

FISCAL BRIEF

PUBLIC UNIVERSITIES FY 2024-25 OPERATIONS INCREASE, BEST PRACTICES CERTIFICATION, AND TUITION AND FEE RESTRAINT

Perry Zielak, Senior Fiscal Analyst
October 15, 2024

FAST FACTS

- Annual operations increases for public universities have been distributed across-the-board in recent years.
- FY 2024-25 allocates \$24.4 million in ongoing operations increase.
- \$16.3 million is allocated for a one-time operations increase.
- Universities must comply with various requirements to receive the operations increase, including restricting tuition increases to the greater of 4.5% or \$703 for FY 2024-25.
- Universities must certify to comply with at least two best practices, including one on transfer practices.

INTRODUCTION

The state appropriation for a public university’s yearly operations funding typically includes three components: the base, the operations increase, and the North American Indian Tuition Waiver (ITW) funding. The base amount is the public university’s appropriation from the prior fiscal year, less ITW funding. The increased operations funding amount is added to the base for the new fiscal year and has been distributed in an across-the-board method in recent years. Indian Tuition Waiver funding is the amount of funding appropriated to cover a public university’s ITW cost from the most recently reported fiscal year data, which typically has a lag of two fiscal years.

The FY 2024-25 Higher Education budget, 2024 PA 120, appropriates increased Higher Education operations funding through two components: 1) an across-the-board 1.5% ongoing operations increase totaling \$24.4 million, and 2) a 1.0% one-time operations payment totaling \$16.3 million that is distributed across-the-board. The FY 2024-25 budget continues to tie the operations funding increase to tuition and fee restraint requirements, mirroring the tuition and fee restraint requirement for community colleges. However, public universities also certify to complying with a best practice policy that involves compliance with transfer policies and at least one other best practice.

FY 2024-25 ACROSS-THE-BOARD ONGOING OPERATIONS INCREASE

The first component of the FY 2024-25 ongoing operations increase was distributed in an across-the-board manner. All public universities received a 1.5% increase, totaling \$24.4 million. Across-the-board increases have been used in recent fiscal years, but FY 2022-23 used a modified system where the seven public universities that participated in the Michigan Public School Employee Retirement System (MPSERS), which include Central Michigan, Eastern Michigan, Ferris State, Lake Superior State, Michigan Tech, Northern Michigan and Western Michigan, received a 2% operations increase. The remaining eight public universities that did not participate in MPSERS received up to a 5% across-the-board operations increase that fiscal year. Operations increases between FY 2012-13 and FY 2019-20 used the Higher Education Performance Formula to determine ongoing increases.

FY 2024-25 ONE-TIME OPERATIONS INCREASE

The FY 2024-25 Higher Education budget allocated one-time operations funding as well. The one-time increase was also distributed in an across-the-board manner, with each public university receiving a 1.0% increase. Unlike ongoing operations increases, one-time increases are not added to base operations funding in the following fiscal year. However, the Legislature could decide to roll both the ongoing and one-time operations increases into the base for the FY 2025-26 budget. FY 2021-22 was the most recent Higher Education budget that allocated a one-time operations increase to public universities.

INCREASED OPERATIONS FUNDING REQUIREMENTS INCLUDING TUITION RESTRAINT

Obtainment of the across-the-board operations funding increases are governed by section 241c of the Higher Education budget ([MCL 388.1841c](#)) and conditioned on compliance with four requirements:

- Restraining FY 2024-25 resident undergraduate tuition and mandatory fee increases to 4.5% or \$703, whichever is greater, compared to FY 2023-24.
- Participating in reverse transfer agreements with at least three Michigan community colleges.
- Prohibiting the use of the following criteria when determining whether credits taken outside the university count toward a degree or certificate program:
 - Whether the credits were earned in a dual enrollment program that counted the credits toward high school graduation requirements.
 - Whether the credits were earned in a course delivered in a high school classroom, community college classroom or campus, or another location.
 - Whether the credits were earned in a course that was online, in-person, or hybrid.
 - Whether other students enrolled in the course in which the credits were earned were enrolled in high school or applied the course towards high school graduation requirements.
- Actively participating in and submitting updates to the Michigan Transfer Network, which is an online system that provides transparency regarding course transfer equivalencies among Michigan colleges and universities.

