

FY 2025-26: HIGHER EDUCATION
Summary: As Passed by the House
House Bill 4580 (H-2)



Analyst: Perry Zielak

| | FY 2024-25 Year-to-Date as of 2/5/25 | FY 2025-26 Executive | FY 2025-26 Senate | FY 2025-26 House | <i>Difference: House From FY 2024-25 YTD</i> | |
|-------------------|--|-------------------------|------------------------|------------------------|--|--------------|
| | | | | | <i>Amount</i> | <i>%</i> |
| IDG/IDT | \$0 | \$0 | \$0 | \$0 | \$0 | -- |
| Federal | 3,200,000 | 3,200,000 | 3,200,000 | 3,200,000 | 0 | 0.0 |
| Local | 0 | 0 | 0 | 0 | 0 | -- |
| Private | 0 | 0 | 0 | 0 | 0 | -- |
| Restricted | 461,668,300 | 550,768,300 | 602,177,700 | 1,935,771,400 | 1,474,103,100 | 319.3 |
| GF/GP | 1,859,424,300 | 1,824,885,000 | 1,806,945,000 | 325,236,400 | (1,534,187,900) | (82.5) |
| Gross | \$2,324,292,600 | \$2,378,853,300 | \$2,412,322,700 | \$2,264,207,800 | (\$60,084,800) | (2.6) |

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.

| | FY 2024-25 Year-to-Date (as of 2/5/25) | FY 2025-26 House Change |
|--|--|-------------------------------|
| Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations | | |
| 1. University Operations/Appropriations | Gross \$1,683,793,700 | (\$51,622,300) |
| <u>Executive</u> 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 | 1,135,003,100 |
| | GF/GP \$1,240,625,400 | (\$1,186,625,400) |

- \$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).

Senate includes a net increase of \$35.0 million Gross (\$80.5 million GF/GP reduction) for university operations, a 2.1% increase when compared to FY 2024-25 ongoing plus one-time operations appropriations. This includes:

- \$50.1 million GF/GP ongoing increase to operations grants for universities, with all universities receiving a 3.0% increase when compared to FY 2024-25 ongoing operations.

[continued on next page]

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations

1. University Operations/Appropriations (continued)

- \$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 \$115.5 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 1.9% to 2.7%. Total funding for operations would be \$1.7 billion Gross (\$1.2 billion GF/GP).

House includes a net decrease of \$51.6 million Gross (\$1.2 billion GF/GP reduction) for university operations, a 3.1% decrease when compared to FY 2024-25 ongoing plus one-time operations appropriations. This includes:

- \$291.0 million Gross operations reduction to Michigan State University (\$56.6 million or 18% reduction) and the University of Michigan – Ann Arbor (\$234.4 million or 65% reduction) with the funds redistributed in the following manner: \$242.7 million to the remaining 13 universities distributed proportionately based on FY 2024-25 base operations funding, \$22.0 million GF/GP for the Tuition Grant program, \$13.3 million for North American Indian Tuition Waiver payments, and \$13.0 million to the seven universities that participate in the Michigan Public School Employee Retirement System (MPERS), distributed proportionately based on FY 2024-25 base operations funding.
- Removal of \$16.3 million GF/GP one-time FY 2024-25 operations funding.
- Replaces \$1.2 billion GF/GP with a corresponding amount of School Aid Fund (SAF).

Attainment of operations funding 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 a 65.1% decrease to a 26.3% increase. Total funding for university appropriations would be \$1.6 billion Gross (\$54.0 million GF/GP).

| Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations | | FY 2024-25 Year-to-Date (as of 2/5/25) | FY 2025-26 House Change | |
|--|--|--|-------------------------------|--------------------|
| 2. Michigan State University Extension and AgBioResearch Programs Increase | | Gross | \$73,537,500 | (\$717,400) |
| | | GF/GP | \$73,537,500 | (\$717,400) |
| <u>Executive</u> 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">• \$1.6 million GF/GP operations increase for the MSU AgBioResearch program, a 4.0% increase.• Removal of \$385,200 GF/GP in one-time AgBioResearch operations funding.• \$1.4 million GF/GP ongoing operations increase for the MSU Extension program, a 4.0% increase.• Removal of \$332,200 GF/GP in one-time Extension operations funding. | | | | |
| Total funding for AgBioResearch and Extension programs would be \$75.8 million GF/GP. | | | | |
| <u>Senate</u> includes a net increase of \$1.5 million GF/GP for MSU's AgBioResearch and Extension program funding, a 2.0% increase when compared to FY 2024-25 ongoing plus one-time appropriations. This includes: | | | | |
| <ul style="list-style-type: none">• \$1.2 million GF/GP operations increase for the MSU AgBioResearch program, a 3.0% increase.• Removal of \$385,200 GF/GP in one-time AgBioResearch operations funding.• \$1.0 million GF/GP ongoing operations increase for the MSU Extension program, a 3.0% increase.• Removal of \$332,200 GF/GP in one-time Extension operations funding. | | | | |
| Total funding for AgBioResearch and Extension programs would be \$75.0 million GF/GP. | | | | |
| <u>House</u> includes a net decrease of \$717,400 GF/GP for MSU's AgBioResearch and Extension program funding, a 1.0% decrease when compared to FY 2024-25 ongoing plus one-time appropriations. This includes: | | | | |
| <ul style="list-style-type: none">• Removal of \$385,200 GF/GP in one-time AgBioResearch operations funding.• Removal of \$332,200 GF/GP in one-time Extension operations funding. | | | | |
| Total funding for AgBioResearch and Extension programs would be \$72.8 million GF/GP. | | | | |
| 3. Michigan Public School Employee Retirement System (MPERS) Normal Cost Offset | | Gross | \$8,500,000 | (\$900,000) |
| | | Restricted | 8,500,000 | (900,000) |
| | | GF/GP | \$0 | \$0 |
| <u>Executive</u> 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. Senate concurs. House concurs. | | | | |

| Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations | | FY 2024-25 Year-to-Date (as of 2/5/25) | FY 2025-26 House Change |
|---|---------------------|---|--|
| 4. Michigan Achievement Scholarship/Postsecondary Scholarship Fund Deposit | Gross | \$330,000,000 | \$20,000,000 |
| <u>Executive</u> 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. <u>Senate</u> includes a net increase of \$15.0 million GF/GP for deposit into the Postsecondary Scholarship Fund, a 4.5% increase. This includes the removal of \$30.0 million GF/GP one-time funding, the increase of \$50.0 million GF/GP ongoing funding, and the decrease of \$5.0 million for marketing of the Michigan Achievement Scholarship program. After a total \$345.0 million GF/GP deposit into the Postsecondary Scholarship Fund, total funding for Michigan Achievement Scholarships for FY 2025-26 would be \$345.0 million restricted. <u>House</u> includes a net increase of a \$20.0 million Gross (\$330.0 million GF/GP reduction) one-time deposit into the Postsecondary Scholarship Fund, a 6.1% increase. This includes the replacement of \$330.0 million GF/GP with a corresponding amount of SAF. After a total \$350.0 million SAF one-time deposit into the Postsecondary Scholarship Fund, total funding for Michigan Achievement Scholarships for FY 2025-26 would be \$350.0 million restricted. | Restricted GF/GP | 0 \$330,000,000 | 350,000,000 (\$330,000,000) |
| 5. Tuition Incentive Program | Gross | \$93,800,000 | \$28,500,000 |
| <u>Executive</u> 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. <u>Senate</u> concurs. <u>House</u> concurs. | GF/GP | \$93,800,000 | \$28,500,000 |
| 6. Michigan Competitive Scholarships | Gross | \$19,930,900 | (\$19,930,900) |
| <u>Executive</u> 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. <u>Senate</u> concurs. <u>House</u> removes \$19.9 million GF/GP of funding for Michigan Competitive Scholarships. | GF/GP | \$19,930,900 | (\$19,930,900) |
| 7. Tuition Grant Program | Gross | \$41,522,700 | (\$19,522,700) |
| <u>Executive</u> 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. <u>Senate</u> concurs. <u>House</u> decreases funding by \$19.5 million GF/GP for the Tuition Grant Program, a 47.0% decrease. Total funding for Tuition Grants would be \$22.0 million GF/GP. | GF/GP | \$41,522,700 | (\$19,522,700) |

| Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations | | FY 2024-25 Year-to-Date (as of 2/5/25) | FY 2025-26 House Change | |
|--|--|--|-------------------------------|----------------------|
| 8. King-Chavez-Parks Program | | Gross | \$2,691,500 | (\$2,691,500) |
| <u>House</u> removes \$2.7 million GF/GP of funding for the Martin Luther King, Jr.-Cesar Chavez-Rosa Parks programs, which includes the elimination of Select Student Support Services, Michigan College/University Partnership program, and the Morris Hood, Jr. Educator Development program. The programs provide assistance in increasing the participation of academically or economically disadvantaged students in postsecondary education in Michigan. | | GF/GP | \$2,691,500 | (\$2,691,500) |
| 9. Higher Education Database Modernization and Conversion | | Gross | \$200,000 | (\$200,000) |
| <u>House</u> removes \$200,000 GF/GP of funding for the Higher Education Institutional Data Inventory (HEIDI), the database the 15 public universities use in order to submit various data to fulfill state legislative requirements. | | GF/GP | \$200,000 | (\$200,000) |
| 10. Midwestern Higher Education Compact | | Gross | \$116,800 | \$0 |
| <u>Executive</u> 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. <u>Senate</u> concurs. <u>House</u> does not include. | | GF/GP | \$116,800 | \$0 |
| 11. Infrastructure, Technology, Equipment, Maintenance, and Safety (ITEMS) Grants | | Gross | \$0 | \$0 |
| <u>Senate</u> includes \$33.4 million SAF of one-time funding for Infrastructure, Technology, Equipment, Maintenance, Safety, which would allow public universities to repair, improve, or maintain existing buildings, facilities, equipment, technological and physical infrastructure, and school safety measures. \$16.7 million of ITEMS grant funding would be distributed based on a public university's proportional share of operations funding. Half of the remaining ITEMS funding would be distributed equally and half would be distributed proportionately to public universities that did not receive a Capital Outlay planning or construction authorization between January 1, 2023 and October 1, 2025. <u>House</u> does not include. | | Restricted | 0 | 0 |
| | | GF/GP | \$0 | \$0 |
| 12. Michigan Student Loan Refinance Program | | Gross | \$0 | \$0 |
| <u>Senate</u> includes \$15.0 million GF/GP of one-time funding to establish the Michigan Student Loan Refinance Program, which would allow individuals who qualify to refinance up to \$50,000 of federal or nonfederal student loans through the Michigan Department of Lifelong Education, Advancement, and Potential (MiLEAP) at a lower interest rate. <u>House</u> does not include. | | GF/GP | \$0 | \$0 |
| 13. Michigan Reconnect Program Short-Term Training Grants | | Gross | \$0 | \$0 |
| <u>Senate</u> includes \$2.5 million GF/GP of one-time funding to allow for individuals at least 21 years old with a high school or equivalent diploma to be eligible for a skills scholarship to a qualified occupational or private training program. <u>House</u> does not include. | | GF/GP | \$0 | \$0 |
| 14. Wayne State University Michigan Area Health Education Center | | Gross | \$0 | \$0 |
| <u>Senate</u> includes \$2.0 million SAF of one-time funding for the Michigan Area Health Education Center at Wayne State University, which works to improve access to primary care for Michigan residents through various initiatives. <u>House</u> does not include. | | Restricted | 0 | 0 |
| | | GF/GP | \$0 | \$0 |
| 15. Western Michigan University Electronic Health Records Project | | Gross | \$0 | \$0 |
| <u>Senate</u> includes \$1.0 million Gross (\$500,000 GF/GP) of one-time funding for the Electronic Health Records Project at WMU's College of Health and Human Services. <u>House</u> does not include. | | Restricted | 0 | 0 |
| | | GF/GP | \$0 | \$0 |

| Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations | | FY 2024-25 Year-to-Date (as of 2/5/25) | FY 2025-26 House Change |
|---|-------------------|---|--|
| 16. Grand Valley State University Competency-Based Education Incubator | Gross | \$0 | \$0 |
| | GF/GP | \$0 | \$0 |
| <u>Senate</u> includes \$1.0 million GF/GP of one-time funding for the Competency-Based Education Incubator at Grand Valley State University. <u>House</u> does not include. | | | |
| 17. FAFSA Completion Incentive Program | Gross | \$980,000 | (\$980,000) |
| | GF/GP | \$980,000 | (\$980,000) |
| <u>Executive</u> removes \$980,000 GF/GP of one-time funding to the Department of Lifelong Education, Advancement, and Potential (MiLEAP) for an incentive program for first time applicants to complete the FAFSA and to provide grants to public universities to bring primary and secondary school students to campuses to increase postsecondary interest. <u>Senate</u> increases funding by \$20,000 GF/GP. Total funding for the FAFSA Completion Incentive Program would be \$1.0 million GF/GP. <u>House</u> concurs with Executive. | | | |
| 18. Removal of FY 2024-25 One-Time Appropriations | Gross | \$12,020,000 | (\$12,020,000) |
| <u>Executive</u> removes \$12.0 million Gross (\$2.0 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) |
| | GF/GP | \$2,020,000 | (\$2,020,000) |
| <ul style="list-style-type: none"> • MPSERS UAAL Payment (\$10.0 million SAF) • Michigan Transfer Pathways (\$1.0 million GF/GP) • Western Michigan University's Project Clean MI Program (\$750,000 GF/GP) • Education Performance Study (\$200,000 GF/GP) • Kalamazoo Campus Safety Grant (\$70,000 GF/GP) <u>Senate</u> concurs. <u>House</u> concurs. | | | |

