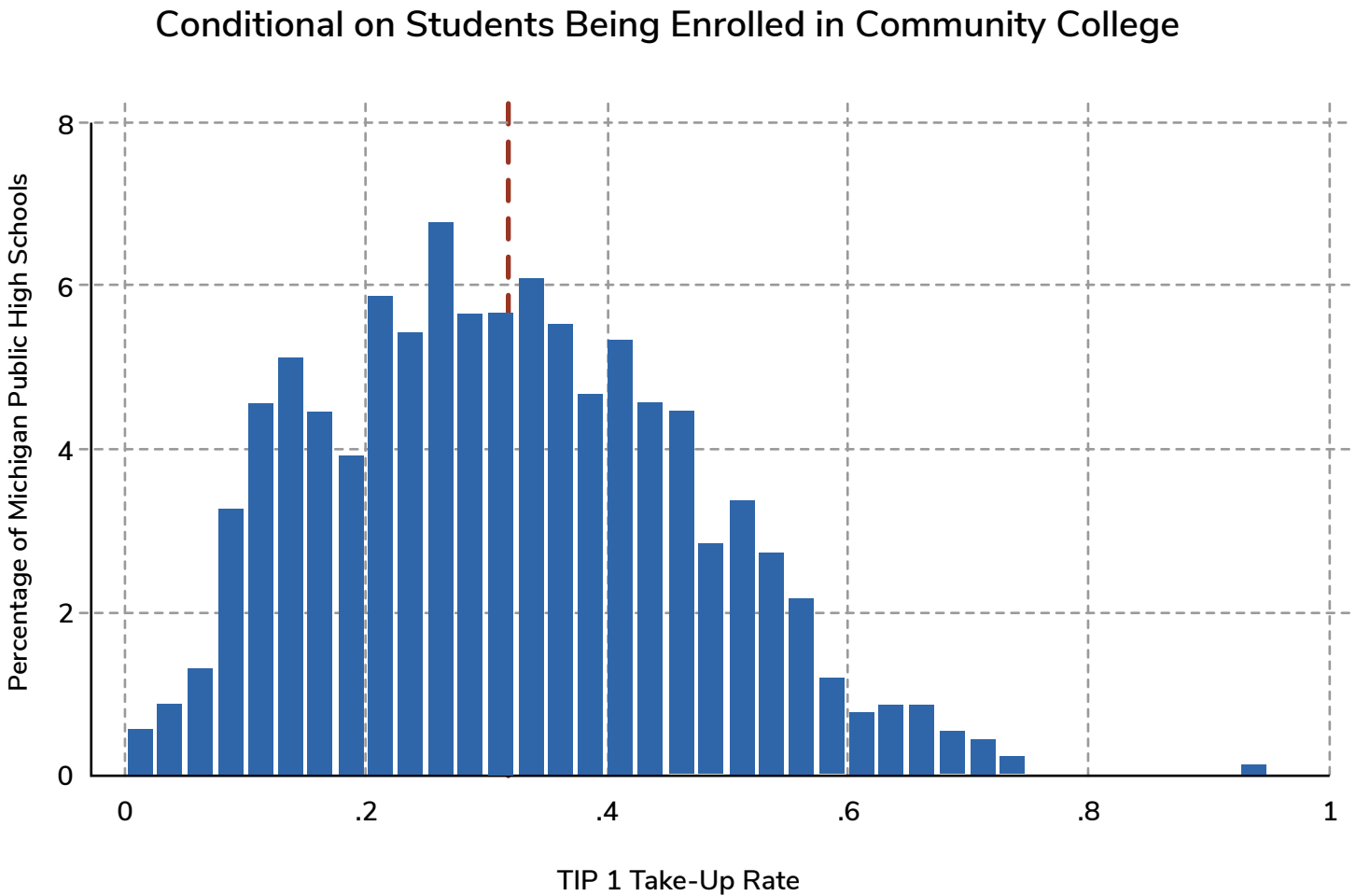
continue to investigate. TIP take-up also varies considerably across high schools (see Figure 5). Conditional on enrolling in a community college, TIP take-up rates range from close to 0% in some high schools, up to nearly 80% in other high schools. This suggests that high schools may play a key role in helping students access TIP aid, for instance, through counseling services, academic preparation, or peers.