NEW PUBLIC UNIVERSITIES BEST PRACTICES REQUIREMENTS

In addition to the requirements found in section 241c, public universities must also follow at least two best practices listed in section 241e ([MCL 388.1841e](#)) to obtain both ongoing and one-time operations increases. All public universities must certify to best practices around transfers by doing all of the following:

- Having a policy to help transfer or accept associate degrees from other accredited Michigan postsecondary institutions.
- Publishing the transfer policy on their website and in admissions materials.
- Providing publicly available information on the Michigan Transfer Network, transfer pathways, and financial aid that is available to transfer students.
- Beginning negotiations to increase the number of reverse transfer agreements or articulation agreements and submitting a report on the progress towards that increase by the last business day of February 2025.

Public universities must also follow at least one of the following best practices:

- Require all students to receive an academic degree or certificate map that assists students to graduate on time.
- Provide development or remedial courses at a reduced cost to students.

- Provide each student with an academic advisor and requiring students to meet with that advisor at least once a semester or term.
- Provide employees during business hours to assist prospective and current students to complete the Free Application for Federal Student Aid (FAFSA).

TUITION RESTRAINT AND BEST PRACTICES CERTIFICATION

Universities are required to certify compliance with the across-the-board operations funding conditions noted above by the last business day of August and, under the terms of the budget act, the state budget director has the sole authority to determine whether a public university has complied with tuition restraint conditions.

For FY 2024-25, all 15 public universities have submitted their certifications to the state budget director. In a letter dated September 25, 2024, the state budget director confirmed compliance with operations funding conditions for all 15 institutions.

Attachment 1 shows university resident undergraduate tuition and fee rates for FY 2024-25 along with comparable figures for FY 2023-24. University tuition and fee rates are computed as unweighted averages; rates for full-time resident undergraduate enrollment in FY 2024-25 range from \$12,968 at Saginaw Valley to \$21,137 at Michigan Tech. The overall average tuition rate is \$16,280, up from \$15,618 in FY 2023-24. Percentage increases range from 2.72% at Michigan State to a 5.62% at Saginaw Valley. The unweighted average increase for all 15 universities is 4.24%. Dollar increases range from \$470 at Michigan State to \$808 at Michigan Tech. The unweighted dollar average increase for all 15 universities is \$663.

Attachment 2 shows operations funding allocated for each university. Public universities received an ongoing across-the-board operations increase of \$24.4 million and one-time operations increase payments totaling \$16.3 million. When ITW funding is factored in, the overall increase is 2.5%, or \$41.7 million. Overall funding increases range from 2.1% at University of Michigan - Flint to 5.2% at Lake Superior State.

Attachment 3 shows certification of the best practices by each institution. All public universities certified to following the transfer best practices and listed how many reverse transfer and how many articulation agreements have been entered to by each university. In addition, all public universities certified to following the best practice of providing employees during business hours to assist with FAFSA completion. Ferris, Wayne State, and Western Michigan certified to following 4 of 5 of the best practices.

