

**Summary: Executive Budget Recommendation  
for Fiscal Year 2025-26  
HIGHER EDUCATION**



**Analyst: Perry Zielak**

	FY 2024-25 Year-to-Date as of 2/5/25	FY 2025-26 Executive	Difference: FY 2025-26 vs. FY 2024-25	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	3,200,000	3,200,000	0	0.0
Local	0	0	0	--
Private	0	0	0	--
Restricted	461,668,300	550,768,300	89,100,000	19.3
GF/GP	1,859,424,300	1,824,885,000	(34,539,300)	(1.9)
<b>Gross</b>	<b>\$2,324,292,600</b>	<b>\$2,378,853,300</b>	<b>\$54,560,700</b>	<b>2.3</b>

*Note: Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."*

**Overview**

The Higher Education budget, contained in Article 3 of the compiled School Aid Act, provides funding for operational support of the state's 15 public universities, the AgBioResearch and Extension programs operated by Michigan State University; some retirement costs for employees who participate in the state public school employee retirement system; various financial aid programs for students attending public and independent colleges and universities in the state; and several other smaller higher education-related programs.

<b>Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations</b>	<b>FY 2024-25 YTD (as of 2/5/25)</b>	<b>Executive Change from YTD</b>
<b>1. University Operations Increase</b>	<b>Gross \$1,683,793,700</b>	<b>\$51,731,300</b>
Includes a net increase of \$51.7 million Gross (\$48.3 million GF/GP reduction) for university operations, a 3.1% increase when compared to FY 2024-25 ongoing plus one-time operations appropriations. This includes:	Restricted 443,168,300	100,000,000
	GF/GP \$1,240,625,400	(\$48,268,700)

- \$66.8 million GF/GP ongoing increase to operations grants for universities, with all universities receiving a 4.0% increase when compared to FY 2024-25 ongoing operations.
- \$1.2 million GF/GP increase based on FY 2023-24 North American Indian Tuition Waiver program costs reported by institutions.
- Removal of \$16.3 million GF/GP one-time FY 2024-25 operations funding.
- Replaces \$100.0 million GF/GP with a corresponding amount of School Aid Fund (SAF).

Attainment of the operations increase would be conditioned on restraining resident undergraduate tuition and fee increases to the greater of 4.5% or \$735 (set at 4.5% or \$703 in the current year). Projected funding changes for universities would range from 2.9% to 3.7%. Total funding for operations would be \$1.7 billion Gross (\$1.2 billion GF/GP).

<b><u>Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations</u></b>		<b><u>FY 2024-25 YTD (as of 2/5/25)</u></b>	<b><u>Executive Change from YTD</u></b>
<b>2. Michigan State University Extension and AgBioResearch Programs Increase</b>	<b>Gross</b>	<b>\$73,537,500</b>	<b>\$2,224,100</b>
	GF/GP	\$73,537,500	\$2,224,100
Includes a net increase of \$2.2 million GF/GP for MSU's AgBioResearch and Extension program funding, a 3.0% increase when compared to FY 2024-25 ongoing plus one-time appropriations. This includes:			
<ul style="list-style-type: none"> <li>• \$1.6 million GF/GP operations increase for the MSU AgBioResearch program, a 4.0% increase.</li> <li>• Removal of \$385,200 GF/GP in one-time AgBioResearch operations funding.</li> <li>• \$1.4 million GF/GP ongoing operations increase for the MSU Extension program, a 4.0% increase.</li> <li>• Removal of \$332,200 GF/GP in one-time Extension operations funding.</li> </ul>			
Total funding for AgBioResearch and Extension programs would be \$75.8 million GF/GP.			
<b>3. Michigan Public School Employee Retirement System (MPERS) Normal Cost Offset</b>	<b>Gross</b>	<b>\$8,500,000</b>	<b>(\$900,000)</b>
	Restricted	8,500,000	(900,000)
	GF/GP	\$0	\$0
Decreases funding by \$900,000 SAF for the MPERS normal cost offset, a 10.6% decrease, due to a lower contribution needed to cover retirement benefits and maintain the assumed rate of return at 6.0% for the seven universities with MPERS employees (Central, Eastern, Ferris, Lake Superior State, Michigan Tech, Northern, and Western). Total funding for the MPERS normal cost offset would be \$7.6 million SAF.			
<b>4. Tuition Incentive Program</b>	<b>Gross</b>	<b>\$93,800,000</b>	<b>\$28,500,000</b>
	GF/GP	\$93,800,000	\$28,500,000
Increases funding by \$28.5 million GF/GP for the Tuition Incentive Program (TIP), a 30.4% increase. TIP pays Medicaid-eligible students' tuition costs for associate degrees under Phase I and bachelor's degrees under Phase II. The increase addresses increased student participation and increased tuition and fees. Total funding for TIP would be \$122.3 million GF/GP.			
<b>5. Tuition Grant Program</b>	<b>Gross</b>	<b>\$41,522,700</b>	<b>(\$25,000,000)</b>
	GF/GP	\$41,522,700	(\$25,000,000)
Decreases funding by \$25.0 million GF/GP for the Tuition Grant Program, a 60.2% decrease. The program provides need-based tuition assistance to students at Michigan independent (i.e., private, non-profit) colleges and universities. The reduction is due to the continued phase-out of the scholarship program as student awards increase under the Michigan Achievement Scholarship program. Total funding for Tuition Grants would be \$16.5 million GF/GP.			
<b>6. Michigan Achievement Scholarship/Postsecondary Scholarship Fund Deposit</b>	<b>Gross</b>	<b>\$330,000,000</b>	<b>\$20,000,000</b>
	GF/GP	\$330,000,000	\$20,000,000
Includes a net increase of \$20.0 million GF/GP for deposit into the Postsecondary Scholarship Fund, a 6.1% increase, which is the funding source for Michigan Achievement Scholarships. This includes the removal of \$30.0 million GF/GP one-time funding and the increase of \$50.0 million GF/GP ongoing funding. The scholarships are awarded to eligible in-state students that graduate high school or achieve an equivalency certificate in 2023 or after and attend an eligible Michigan public university, community college, tribal college or independent nonprofit college or university full-time. After a total \$350.0 million GF/GP deposit into the Postsecondary Scholarship Fund, total funding for Michigan Achievement Scholarships for FY 2025-26 would be \$350.0 million restricted.			