Figure 4: Share of Eligible Community College Students Receiving TIP Phase 1 Within 2 Years
By High School County, 2018



Note: This figure reports the average take-up rate for each Michigan high school county. Take-up is defined as the proportion of TIP-eligible students enrolled in a Michigan community college who receive TIP aid within two years of high school graduation.

Figure 5: Distribution of TIP Phase 1 Take-up Rates Across Michigan High Schools



Note: This figure reports a histogram of the TIP take-up rates across Michigan high schools. Take-up is defined as the proportion of TIP-eligible students enrolled in a Michigan community college who receive TIP Phase 1 aid within two years of high school graduation.

To further examine patterns in take up across high schools, Table 1 shows differences in TIP take-up across several high school characteristics.⁹ Here, we examine how average take-up varies according to the urbanicity of the high school (city, suburb, town, rural), according to whether the high school has a data use agreement (DUA) with MI Student Aid that facilitates outreach with students, the share of under-represented minority (URM) students enrolled in the

school, the share of low-income students enrolled at the school, the share of graduating seniors who completed the FAFSA, and a concentration measure indicating the share of community college enrollees from each high school that enroll at a single institution.¹⁰ For these last four characteristics, we split schools into whether they fall above or below the median for each characteristic.

Table 1: TIP Take-up by High School Characteristics

	TIP Take-up	TIP Take-up (Cond.)
School Urbanicity		
City	13%	31%
Suburb	11%	28%
Town	17%	42%
Rural	20%	45%
URM Enrollment Share		
Low	19%	42%
High	13%	32%
HS Poverty Enrollment Share		
Low	17%	37%
High	14%	37%
FAFSA Completion Share		
Low	10%	37%
High	18%	46%
Concentration Index of Post-Secondary Enrollment Amongst 2y College-Goers		
Low	17%	38%
High	14%	35%
High School DUA Status		
No	9%	37%
Yes	20%	53%

Note: Table reports the average take-up (unconditional and conditional on enrollment in community college) for high schools with each characteristic. Each high school is equally weighted when calculating the average. FAFSA Completion Share is based on 2019-2021 graduating classes only. DUA status was only provided for the academic year ending in 2020; for that year, over 90% of schools have a non-missing value for this year.

We are particularly interested in how the FAFSA filing rate and concentration measures shape TIP take-up. Even though financial need for TIP is not determined by the FAFSA, students must complete it in order to receive aid; schools that are able to get a larger share of their students to complete the FAFSA might therefore have higher TIP take-up rates. We use the concentration measure to proxy for the number of post-secondary schooling options that students have available to them. This is of interest for two reasons. First, if the in-district community college is the only post-secondary option nearby for students, we would expect this to influence students' college-going decisions and therefore TIP take-up, since TIP is most valuable at in-district community colleges. Second, information about TIP eligibility is passed on to institutions that students list first on their FAFSA application. If students only consider attending one or two schools (based on the options available nearby), it is more likely that they will list the institution they enroll in as their first choice. Students seeking TIP benefits while attending an institution they did not list first on their FAFSA application need to either correct their institution in the MI Student Aid online system, reach out to MI Student Aid directly, or contact their financial aid office in order to receive TIP at the correct institution. Both of these factors imply that TIP take-up should be higher in

places where there is a higher concentration of graduating seniors attending the same post-secondary institution.

