FISCAL BRIEF

PUBLIC UNIVERSITIES FY 2025-26 OPERATIONS INCREASE, MPSERS 7 FUNDING, AND TUITION AND FEE RESTRAINT

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FAST FACTS

- Annual operations increases for public universities have been distributed across-the-board in recent years.
- FY 2025-26 allocates $50.1 million in a one-time operations increase.
- $13.0 million is allocated for an ongoing operations increase for only the seven universities that participate in MPSERS.
- Universities must comply with various requirements to receive the operations increase, including restricting tuition increases to the greater of 4.5% or $735 for FY 2025-26.

INTRODUCTION

The state appropriation for a public university's yearly operations funding typically includes three components: the base operations funding, the operations increase, and the North American Indian Tuition Waiver (ITW) funding. The base operations funding 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 operations funding 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 2025-26 Higher Education budget, 2025 PA 15, appropriates increased Higher Education operations funding through two components: 1) an across-the-board 3.0% one-time operations increase totaling $50.1 million, and 2) a $13.0 million ongoing operations increase to the seven universities that participate in the Michigan Public School Employees Retirement System (MPSERS) that is distributed proportionally based on their FY 2024-25 base operations funding. The FY 2025-26 budget continues to tie the operations funding increase to tuition and fee restraint requirements, mirroring the tuition and fee restraint requirement for community colleges. The FY 2025-26 budget removes $16.3 million of one-time funding appropriated in FY 2024-25.

FY 2025-26 ONE-TIME OPERATIONS INCREASE

The FY 2025-26 one-time operations increase was distributed in an across-the-board manner. All public universities received a 3.0% increase, totaling $50.1 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 participate in the Michigan Public School Employee Retirement System (MPSERS)--Central Michigan, Eastern Michigan, Ferris State, Lake Superior State, Michigan Tech, Northern Michigan and Western Michigan--received a 2% operations increase. In exchange for the lower operations increase, $584.7 million of one-time funding was appropriated over two fiscal years to address the unfunded actuarial accrued liability (UAAL) for the MPSERS universities. 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.

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 the one-time operations increases into the base operations for the FY 2026-27 budget. FY 2024-25 was the most recent Higher Education budget that allocated a one-time operations increase to public universities and the Legislature did not roll the increase into the base operations funding.

FY 2025-26 Ongoing Operations Increase for MPSERS Universities

The FY 2025-26 Higher Education budget allocated ongoing operations funding that applied to the seven public universities that participated in MPSERS. The ongoing increase was distributed in a proportional manner, with each public university receiving an amount of the $13.0 million appropriation that equaled their proportion of FY 2024-25 base operations funding. This ongoing funding intended to address the discrepancy of ongoing operations funding between MPSERS participants and non-MPSERS universities in FY 2022-23 as mentioned in the previous section. It should be noted that the one-time appropriations of $584.7 million for MPSERS UAAL result in cost savings to the MPSERS universities, but the savings are not reflected in the base operations funding amount that is used to calculate potential future increases. The intention is to treat this increase in the same manner as ongoing increases, which would be added to base operations funding in FY 2026-27.

Increased Operations Funding Requirements Including Tuition Restraint

Obtainment of the across-the-board and MPSERS universities 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 2025-26 resident undergraduate tuition and mandatory fee increases to 4.5% or $735, whichever is greater, compared to FY 2024-25.
- 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.

Public Universities Best Practices Requirements Paused for FY 2025-26

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 ongoing operations increases. However, because there was not an ongoing operations increase for all public universities in FY 2025-26, universities did not need to comply with the

best practice requirement. All public universities would typically 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.

Public universities would typically also need to 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 CERTIFICATION

Universities are required to certify compliance with the across-the-board operations funding conditions noted above by the first business day of November 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 2025-26, all 15 public universities have submitted their certifications to the state budget director. In a letter dated November 17, 2025, 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 2025-26 along with comparable figures for FY 2024-25. University tuition and fee rates are computed as unweighted averages; rates for full-time resident undergraduate enrollment in FY 2025-26 range from $13,680 at Saginaw Valley to $22,084 at Michigan Tech. The overall average tuition rate is $17,105, up from $16,280 in FY 2024-25. Percentage increases range from 3.43% at University of Michigan - Dearborn to 5.49% at Saginaw Valley. The unweighted average increase for all 15 universities is 4.43%. Dollar increases range from $600 at University of Michigan - Dearborn to $947 at Michigan Tech. The unweighted dollar average increase for all 15 universities is $726.

Attachment 2 shows operations funding allocated for each university. Public universities received a one-time operations increase payments totaling $50.1 million and an ongoing operations increase for the seven universities who participated in MPSERS totaling $13.0 million. When ITW funding and the removal of FY 2024-25 one-time funding are factored in, the overall increase is 2.8%, or $48.0 million. Overall funding increases range from 1.9% at Grand Valley to 4.8% at Western Michigan.