ATTACHMENT 1

FY 2024-25 Michigan Resident Undergraduate Tuition and Fee Rate Increases

University	FY 2023-24 Rates					FY 2024-25 Rates					% Change Avg Rate	Annual Increase	Cost per Credit Hr
	Fresh	Soph	Junior	Senior	Average	Fresh	Soph	Junior	Senior	Average			
Central	\$14,190	\$14,190	\$15,390	\$15,390	\$14,790	\$14,760	\$14,760	\$16,200	\$16,200	\$15,480	4.67	\$690	\$516
Eastern	15,510	15,310	17,110	17,110	16,260	16,240	16,040	17,840	17,840	16,990	4.49	730	566
Ferris	14,596	14,596	15,886	15,886	15,241	15,196	15,196	16,576	16,576	15,886	4.23	645	530
Grand Valley	14,628	14,628	15,328	15,328	14,978	15,140	15,140	15,864	15,864	15,502	3.50	524	517
Lake Superior	14,378	14,228	14,228	14,228	14,266	15,002	14,852	14,852	14,852	14,890	4.37	624	496
Michigan State	15,988	16,378	18,356	18,356	17,270	16,458	16,848	18,826	18,826	17,740	2.72	470	591
Michigan Tech	18,392	18,392	22,266	22,266	20,329	19,122	19,122	23,152	23,152	21,137	3.97	808	705
Northern	13,577	13,304	13,940	13,940	13,690	14,277	13,992	14,652	14,652	14,393	5.13	703	480
Oakland	15,225	15,225	17,633	17,633	16,429	15,863	15,863	18,473	18,473	17,168	4.50	739	572
Saginaw Valley	12,390	12,240	12,240	12,240	12,278	13,080	12,930	12,930	12,930	12,968	5.62	690	432
UM-Ann Arbor	17,228	17,228	19,390	19,390	18,309	17,736	17,736	19,960	19,960	18,848	2.94	539	628
UM-Dearborn	14,944	14,944	15,724	15,724	15,334	15,640	15,640	16,420	16,420	16,030	4.54	696	534
UM-Flint	14,190	14,190	14,346	14,346	14,268	14,890	14,890	15,046	15,046	14,968	4.91	700	499
Wayne State	14,547	14,297	16,630	16,630	15,526	15,190	14,940	17,378	17,378	16,221	4.48	696	541
Western	14,594	14,594	16,002	16,002	15,298	15,252	15,252	16,722	16,722	15,987	4.50	689	533
Unweighted Avg.	\$14,958	\$14,916	\$16,298	\$16,298	\$15,618	\$15,590	\$15,547	\$16,993	\$16,993	\$16,280	4.24	\$663	\$543

General Notes:

- 1) Per HEIDI reporting requirements, and consistent with Sec. 241c of budget act, rates are reported based on four class levels. Rates are based on 30 credit hours (15 in Fall, 15 in Winter/Spring) and exclude fees not paid by a majority of students in a given class (most course fees), as well as refundable fees.
- 2) FY 2024-25 resident tuition rate increase is restrained to either 4.5% or \$703, whichever is greater.

FY 2023-24 University-Specific Notes

- Michigan Tech: Assumes engineering/computer science majors (majority of MTU enrollment).
- UM-Ann Arbor: Rates are for College of Literature, Science, and Arts.
- UM-Dearborn: Rates are for College of Arts, Sciences, and Letters.
- Wayne State: Rates are for College of Liberal Arts and Sciences.

Sources: University websites, University tuition restraint responses, Higher Education Institutional Data Inventory (HEIDI)