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<b>7. Michigan Competitive Scholarships</b>	<b>Gross</b>	<b>\$19,930,900</b>	<b>(\$9,000,000)</b>
Decreases funding by \$9.0 million GF/GP for Michigan Competitive Scholarships, a 45.2% decrease. The scholarships are awarded to students with a qualifying SAT score and demonstrated financial need. The reduction is due to the continued phase-out of the scholarship program as student awards increase under the Michigan Achievement Scholarship program. Total funding for Michigan Competitive Scholarships would be \$10.9 million GF/GP.	GF/GP	\$19,930,900	(\$9,000,000)
<b>8. Midwestern Higher Education Compact</b>	<b>Gross</b>	<b>\$116,800</b>	<b>\$5,300</b>
Increases funding by \$5,300 GF/GP for the Midwestern Higher Education Compact membership dues. The interstate compact works to institute opportunities to realize economies of scale and increase postsecondary opportunities. Total funding for Midwestern Higher Education Compact would be \$122,100 GF/GP.	GF/GP	\$116,800	\$5,300
<b>9. Removal of FY 2024-25 One-Time Appropriations</b>	<b>Gross</b>	<b>\$13,000,000</b>	<b>(\$13,000,000)</b>
Removes \$13.0 million Gross (\$3.0 million GF/GP) of one-time funding that was included in the FY 2024-25 budget to support the following:	Restricted	10,000,000	(10,000,000)
<ul style="list-style-type: none"> <li>• MPSERS UAAL Payment (\$10.0 million SAF)</li> <li>• Michigan Transfer Pathways (\$1.0 million GF/GP)</li> <li>• FAFSA Completion Incentive Program (\$980,000 GF/GP)</li> <li>• Western Michigan University's Project Clean MI Program (\$750,000 GF/GP)</li> <li>• Education Performance Study (\$200,000 GF/GP)</li> <li>• Kalamazoo Campus Safety Grant (\$70,000 GF/GP)</li> </ul>	GF/GP	\$3,000,000	(\$3,000,000)

**Major Boilerplate Changes from FY 2024-25**

**Sec. 236d. One-Time Operations Payment Detail – DELETED**

Deletes language detailing the one-time operations payment allocations for each university, along with one-time appropriations for MSU AgBioResearch and Extension programs.

**Sec. 236f. Michigan Geological Survey FY 2023-24 Appropriation Detail Revision – DELETED**

Deletes language allowing the \$3.0 million GF/GP appropriation for the Michigan Geological Survey to address renovation costs for a new or existing facility.

**Sec. 236j. Postsecondary Scholarship Fund Detail – REVISED**

Creates the Postsecondary Scholarship Fund in the Department of Treasury. States money in the fund would require an appropriation to be expended; provides that money in the fund at the end of a fiscal year does not lapse. Revises language to include \$350.0 million deposit into the fund for FY 2025-26 and includes technical changes on use of funds for marketing purposes and the other state scholarship programs that could use funds from the Postsecondary Scholarship Fund with written notification to the Legislature.

**Sec. 236n. Tuition Incentive Program FY 2023-24 Supplemental Appropriation Detail – DELETED**

Deletes language that details the \$8.0 million federal TANF supplemental appropriation to the Tuition Incentive Program for FY 2023-24 to address increased program spending levels due to increased student participation and higher tuition and fee rates.