ATTACHMENT 1

FY 2025-26 Michigan Resident Undergraduate Tuition and Fee Rate Increases

University	FY 2024-25 Rates					FY 2025-26 Rates					% Change	Annual	Cost per
	Fresh	Soph	Junior	Senior	Average	Fresh	Soph	Junior	Senior	Average	Avg Rate	Increase	Credit Hr
Central	$14,760	$14,760	$16,200	$16,200	$15,480	$15,420	$15,420	$17,010	$17,010	$16,215	4.75	$735	$541
Eastern	16,240	16,040	17,840	17,840	16,990	17,004	16,804	18,604	18,604	17,754	4.50	764	592
Ferris	15,196	15,196	16,576	16,576	15,886	15,796	15,796	17,236	17,236	16,516	3.97	630	551
Grand Valley	15,140	15,140	15,864	15,864	15,502	15,872	15,872	16,600	16,600	16,236	4.73	734	541
Lake Superior	15,002	14,852	14,852	14,852	14,890	15,606	15,456	15,456	15,506	15,506	4.14	617	517
Michigan State	16,458	16,848	18,826	18,826	17,740	17,256	17,646	19,624	19,624	18,538	4.50	798	618
Michigan Tech	19,122	19,122	23,152	23,152	21,137	19,982	19,982	24,186	24,186	22,084	4.48	947	736
Northern	14,277	13,992	14,652	14,652	14,393	15,012	14,702	15,398	15,398	15,128	5.10	734	504
Oakland	15,863	15,863	18,473	18,473	17,168	16,575	16,575	19,305	19,305	17,940	4.50	773	598
Saginaw Valley	13,080	12,930	12,930	12,930	12,968	13,680	13,680	13,680	13,680	13,680	5.49	713	456
UM-Ann Arbor	17,736	17,736	19,960	19,960	18,848	18,346	18,346	20,648	20,648	19,497	3.44	649	650
UM-Dearborn	15,640	15,640	19,390	19,390	17,515	16,240	16,240	19,990	19,990	18,115	3.43	600	604
UM-Flint	14,890	14,890	15,046	15,046	14,968	15,622	15,622	15,778	15,778	15,700	4.89	732	523
Wayne State	15,190	14,940	17,378	17,378	16,221	15,862	15,612	18,160	18,160	16,949	4.48	727	565
Western	15,252	15,252	16,722	16,722	15,987	15,954	15,954	17,490	17,490	16,722	4.60	735	557
Unweighted Avg.	**$15,590**	**$15,547**	**$17,191**	**$17,191**	**$16,379**	**$16,282**	**$16,247**	**$17,944**	**$17,948**	**$17,105**	**4.43**	**$726**	**$570**

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 2025-26 resident tuition rate increase is restrained to either 4.5% or $735, whichever is greater.
3) UM-Dearborn switched to the College of Engineering and Computer Science as their largest college in FY 2025-26. Original tuition and fee restraint rates for FY 2024-25 were from the College of Arts, Sciences, and Letters but are switched to CECS for percentage and dollar increase comparisons.

FY 2025-26 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 Engineering and Computer Science.
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 2025-26 University Operations Appropriations – Enacted Summary

University	Total FY 2024-25 Appropriation	FY 2024-25 Indian Tuition Waiver Payment	FY 2024-25 One-Time Appropriation	FY 2024-25 Base Appropriation	MPSERS Support Payment	Total One-Time 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	$2,558,800	$2,885,000	$1,599,600	$80,800	$73,600	$1,680,400	$102,351,100	4.7%	$4,579,200
Eastern	85,208,400	401,200	827,400	83,979,800	2,256,500	2,544,200	412,900	0	11,700	412,900	89,193,400	4.7%	3,985,000
Ferris	61,137,700	732,100	589,300	59,816,300	1,607,300	1,812,200	798,300	0	66,200	798,300	64,034,100	4.7%	2,896,400
Grand Valley	99,837,200	1,323,200	961,100	97,552,900	0	2,955,400	1,219,100	0	(104,100)	1,219,100	101,727,400	1.9%	1,890,200
Lake Superior	15,981,300	1,373,200	142,500	14,465,600	388,700	438,300	948,300	498,800	73,900	1,447,100	16,739,700	4.7%	758,400
Michigan State	326,827,700	2,143,100	3,167,700	321,516,900	0	9,740,500	2,508,800	0	365,700	2,508,800	333,766,200	2.1%	6,938,500
Michigan Tech	55,781,900	781,600	536,600	54,463,700	1,463,400	1,650,000	731,900	0	(49,700)	731,900	58,309,000	4.5%	2,527,100
Northern	54,783,700	1,412,700	520,700	52,850,300	1,420,100	1,601,100	1,312,100	105,700	5,100	1,417,800	57,289,300	4.6%	2,505,600
Oakland	74,047,200	291,200	719,600	73,036,400	0	2,212,700	325,200	0	34,000	325,200	75,574,300	2.1%	1,527,100
Saginaw Valley	34,731,400	198,500	336,900	34,196,000	0	1,036,000	183,000	0	(15,500)	183,000	35,415,000	2.0%	683,600
UM-Ann Arbor	365,681,400	1,521,300	3,552,800	360,607,300	0	10,924,800	1,900,600	0	379,300	1,900,600	373,432,700	2.1%	7,751,300
UM-Dearborn	32,033,000	208,800	310,500	31,513,700	0	954,700	194,300	0	(14,500)	194,300	32,662,700	2.0%	629,700
UM-Flint	26,955,700	291,900	260,100	26,403,700	0	799,900	480,900	0	189,000	480,900	27,684,500	2.7%	728,800
Wayne State	229,975,400	425,700	2,239,500	227,310,200	0	6,886,500	477,100	0	51,400	477,100	234,673,800	2.0%	4,698,400
Western	123,039,800	613,600	1,194,400	121,231,800	3,257,500	3,672,800	757,400	0	143,800	757,400	128,919,500	4.8%	5,879,700
TOTAL:	**$1,683,793,700**	**$13,324,900**	**$16,297,300**	**$1,654,171,500**	**$12,952,300**	**$50,114,100**	**$13,849,500**	**$685,300**	**$1,209,900**	**$14,534,800**	**$1,731,772,700**	**2.8%**	**$47,979,000**

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.