Major Boilerplate Changes from FY 2024-25

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

Executive deletes language detailing the one-time operations payment allocations for each university, along with one-time appropriations for MSU AgBioResearch and Extension programs. Senate concurs. House concurs.

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

Executive 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. Senate concurs. House concurs.

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. Executive 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. Senate revises language to include \$345.0 million deposit into the fund for FY 2025-26; concurs with Executive on technical changes for marketing but sets cap of \$5.0 million for marketing. House revises language to include a \$350.0 million SAF one-time deposit into the fund for FY 2025-26, sets cap of \$3.0 million for marketing. Deletes language allowing the state budget director to use funds for other scholarship shortfalls and intent language to increase annual deposits into the fund.

Sec. 236m. Infrastructure, Technology, Equipment, Maintenance, and Safety (ITEMS) Appropriation Detail – NOT INCLUDED

Senate adds language that details infrastructure, technology, equipment, maintenance, and safety categories that ITEMS funding could be used for by public universities. Specifies that all public universities will receive an appropriation proportionate to their share of operations funding and the remaining funding will be distributed to institutions that do not receive a Capital Outlay planning or construction authorization between January 1, 2023 and November 1, 2025. House does not include.

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

Executive 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. Senate concurs. House concurs.

Major Boilerplate Changes from FY 2024-25

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

Executive 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. Senate concurs. House concurs.

Sec. 236s. Michigan Reconnect Short-Term Training Grants – NOT INCLUDED

Senate adds language detailing that Michigan Reconnect program funds for short-term training grants must be expended according to statutory requirements while providing funding for the short-term training grants to include all individuals at least 21 years old and designates unexpended funds as a work project. House does not include.

Sec. 239. Buy American/Buy Michigan Goods and Services – REVISED

Prohibits the use of funds to purchase foreign goods or services if American products that are competitively priced and of similar quality are available; states preference for Michigan goods and services. States preference for goods and services provided by Michigan businesses owned and operated by veterans. Senate adds preference for goods and services that are manufactured in union employed facilities. House removes preference for businesses owned and operated by veterans.

Sec. 241a. Annual University HEIDI and Public Reporting Requirements – REVISED

Directs universities to submit annual HEIDI data by October 15 (November 15 for Wayne State). Details various annual reporting requirements around university finances, budget, revenue, expenditures, and employee compensation. House adds language requiring universities to do the following: report on information related to the current university president, provide a list of the number of out-of-state students by state origin, provide a list of the number of international students by citizenship, certify that all enrolled students are lawful residents, and provide the contact information of students who are not lawful residents to the director of MiLEAP. Institutions would have 5% of operations funding withheld for not complying with the new reporting requirements.

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. Executive revises language that limits FY 2025-26 resident tuition and fee increases to 4.5% or \$735, whichever is greater, and limits FY 2026-27 resident 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. Senate concurs with Executive on FY 2025-26 restraint but limits FY 2026-27 resident tuition and fee increases to the greater of 3.5% or \$570 and limits FY 2026-27 room and board increase to the greater of 3.5% or \$438 for universities that have a mandatory on-campus housing policy. House concurs with Executive on posting transfer related information and FY 2025-26 tuition and fee restraint of 4.5% or \$735, whichever is greater, but does not include FY 2026-27 restraint.

Sec. 241e. Institutional Best Practices Detail – DELETED

Executive 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. Senate revises to require public universities to certify following all institution best practices to receive both operations increases and ITEMS funding. Adds best practice on co-requisite model for gateway math and English courses and having an assessment process for awarding credits for prior learning and knowledge. House concurs with Executive.