We find that, consistent with the evidence from the map of Michigan, take up is higher in high schools located in more rural areas (45%) compared to suburban and urban areas (28-31%). Take-up is also higher in schools where a larger share of graduating seniors have completed the FAFSA (46% vs. 37%). Interestingly, we find no differences in TIP take-up in schools with higher concentrations of low-income students (37%) and take-up is much lower in schools with higher shares of under-represented minority students (32% compared to 43% among schools with lower shares of under-represented minority students). Somewhat surprisingly, a high school's concentration of students enrolling in a single post-secondary institution does not appear to predict TIP take-up. One of the strongest predictors of take-up is whether the high school had a data use agreement with MI Student Aid. Schools that did not have such agreements had a take-up rate of 37% among community college enrollees, compared to 53% among high schools that did have such agreements. These agreements permit school counselors to track which students have completed their FAFSA application and who is eligible for TIP, which they can then relay to students.

Finally, we examine variation in TIP take-up according to the age at which students first become eligible for TIP, based on their childhood Medicaid participation, and according to how many months they spent on Medicaid throughout childhood (see Figure 6). Figure 6 suggests several important takeaways. First, take-up of TIP rises with childhood participation in Medicaid. The longer a child is on Medicaid in childhood, the higher their take-up of TIP, regardless of when they first become eligible. Students who just meet the minimum requirement for TIP – which is receiving Medicaid for at least 24 months – have a take-up rate of approximately 17%, compared to more than 35% among those who spent their entire childhood on Medicaid.



At first glance, this pattern might seem counterintuitive, as spending more time on Medicaid as a child implies greater economic disadvantage, which is typically negatively

correlated with postsecondary outcomes. However, this analysis focuses on students enrolling in community college, thereby reducing some of the negative correlation between economic disadvantage and schooling outcomes. This pattern suggests that there is something about consistent attachment to Medicaid in childhood that is linked with higher participation in the TIP program.

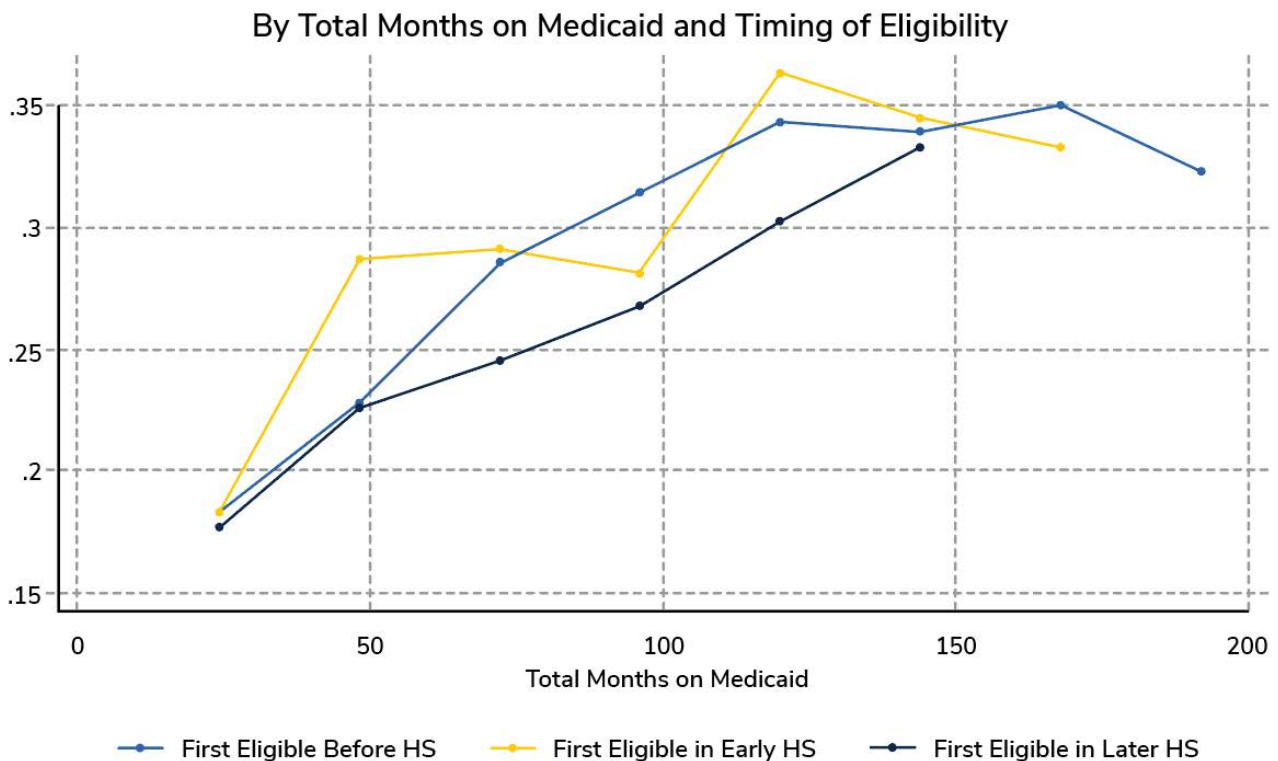
Controlling for the number of months that individual students spend on Medicaid, we also find some evidence that TIP take-up is higher among those who become eligible at an early age, (either before high school or in the first two years of high school). This pattern is particularly pronounced for those who were on Medicaid for 6-10 years of childhood (75-125 months). In some cases, take up is about 5 percentage points higher for those who first became eligible before high school, compared to those who first became eligible later in high school, controlling for the number of months a student was on Medicaid. In contrast, for those who spent a relatively short amount of time on Medicaid, or who spent their entire childhood on Medicaid, there is not much variation in TIP take-up according to age at first eligibility.