**Sec. 236r. Education Performance Study of Charter School Authorizing Bodies – DELETED**

Deletes language that specifies funding for the education performance study must be used by the Michigan Department of Education and at least one Michigan-based educational research institution to analyze and provide recommendations based on the charter school authorizing body report findings required in section 275k and section 217c of the FY 2024-25 Community Colleges budget.

## **Major Boilerplate Changes from FY 2024-25**

### ***Sec. 241c. University Tuition and Fee Restraint and Annual Rate Reporting Requirements – REVISED***

Requires tuition and fee data to be submitted to the HEIDI database and a report of any revisions to tuition and fees within 15 days of adoption, and specifies tuition and fee restraint requirements in order to receive the ongoing and one-time operations increase for FY 2024-25, set at 4.5% or \$703, whichever is greater and limits FY 2025-26 resident tuition and fee increases to the greater of 4.5% and \$735. Revises language that limits FY 2025-26 in-district tuition and fee increases to 4.5% or \$735, whichever is greater, and limits FY 2026-27 in-district tuition and fee increases to the greater of 5.0% or \$814. Adds language that universities publicly post transfer policies and resources on a website and admissions materials, and provide information on the Michigan Transfer Network, transfer pathways, and financial aid for transfer students.

### ***Sec. 241e. Institutional Best Practices Detail – DELETED***

Deletes language that requires public universities to certify following at least 2 of 5 institutional best practices to receive both ongoing and one-time operations increases, one of which must be the best practice on transfers and working to increase the number of reverse transfer or articulation agreements.

### ***Sec. 248. Michigan Achievement Scholarship Program Detail – REVISED***

Provides for distribution of funds appropriated for Michigan Achievement Scholarships. Specifies criteria for scholarship eligibility. Details award amounts to cover last-dollar in-district tuition and fees minus gift aid and a \$1,000 additional payment to Pell-eligible community college or tribal institution students, and up to \$5,500 for students at public universities, baccalaureate programs at community colleges, or independent nonprofit colleges or universities. Revises language and definitions to refer to proposed Michigan Achievement Scholarship Act and Michigan Achievement Skills Scholarship Act, which would codify scholarship program in statute and remove most program guidelines from the Higher Education budget boilerplate.

### ***Sec. 248a. Michigan Achievement Scholarship Private Training Program Detail – REVISED***

Details process for awarding Michigan Achievement Scholarship funds for students participating in an eligible qualified occupational training program; details award amounts of up to \$2,000 per year for a maximum of two years. Revises language and definitions to refer to proposed Michigan Achievement Scholarship Act and Michigan Achievement Skills Scholarship Act, which would codify scholarship program in statute and remove most program guidelines from the Higher Education budget boilerplate.

### ***Sec. 263b. Michigan State University's Agricultural Climate Resiliency Program – DELETED***

Deletes language that allows funds from MSU's AgBioResearch and Extension appropriations to be used for the Agricultural Climate Resiliency Program, which addresses environmental sustainability issues in Michigan agriculture and promotes the protection and efficient use of water resources.

### ***Sec. 269. Saginaw Chippewa Tribal College North American Indian Tuition Waiver Funding – REVISED***

Specifies a \$76,300 pass-through payment from Central Michigan's North American Indian Tuition Waiver appropriation to Saginaw Chippewa Tribal College for costs of the Indian Tuition Waiver Program. Requires the tribal college to report waiver information specified under Sec. 268 to MiLEAP. Revises payment from \$76,300 to \$80,800.

### ***Sec. 270c. Keweenaw Bay Ojibwa Community College North American Indian Tuition Waiver Funding – REVISED***

Specifies a \$155,200 pass-through payment from Northern Michigan's North American Indian Tuition Waiver appropriation to Keweenaw Bay Ojibwa Community College for costs of the Indian Tuition Waiver Program. Requires the tribal college to report waiver information specified under Sec. 268 to MiLEAP. Revises payment from \$155,200 to \$105,700.

### ***Sec. 275d. Communication with the Legislature – DELETED***

Deletes legislative intent language that urges a university to not take disciplinary action against an employee for communicating with the legislature.

### ***Sec. 275m. University On-Campus Housing Reporting Requirement – DELETED***

Deletes language that requires each public university that has an on-campus housing residency requirement for any length of time to report if the university requires students to reside on-campus as a condition of enrollment, a summary of policies relating to on-campus residency requirements, the average charge for room and board for the most commonly selected room accommodation and meal plan, and the average charge for room and board for the prior five academic years.

### ***Sec. 285. Facilitating Community College Transfer-Friendly Policies – REVISED***

Requires universities to work with community colleges to encourage the transfer of students and credits. Adds requirement that public universities must consult with MiLEAP at least once an academic year on policies and services for transfer credits and transfer students.