Sec. 241f. Students for Fair Admissions v. Harvard Restrictions – NEW

House adds language that requires public universities not to violate *Students for Fair Admissions v. Harvard*, with a 25% operations reduction for any institution that violates the case. Lists redistribution method for reduced funds.

Sec. 241f. Michigan Student Loan Refinance Program Detail – NOT INCLUDED

Senate adds language that creates the Michigan Student Loan Refinance Program, which would be administered by the Department of Lifelong Education, Advancement, and Potential (MiLEAP) by paying off the balance of eligible student loans and issuing new loans at a lower interest rate. Defines various terms; limits eligible borrowers to residents who have resided in the state 12 months prior to the application, have been current on payments for 3 years and are currently in good standing on their existing loan. Limits eligible loans to federal and non-federal student loans for students attending private or public higher education institutions in the state. Sets loan amounts between \$5,000 and \$50,000; establishes reporting requirements. House does not include.

Sec. 241g. Restriction on Diversity, Equity, and Inclusion (DEI) Spending – NEW

House adds language that restricts public universities from spending any funding on DEI, with the sum of money spent on DEI reduced from operations funding. Lists redistribution method for reduced funds.

Major Boilerplate Changes from FY 2024-25

Sec. 241g. Michigan Student Loan Refinance Fund – NOT INCLUDED

Senate adds language that creates the Michigan Student Loan Refinance Fund in the Department of Treasury. Authorizes loan repayments and other assets to be deposited into the fund. Specifies funds do not lapse into the General Fund. Authorizes \$15.0 million GF/GP deposit into the fund and designates unexpended funds as a work project. House does not include.

Sec. 241h. Institutional Salaries Spending Restriction – NEW

House adds language that restricts public universities from spending more than 10% of salary spending on administration, with the sum of 50% of money spent over the cap reduced from operations funding.

Sec. 241i. Males in Female Sports Restriction – NEW

House adds language that restricts public universities that participate in intercollegiate athletics from allowing biologically defined males from participating in biologically defined female sport teams and authorizes the state budget director to withhold 5% of monthly operations payments until an institution complies.

Sec. 241j. Remote Employees Report – NEW

House adds language that requires public universities to post a list of all employees, including titles and salaries, who work remotely.

Sec. 241k. Average New Graduate Starting Salaries and Loan Debt Report – NEW

House adds language that requires public universities to post the average starting salary and student loan debt for new graduates by classification of instructional program code for the most recent academic year and authorizes the state budget director to withhold 5% of monthly operations payments until an institution complies.

Sec. 241l. Common Areas and Public Ceremonies Race and Sex Restrictions – NEW

House adds language that restricts public universities from having any common area spaces that are restricted by sex or race, and restricts institutions from having any public ceremonies or gatherings restricted by sex or race and authorizes the state budget director to withhold 5% of monthly operations payments until an institution complies.

Sec. 247. Michigan Reconnect Program – REVISED

States the Michigan Reconnect program is administered by MiLEAP. Senate deletes language that authorizes the department to use remaining program funds for outreach, enrollment support, program administration, and Reconnect-eligible student support in connection with higher education institutions or nonprofit organizations to increase degree or credential completion. House concurs.

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. Executive 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. Senate revises program eligibility from 15 months after high school graduation to 24 months and deletes language allowing up to \$10.0 million on marketing the scholarship. House revises program eligibility by adding language that allows for students who maintained Michigan residency while attending an out-of-state high school and have parents or legal guardian maintain Michigan residency, and limits marketing of the scholarship cap from \$10.0 million to \$3.0 million.

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. Executive 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. Senate retains. House deletes language allowing MiLEAP to promulgate rules to implement the program.

Sec. 251. Michigan Competitive Scholarship Program Detail – DELETED

House deletes language that provides for distribution of funds appropriated for State Competitive Scholarships.

Sec. 252. Tuition Grant Program Detail – REVISED

House revises language to prevent a student who receives a Tuition Grant from also receiving a Michigan Achievement Scholarship.

Sec. 255. Financial Aid Needs Analysis Criteria – REVISED

House revises language that requires MiLEAP to determine the needs analysis criteria by deleting reference to Michigan Competitive Scholarships.