Overall, the figure illustrates that both early and consistent participation in Medicaid

is positively associated with TIP take-up. While it is not clear exactly what explains this pattern, several mechanisms may be at play. First, finding out about TIP early in one's academic career may allow students sufficient time to adjust behavior, improve grades, and take the relevant courses to prepare for college. An early notification of eligibility might also stand out more to students, as they would likely not receive information about college from other sources at a young age. This may prompt students

to remember to apply for TIP when they enroll in college. Additionally, consistent participation in Medicaid may be indicative of an individual's connection to the social safety net and ability to navigate complex recertification processes. Research shows that recertification requirements result in qualified individuals losing coverage (e.g. Homonoff and Somerville 2021); consistent participation in a social benefit program may be indicative of an ability to comply with and navigate administrative hurdles that also predict take-up of TIP.

Figure 6: Share of Eligible Students Receiving TIP Phase 1 Within 2 Years



Note: This figure reports the average take-up rate for students grouped by the total number of months they were on Medicaid from age 9 until high school graduation. Rates are reported separately by the timing of when students first became Medicaid eligible for TIP, which requires 24 months of Medicaid enrollment during a 36 month window. Take-up is defined as the proportion of TIP-eligible students enrolled in a Michigan community college who receive TIP aid within two years of high school graduation.

Why is TIP take-up so low?

Even after restricting our sample to students who enroll in community college and who have persistent Medicaid spells, we still only find take-up rates that hover around 35%. These rates are higher in high schools where FAFSA filing is higher and in more rural parts of the state, but even in high-filing schools and rural schools, average take-up is never higher than 50% among eligible college students.

In this section, we explore several different reasons why take-up may be less than 100%, which are related to core requirements for students to receive the aid: part-time college enrollment, FAFSA filing, and the TIP application. Figure 7 shows TIP take-up within one year of high school graduation for the high school graduating classes of 2017 through 2021.¹¹ For this analysis, we focus on immediate college enrollment because we do not yet have a second year of data for the 2021 cohort of high school seniors. As discussed above, when we examine take-up among all high school graduates (not restricting the sample to those enrolled in community college), immediate TIP take-up is quite low—hovering around 10-12% in most years. Once we restrict the sample to those who were eligible for TIP and immediately enrolled in community college, take-up increases to 30-35%. How much do these

other factors—enrolling in college at least part-time, filling out the FAFSA, and the TIP application, contribute to the less-than-100% take-up of TIP?

Half-time enrollment

In order to receive TIP, students must be enrolled in college at least half-time.¹² When we limit our sample to individuals who are enrolled in a community college at least half-time (dark blue line in Figure 7) take up increases by about 5 percentage points relative to the broader sample of all community college enrollees. For 2020 high school graduates, for instance, take up was 35% among all those who were enrolled in community colleges, but 40% among those enrolled at least half time.