**Major Boilerplate Changes from FY 2024-25**

***Sec. 286. Reverse Transfer Agreement Policies – REVISED***

Requires universities to work with community colleges to implement state reverse transfer agreements for students transferring from a community college to a university to be able to transfer credits back to the community college and be awarded a credential. Adds requirement that public universities must consult with MiLEAP at least once an academic year on policies and services on reverse transfer agreements.

***Sec. 287. Average Cost of Attendance Report – DELETED***

Deletes language that requires CEPI to work with MiLEAP to collect and publish the average cost of attendance for full-time, first-time students from the federal Integrated Postsecondary Education Data System for each Michigan community college, tribal institution, public university, and independent nonprofit college or university.

**FY 2025-26 University Operations Appropriations  
Executive Recommendation**

University	Total FY 2024-25 Appropriation	FY 2024-25 Indian Tuition Waiver Payment	FY 2024-25 One-Time Appropriation	FY 2024-25 Base Appropriation	Total Ongoing Operations Increase	FY 24 Indian Tuition Waiver Cost	Indian Tuition Waiver Pass- Through Payments	Indian Tuition Waiver Adjustment	Total FY 26 Indian Tuition Waiver Payment	Total FY 2025-26 Appropriation	Percent Change	Change From FY 2024-25 Total
Central	\$97,771,900	\$1,606,800	\$938,200	\$95,226,900	\$3,846,600	\$1,599,600	\$80,800	\$73,600	\$1,680,400	\$100,753,900	3.0%	\$2,982,000
Eastern	85,208,400	401,200	827,400	83,979,800	3,392,300	412,900	0	11,700	412,900	87,785,000	3.0%	2,576,600
Ferris	61,137,700	732,100	589,300	59,816,300	2,416,200	798,300	0	66,200	798,300	63,030,800	3.1%	1,893,100
Grand Valley	99,837,200	1,323,200	961,100	97,552,900	3,940,600	1,219,100	0	(104,100)	1,219,100	102,712,600	2.9%	2,875,400
Lake Superior	15,981,300	1,373,200	142,500	14,465,600	584,300	948,300	498,800	73,900	1,447,100	16,497,000	3.2%	515,700
Michigan State	326,827,700	2,143,100	3,167,700	321,516,900	12,987,400	2,508,800	0	365,700	2,508,800	337,013,100	3.1%	10,185,400
Michigan Tech	55,781,900	781,600	536,600	54,463,700	2,200,000	731,900	0	(49,700)	731,900	57,395,600	2.9%	1,613,700
Northern	54,783,700	1,412,700	520,700	52,850,300	2,134,800	1,312,100	105,700	5,100	1,417,800	56,402,900	3.0%	1,619,200
Oakland	74,047,200	291,200	719,600	73,036,400	2,950,200	325,200	0	34,000	325,200	76,311,800	3.1%	2,264,600
Saginaw Valley	34,731,400	198,500	336,900	34,196,000	1,381,300	183,000	0	(15,500)	183,000	35,760,300	3.0%	1,028,900
UM-Ann Arbor	365,681,400	1,521,300	3,552,800	360,607,300	14,566,400	1,900,600	0	379,300	1,900,600	377,074,300	3.1%	11,392,900
UM-Dearborn	32,033,000	208,800	310,500	31,513,700	1,273,000	194,300	0	(14,500)	194,300	32,981,000	3.0%	948,000
UM-Flint	26,955,700	291,900	260,100	26,403,700	1,066,600	480,900	0	189,000	480,900	27,951,200	3.7%	995,500
Wayne State	229,975,400	425,700	2,239,500	227,310,200	9,182,000	477,100	0	51,400	477,100	236,969,300	3.0%	6,993,900
Western	123,039,800	613,600	1,194,400	121,231,800	4,897,000	757,400	0	143,800	757,400	126,886,200	3.1%	3,846,400
<b>TOTAL:</b>	<b>\$1,683,793,700</b>	<b>\$13,324,900</b>	<b>\$16,297,300</b>	<b>\$1,654,171,500</b>	<b>\$66,818,700</b>	<b>\$13,849,500</b>	<b>\$685,300</b>	<b>\$1,209,900</b>	<b>\$14,534,800</b>	<b>\$1,735,525,000</b>	<b>3.1%</b>	<b>\$51,731,300</b>

Requirements to receive operations increase for FY 2025-26:

1. Restrain FY 2025-26 resident undergraduate tuition/fee rate increase to 4.5% or \$735 (whichever is greater).
2. Participate in at least three reverse transfer agreements with community colleges.
3. Maintain a dual enrollment credit policy that does not consider whether credits were used toward high school graduation, the course location, the course delivery method, or the student enrollment composition within the course.
4. Actively participate in and submit timely updates to the Michigan Transfer Network.