Major Boilerplate Changes from FY 2024-25

Sec. 261. University of Michigan's Douglas Lake Biological Station – DELETED

House deletes language that designates University of Michigan Douglas Lake Biological Station as a unique resource and a special research reserve.

Sec. 263. Michigan State University's Project GREEN – DELETED

House deletes language that allocates \$5.6 million from MSU AgBioResearch and MSU Extension appropriations for Project GREEN (Generating Research and Extension to meet Environmental and Economic Needs).

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

Executive 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. Senate revises to update fiscal year references. House concurs with Executive.

Sec. 264. Future Farmers of America Appropriation Detail – DELETED

House deletes language that allocates \$80,000 from Michigan State University's appropriation for the Future Farmers of America Association.

Sec. 269. Saginaw Chippewa Tribal College North American Indian Tuition Waiver Funding – RETAINED

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. Executive revises payment from \$76,300 to \$80,800. Senate concurs. House retains.

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

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. Executive revises payment from \$155,200 to \$105,700. Senate concurs. House retains.

Sec. 275. University Veteran-Friendly Policies – REVISED

Requires universities to participate in the Yellow Ribbon GI Education Enhancement Program and provide other veterans-related services. House deletes language that states universities should consider all veterans as in-state residents for determining tuition/fees.

Sec. 275d. Communication with the Legislature – RETAINED

Executive deletes legislative intent language that urges a university to not take disciplinary action against an employee for communicating with the legislature. Senate retains. House retains.

Sec. 275j. Post-secondary Degree, Certification, or Credential Obtainment Goal – DELETED

House deletes language that sets a goal of 60% of Michigan residents achieving a post-secondary credential, certification or degree by 2030.

Sec. 275k. University Charter School Authorization Reporting Requirement – DELETED

Requires universities that serve or have served as an authorizer of charter schools to submit a report to the legislature and the Michigan Department of Education with various details on public school academies authorized by the institution. Senate adds language requiring universities to adopt a facilities policy that prevents blight from public school academies that have vacated buildings or properties. House deletes section.

Sec. 275m. University On-Campus Housing Reporting Requirement – RETAINED

Executive 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. Senate retains. House retains.

Sec. 275l. Public School Academy (PSA) Authorizer Fee and State Scholarship Reduction – NOT INCLUDED

Senate adds language that reduces state-funded scholarship payments for public universities that are also PSA authorizing bodies by up to 1% of authorizing fees collected. House does not include.

Sec. 275n. State Scholarship Programs Funding Restrictions – NOT INCLUDED

Senate adds language that prohibits state-funded scholarships from being awarded to students enrolled in theology, divinity, or religious education or to students enrolled at an institution that does not have a board-approved policy of inclusion and non-discrimination of protected characteristics under the Elliott-Larsen Civil Rights Act. House does not include.

Major Boilerplate Changes from FY 2024-25

Sec. 275o. Diversity, Equity, and Inclusion (DEI) Programs Report – NOT INCLUDED

Senate adds language that requires each public university to report on changes to DEI programs made after January 1, 2025 and to report on resources, programs, or efforts that would mitigate negative consequences if DEI programs were reduced. House does not include.

Sec. 276. Martin Luther King, Jr. – Cesar Chavez – Rosa Parks (KCP) Future Faculty Fellowship Program – DELETED

House deletes language that provides for fellowship program, funded by allocations from public university appropriations, intended to increase number of academically or economically disadvantaged candidates pursuing faculty teaching or administration careers.

Sec. 277. KCP College Day Program – DELETED

House deletes language that provides for program, funded by allocations from public university appropriations, intended to introduce academically or economically disadvantaged schoolchildren to the potential of a college education

Sec. 278. KCP Select Student Support Services Program – DELETED

House deletes language that provides for program, funded by distinct appropriation for grants to public/independent institutions, intended to develop academically/economically disadvantaged student retention programs.

Sec. 279. KCP College/University Partnership Program – DELETED

House deletes language that provides for program, funded by distinct appropriation for grants to public/independent institutions, intended to increase the number of academically or economically disadvantaged students who transfer from community colleges to baccalaureate institutions.

Sec. 280. KCP Visiting Professors Program – DELETED

House deletes language that provides for program, funded by allocations from public university appropriations, intended to increase the number of instructors to provide role models for academically or economically disadvantaged students, and details requirements of unexpended and unencumbered program funds.