FAFSA filing

Another reason why take up of TIP is less than 100% is because students are required by the enacting legislation to fill out the

FAFSA in order to receive aid, despite the fact that the FAFSA is not used to determine financial need. In Michigan, estimates suggest that only about half of high school graduates fill out the FAFSA, so low FAFSA filing might be one important reason why many students who are eligible for TIP don't receive it. Indeed, in our high-school level analysis above, we found higher TIP participation among students attending high schools with high FAFSA completion rates. While we do not have individual-level information on FAFSA filing for students in our sample, we can observe which students in our sample receive the Pell Grant. Given the income requirements of TIP, we would expect that many (if not all) of those who are eligible for TIP would also be eligible for Pell, so restricting our sample to those who receive Pell should not exclude many students who were eligible for TIP. Restricting the sample to those receiving Pell ensures that everyone in the sample filled out the FAFSA, since students can only receive Pell if they complete the FAFSA. In fact, this increases TIP take-up by about 5-7 percentage points. In 2020, for instance, participation increased from 40% among at least part-time college enrollees, to more than 45% among college enrollees who received Pell. Still, it is surprising that TIP take-up continues to be well-below 100% for this highly select population: TIP-eligible

community college enrollees who are enrolled at least half time and who received Pell (and therefore must have filled out the FAFSA).

TIP application

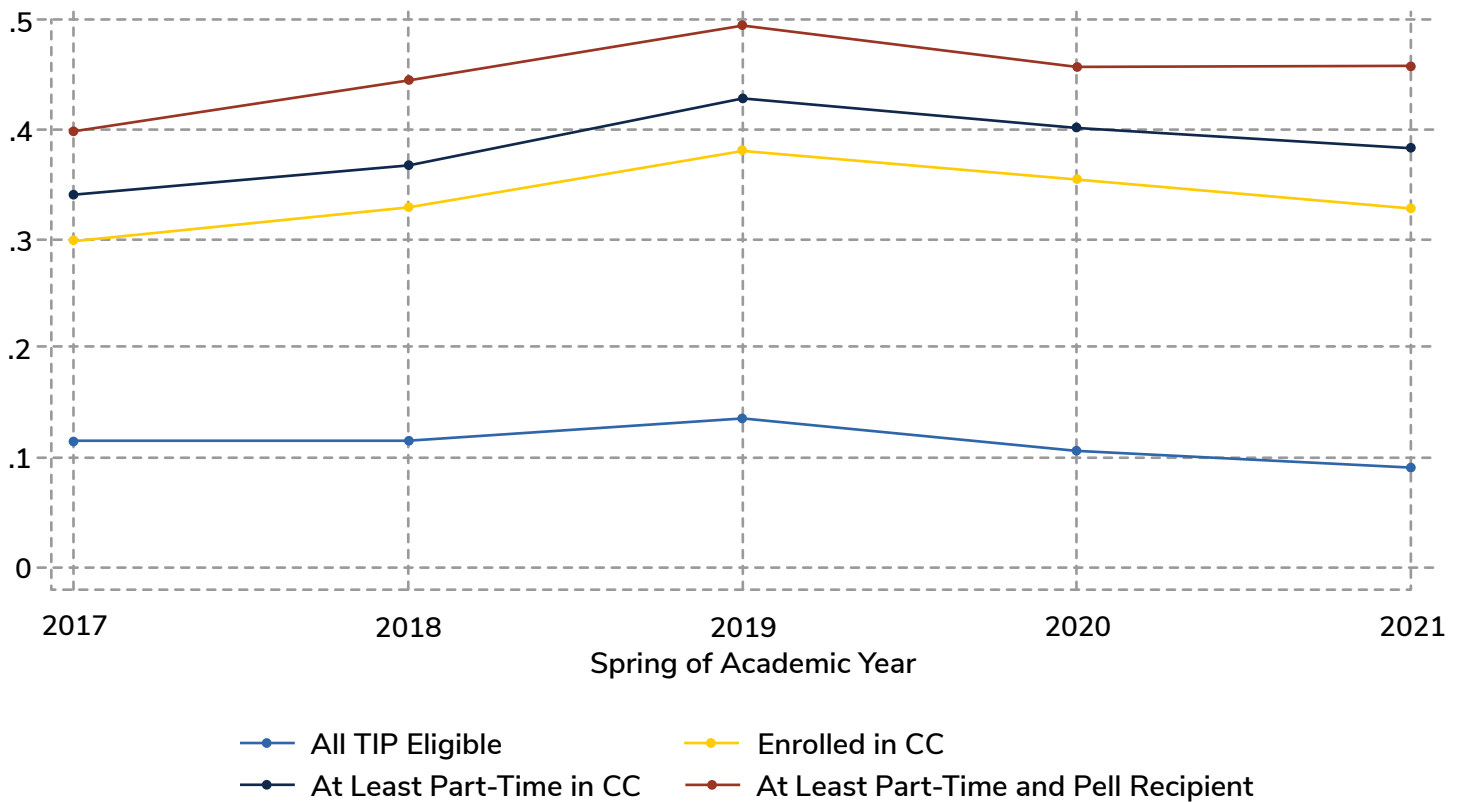
Another barrier to TIP participation could be the requirement prior to 2021 that students must fill out an application for [TIP by August 31](#) of the year that they complete high school. While we cannot observe which students filled out the TIP application by August 31, to examine the extent to which this application poses a barrier to students, we examine participation in TIP amongst a population of students who were not required to complete the application. Beginning with the high school graduating cohort of 2021, the state no longer required students to fill out the TIP application. This policy change allows us to examine how the application may have prevented some students from participating in the program, by observing whether TIP take up is higher for the graduating cohort of 2021 compared to earlier cohorts.