ATTACHMENT 2

FY 2024-25 University Operations Appropriations – Enacted Summary

University	Total FY 2023-24 Appropriation	FY 2023-24 Indian Tuition Waiver Payment	FY 2023-24 Base Appropriation	Total Ongoing Operations Increase	Total One-Time Operations Increase	FY 23 Indian Tuition Waiver Cost	Indian Tuition Waiver Pass-Through Payments	Indian Tuition Waiver Adjustment	Total FY 25 Indian Tuition Waiver Payment	Total FY 2024-25 Appropriation	Percent Change	Change From FY 2023-24 Total
Central	\$95,413,800	\$1,594,200	\$93,819,600	\$1,407,300	\$938,200	\$1,530,500	\$76,300	\$12,600	\$1,606,800	\$97,771,900	2.5%	\$2,358,100
Eastern	83,144,700	406,000	82,738,700	1,241,100	827,400	401,200	0	(4,800)	401,200	85,208,400	2.5%	2,063,700
Ferris	59,646,500	714,200	58,932,300	884,000	589,300	732,100	0	17,900	732,100	61,137,700	2.5%	1,491,200
Grand Valley	97,365,000	1,253,800	96,111,200	1,441,700	961,100	1,323,200	0	69,400	1,323,200	99,837,200	2.5%	2,472,200
Lake Superior	15,190,300	938,500	14,251,800	213,800	142,500	874,400	498,800	434,700	1,373,200	15,981,300	5.2%	791,000
Michigan State	318,709,200	1,943,800	316,765,400	4,751,500	3,167,700	2,143,100	0	199,300	2,143,100	326,827,700	2.5%	8,118,500
Michigan Tech	54,525,700	866,900	53,658,800	804,900	536,600	781,600	0	(85,300)	781,600	55,781,900	2.3%	1,256,200
Northern	53,320,000	1,250,700	52,069,300	781,000	520,700	1,257,500	155,200	162,000	1,412,700	54,783,700	2.7%	1,463,700
Oakland	72,288,800	331,800	71,957,000	1,079,400	719,600	291,200	0	(40,600)	291,200	74,047,200	2.4%	1,758,400
Saginaw Valley	33,894,500	203,900	33,690,600	505,400	336,900	198,500	0	(5,400)	198,500	34,731,400	2.5%	836,900
UM-Ann Arbor	356,568,800	1,290,500	355,278,300	5,329,000	3,552,800	1,521,300	0	230,800	1,521,300	365,681,400	2.6%	9,112,600
UM-Dearborn	31,233,500	185,500	31,048,000	465,700	310,500	208,800	0	23,300	208,800	32,033,000	2.6%	799,500
UM-Flint	26,404,700	391,200	26,013,500	390,200	260,100	291,900	0	(99,300)	291,900	26,955,700	2.1%	551,000
Wayne State	224,354,500	403,600	223,950,900	3,359,300	2,239,500	425,700	0	22,100	425,700	229,975,400	2.5%	5,620,900
Western	119,983,900	543,700	119,440,200	1,791,600	1,194,400	613,600	0	69,900	613,600	123,039,800	2.5%	3,055,900
TOTAL:	\$1,642,043,900	\$12,318,300	\$1,629,725,600	\$24,445,900	\$16,297,300	\$12,594,600	\$730,300	\$1,006,600	\$13,324,900	\$1,683,793,700	2.5%	\$41,749,800

Requirements to receive operations increase and one-time operations increase for FY 2024-25:

- 1) Restrain FY 2024-25 resident undergraduate tuition/fee rate increase to 4.5% or \$703 (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.
- 5) Certify to following the Institutional Best Practice on transfers and 1 additional Institutional Best Practice.

ATTACHMENT 3

FY 2024-25 Best Practices Certification for Public Universities

University	Must Certify to Transfer Best Practice			Must Certify to At Least One Additional Best Practice			
	Abides by Transfer Policies Listed in Sec. 241e(1)(c)	# of Reverse Transfer Agreements	# of Articulation Agreements	Provide an Academic Degree or Certificate Course Map	Provide Developmental or Remedial Courses at Reduced Cost	Require Students to Meet With Academic Advisor Once a Semester/Term	Provide Employees During Business Hours for FAFSA Assistance
Central	●	13	55				○
Eastern	●	10	159				○
Ferris	●	31	89	○		○	○
Grand Valley	●	28	75				○
Lake Superior	●	10	91			○	○
Michigan State	●	11	40				○
Michigan Tech	●	5	8		○		○
Northern	●	6	25				○
Oakland	●	27	37				○
Saginaw Valley	●	8	34	○			○
UM-Ann Arbor	●	10	0				○
UM-Dearborn	●	5	22	○			○
UM-Flint	●	4	74				○
Wayne State	●	11	39		○	○	○
Western	●	28	108	○		○	○
TOTAL/AVERAGE	15	14	57	4	2	4	15