Sec. 281. KCP Morris Hood, Jr. Educator Development Program – DELETED

House deletes language that provides for program, funded by distinct appropriation for grants to public/independent institutions, intended to increase the number of academically or economically disadvantaged students enrolling in and completing K-12 teacher education programs.

Sec. 282. Unspent KCP Funds Reporting Requirement, Reallocation, and Financial Aid Restriction – DELETED

House deletes language that provides for reallocation of KCP grant funds from institutions that do not fully expend their funds.

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

Requires universities to work with community colleges to encourage the transfer of students and credits. Executive 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. Senate concurs. House concurs but revises requirement to once an academic quarter.

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. Executive adds requirement that public universities must consult with MiLEAP at least once an academic year on policies and services on reverse transfer agreements. Senate concurs. House concurs but revises requirement to once an academic quarter.

Sec. 287. Average Cost of Attendance Report – RETAINED

Executive 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. Senate revises language to specify the report includes an itemized cost of attendance for the current and previous two academic years. House retains.

**FY 2025-26 University Operations Appropriations
As Passed by the House**

| University | Total FY 2024-25 Operations Appropriation | FY 2024-25 Base Appropriation | MPSERS Support Payment | Total Operations Revisions | Total FY26 Indian Tuition Waiver Payment | FY 2025-26 Operations Appropriation | Percent Change | Change From FY 2024-25 Total |
|----------------|--|-------------------------------------|---------------------------|-------------------------------|--|---|-------------------|---------------------------------|
| Central | \$97,771,900 | \$95,226,900 | \$2,568,200 | \$23,771,900 | \$1,606,800 | \$123,173,800 | 26.0% | \$25,401,900 |
| Eastern | 85,208,400 | 83,979,800 | 2,264,900 | 20,964,300 | 401,200 | 107,610,200 | 26.3% | 22,401,800 |
| Ferris | 61,137,700 | 59,816,300 | 1,613,200 | 14,932,200 | 732,100 | 77,093,800 | 26.1% | 15,956,100 |
| Grand Valley | 99,837,200 | 97,552,900 | 0 | 24,352,600 | 1,323,200 | 123,228,700 | 23.4% | 23,391,500 |
| Lake Superior | 15,981,300 | 14,465,600 | 390,100 | 3,611,100 | 1,373,200 | 19,840,000 | 24.1% | 3,858,700 |
| Michigan State | 326,827,700 | 321,516,900 | 0 | (56,587,000) | 2,143,100 | 267,073,000 | (18.3%) | (59,754,700) |
| Michigan Tech | 55,781,900 | 54,463,700 | 1,468,800 | 13,596,000 | 781,600 | 70,310,100 | 26.0% | 14,528,200 |
| Northern | 54,783,700 | 52,850,300 | 1,425,300 | 13,193,300 | 1,412,700 | 68,881,600 | 25.7% | 14,097,900 |
| Oakland | 74,047,200 | 73,036,400 | 0 | 18,232,400 | 291,200 | 91,560,000 | 23.7% | 17,512,800 |
| Saginaw Valley | 34,731,400 | 34,196,000 | 0 | 8,536,500 | 198,500 | 42,931,000 | 23.6% | 8,199,600 |
| UM-Ann Arbor | 365,681,400 | 360,607,300 | 0 | (234,394,700) | 1,521,300 | 127,733,900 | (65.1%) | (237,947,500) |
| UM-Dearborn | 32,033,000 | 31,513,700 | 0 | 7,866,900 | 208,800 | 39,589,400 | 23.6% | 7,556,400 |
| UM-Flint | 26,955,700 | 26,403,700 | 0 | 6,591,300 | 291,900 | 33,286,900 | 23.5% | 6,331,200 |
| Wayne State | 229,975,400 | 227,310,200 | 0 | 56,744,500 | 425,700 | 284,480,400 | 23.7% | 54,505,000 |
| Western | 123,039,800 | 121,231,800 | 3,269,500 | 30,263,700 | 613,600 | 155,378,600 | 26.3% | 32,338,800 |
| TOTAL: | \$1,683,793,700 | \$1,654,171,500 | \$13,000,000 | (\$48,325,000) | \$13,324,900 | \$1,632,171,400 | (3.1%) | (\$51,622,300) |

Requirements to receive operations funding for FY 2025-26:

1. Restrain FY 2025-26 resident undergraduate tuition/fee rate increase to 4.5% or \$735 (whichever is greater).
2. Adhere to various reporting and institutional requirements.