We do not detect any notable difference in take up among the 2021 high school graduating class compared to earlier classes, and in some cases, we actually see a decline in take up of TIP between 2020 and 2021. Preliminary analysis suggests that the TIP

application did not pose a significant barrier to TIP participation, though we can only examine TIP take-up immediately following high school completion among those already enrolled in community college. It is possible that for this particularly dedicated population (those who decide to enroll in community college immediately after high school), the

TIP application did not pose much of a barrier. The TIP application might pose a larger barrier to students who take time off between high school and college, which we cannot yet observe due to the recency of the policy change.

Figure 7: Share of TIP-Eligible Students Receiving TIP Phase 1 Immediately after HS Graduation



Note: This figure reports the average take-up rate by high school graduation cohort. Rates are reported separately for four different levels of samples of students: (i) all students, (ii) students enrolled in a Michigan community college within two years, (iii) students enrolled at least part time in a Michigan community college within two years, (iv) students enrolled at least part time in a Michigan community college within two years and receiving the Pell Grant. Take-up is defined as the proportion of TIP-eligible students who receive TIP aid within one year of high school graduation. This shorter window for take-up is used so that rates for the final cohort, which only has one year of follow-up data, will be comparable to those for earlier cohorts. Pell reciprocity is not available prior to 2017.

Finally, some students may not participate in TIP because they don't list the college they end up enrolling in as the first institution on their FAFSA and the information is not corrected. Unfortunately, we do not have data on FAFSA applications, so we are unable to observe whether students listed their enrolled institution as the first institution on their FAFSA, but in conversations with counselors and others knowledgeable about the program, the issue of listing the institution first on the FAFSA is a barrier for some students. We lack data to quantify how big of a barrier it poses, but a sizeable number of students list multiple institutions on their FAFSA.¹³

This analysis illustrates that some of the TIP requirements—filling out the FAFSA and enrolling in college at least half-time—may exclude some otherwise-eligible students from participating in the program, but these factors do not fully explain the less than complete participation. Even after conditioning on several of these factors, TIP take up lags well below 100%.

While it is difficult to say what might account for non-participation in TIP beyond these factors, we have a few hypotheses. First, students may simply be unaware of the program. While the state notifies students of their eligibility for TIP via mailings to their home addresses, it may be easy for students

to miss this information because of housing instability or outdated address records. The extensive outreach by the MI Student Aid office almost certainly improves awareness of the program, but limited resources for these outreach activities means that many students likely are missed. The lack of knowledge about TIP may be further exacerbated by the fact that community colleges likely do not know the entirety of students at their institution who are eligible for TIP. Unlike other financial aid programs (e.g. Pell), which are based on information from the FAFSA and whose eligibility is transmitted directly to colleges, TIP eligibility is based on childhood participation in Medicaid, which financial aid officers do not have access to. Michigan colleges are now able to download a list of TIP eligible students and compare it against their own roster, making changes in the MI Student Aid system as needed. Nevertheless, this requires additional steps on the part of community colleges and is, therefore, different than receiving the list of all eligible students by default. Finally, there are many other state and local financial aid programs that students may be eligible for and whose generosity vis-a-vis TIP is unclear to students. Eligible students may not participate in TIP because they receive other sources of aid, such as local Promise program aid, even though TIP would be more advantageous.

How do take-up rates compare to other social programs?

What might we expect TIP take-up levels to be? Participation in social programs in the United States is never 100%, even among programs with high take-up. Compared to other financial aid programs, TIP take-up lags behind participation in the federal Pell Grant, which is estimated to range between 70-85% (Delislie 2017; Koefed 2017), and the Kalamazoo Promise, which is also estimated to be about 85% (Bartik et al. 2016). Across the country, take-up of promise programs vary from less than 25% for the New Haven Promise (Daugherty & Gonzalez 2016), 8-31% for the New York Excelsior program (Scott-Clayton, Libassi, and Sparks 2022), to 75% for the Pittsburgh Promise (Page et al 2019). This suggests that TIP participation is on the low- end of the distribution, but not inconsistent with other large, state and local financial aid programs across the country.



As a part of our broader evaluation efforts, we continue to investigate how the TIP program compares to some of these other examples in terms of salience to students and counselors and notice/outreach efforts to students.

Beyond financial aid programs, take-up of social programs in general also varies widely, and is driven in part by the complexity of applying for and complying with program rules. For instance, take-up of the federal cash welfare program, TANF, is notoriously low, and is estimated to be about 28% in recent years; however, prior to the 1996 reforms that introduced work requirements, time limits, and other types of complexity associated with applying, its take-up was considerably higher (approximately 82%) (Ko and Moffitt 2024). On the other hand, take-up of federal tax credits like the Earned Income Tax Credit (EITC) tends to be much higher, around 80%. Take-up of tax credits tends to be high because they are part of the federal income tax system, which the vast majority of individuals must interact with even in the absence of the credits. Likewise, participation in the food stamps (SNAP) program, which also tends to be over 80%, has increased over time as there have been more efforts to streamline the program and reduce stigma associated with participating.

Discussion and Conclusion

TIP is an important financial aid program supporting thousands of students from low-income backgrounds in their pursuit of higher education in Michigan. The program provided approximately \$94 million in financial aid to about 32,000 students across the state in the 2023-24 school year. Despite the generosity and reach of the program, our analysis suggests that take-up is quite low: only 14% of eligible high school graduates receive the benefit within 2 years of completing high school. Among those who enroll in community college, only 29% of eligible students receive the aid.



Our analysis of variation in take-up across high schools, geography, and demographic characteristics reveals some patterns about which factors predict higher take-up. Students who are eligible for TIP early in childhood, and who maintain their eligibility throughout high school have the highest

participation rates in the program. Those who attend high schools with relatively high FAFSA filing rates, with a signed data use agreement, and in more rural parts of the state are also more likely to participate in TIP. Finally, it does appear that some of the requirements associated with TIP prevent some students from receiving benefits. Enrolling in school at least part-time and receiving the Pell Grant are both associated with higher take-up rates among eligible college students. On the other hand, removing the requirement for students to fill out a TIP application by August 31 following high school graduation does not appear to have increased participation. After controlling for all of these factors, we still find that take-up hovers around 50%, illustrating substantial room to increase participation in TIP even among students who have successfully enrolled in community college and are already receiving other forms of financial aid.

Endnotes

1. There are two components to TIP: Phase 1, which offers aid for students in the first two years of post-secondary study, and Phase 2, which offers aid at four-year institutions for individuals in their third or higher year of study. In this brief, we focus on Phase 1, which is a much larger component than Phase 2.

2. TIP Phase 1 also includes some students enrolled in AA programs at a small number of 4-year institutions. While not the focus of this brief, TIP Phase 2 also provides more limited tuition support at 4-year institutions for upper division students (those who have completed two years of college).

3. We use the term “first dollar” here to denote that TIP aid gets packaged before the federal Pell grant, which allows students to use TIP dollars on tuition, and the full Pell grant for other expenses such as housing and books. However, some Promise program scholarships do get packaged before TIP, such as the Kalamazoo Promise.

4. For the most part, students who are eligible for TIP will also meet the income criteria to be eligible for Pell.

5. The state publishes school-level counts of the number of TIP-eligible high school graduates and the number of these that have filed a FAFSA in real time at <https://www.michigan.gov/mistudentaid/hs->

[counselors/mi-data-sharing-center](https://www.michigan.gov/mistudentaid/hs-counselors/mi-data-sharing-center). We were able to assemble this information at a school-level back to the 2018-2019 school year. To validate our eligibility measure, we correlate the number of TIP eligible graduates that we calculated with the state-published estimates at the school level. We found an overall correlation of 0.88 with a regression coefficient of 0.92.

6. We restrict the sample to enrollment within 2 years, as is conventional in the college enrollment literature and to ensure that we allow each cohort the same number of years to take up the benefit. Unfortunately, we do not yet have 2-year enrollment and TIP award information for the 2021 cohort, so for this cohort we focus on immediate receipt.

7. Students can also use TIP to pay for tuition and fees at other community colleges in the state if they do not have an in-district community college or if the academic program they wish to study is not offered at their in-district community college. TIP can also be used at an out-of-district community college, but will only cover the in-district tuition rate.

8. Our take-up estimates are comparable to numbers published on the Tuition Incentive Program (TIP) Data Dashboard at <https://www.michigan.gov/mistudentaid/hs-counselors/mi-data-sharing-center/tuition->

Endnotes

[incentive-program](#). As of October 21, 2024 the dashboard reports 17,182 students awarded TIP at community college relative to 35,077 eligible students enrolled at community college, for a take-up rate of 49%. This rate would be expected to be higher than the one reported in Figure 2, as the state published rate applies all eligibility criteria (FAFSA filing, TIP application if applicable, six credits, begin using TIP within four years, be Michigan resident and US citizen, permanent resident, or approved refugee, not having defaulted on a Federal student loan, have met Satisfactory Academic Progress requirements if applicable) when determining the eligible population. This take-up rate is therefore more comparable to that we present in Figure 7.

9. This table shows the simple average of high school-level take-up rates separately by group, where each high school is equally weighted when calculating the average. Results are similar if we give more weight in the average to high schools with more TIP eligible students and if we examine all the factors simultaneously with regression analysis.

10. To measure institutional concentration of enrollment from a given high school, we limit the sample to individuals who enroll in any community college and measure the community college that has

the most students for a given high school in a given year. The share of that school's graduating class who attends that post-secondary school represents our measure of concentration. For instance, a value of 50% would indicate that half of all community college enrollees from that high school attended a single community college.

11. We lack information on Pell receipt for academic years prior to 2016-17.

12. Students must also complete high school by age 20, but this did not seem to be a binding constraint for individuals in our sample; everyone in our sample completed high school by age 20.

13. According to data in the 2015-16 College Scorecard, around 40-50% of first year students at Michigan's community colleges who have not previously been awarded Title IV aid listed two or more institutions in their FAFSA application. This share provides an upper bound for the number of students that could be affected by this issue.

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