



FY2025 Budget Summary

As passed by the Legislature June 27, 2024

This document summarizes the State of Michigan's Fiscal Year 2025 budget, as passed by the Legislature, which would begin on October 1, 2024. The FY25 budget, including all state and federal revenue, totals \$82.52 billion – a 1% increase over the prior year. The budget includes a total investment of \$462.2 million for our state's community colleges.

The General Omnibus ([SB 747](#)) and Education Omnibus ([HB 5507](#)) appropriation bills will be transmitted to the governor for her consideration and signature in the coming weeks.

OPERATIONS AND INSTITUTIONAL AID

Community College Operations Increase

Includes a **2.5% increase** (1.5% ongoing, 1.0% one-time) to community college operations grants (\$9.0M SAF) distributed through the existing funding formula. Attainment of the ongoing and one-time performance funding increase would be conditioned on restraining in-district tuition and fee increases to the greater of 4.5% or \$217, and certification to following at least 2 of 5 institutional best practices (details below), one of which must be the institutional best practice on transfers. Projected funding increases for individual community colleges would range from 2.0% to 3.8%, which also includes any adjustments MI Indian Tuition Waiver (MITW) payments. Total funding for operations would be \$366.9 million SAF.

Institutional Best Practices (same for universities)

New language requires community colleges to certify to following at least 2 of 5 institutional best practices in order to receive both ongoing and one-time performance funding increases, one of which must be the best practice on transfers and working to increase the number of reverse transfer or articulation agreements. The remaining best practices include: providing an academic degree or certificate course map, adopting a co-requisite model for remedial courses and provide the courses at a reduced cost to students, requiring students to meet with an academic advisor once a semester or term, and providing employees to assist prospective and current students with completing the Free Application for Federal Student Aid.

Tuition Restraint

Limits FY 2024-25 in-district tuition and fee increases to 4.5% or \$217, whichever is greater and limits FY 2025-26 in-district tuition and fee increases to the greater of 4.5% and \$227. Subjects one-time performance funding payments to the tuition and fee restraint conditions.

MPSERS State Share of Unfunded Actuarial Accrued Liability (UAAL) Stabilization Payment

Funding is reduced by \$43.7 million SAF for the state's share of community colleges' MPSERS UAAL, a 41.3% decrease. The state's share is the difference between the calculated UAAL contribution to the system and the employer contribution cap of 20.96% of payroll set by the Public School Employees Retirement Act (MCL 38.1341). Total funding for the state share of MPSERS would be \$62.1 million SAF.

MPSERS Normal Cost Offset

Includes \$21.8 million SAF for the community colleges' MPSERS normal cost offset, a 5.2% decrease, due to maintaining the assumed rate of return at 6.0%.

Career and Education Navigators for Adult Learners

Includes \$1.2 million SAF for career and education navigators for adult learners. Community colleges would partner with county governments to apply for grants through the Department of Lifelong Education, Advancement, and Potential.

FINANCIAL AID

Michigan Achievement Scholarship & Community College Guarantee

Includes an increase of \$30.0 million GF/GP of one-time funding for deposit into the Postsecondary Scholarship Fund, a 10.0% increase. New Community College Guarantee provides tuition-free path for in-district students, a capped last dollar award for those not eligible for in-district tuition, and an additional \$1,000 for students who qualify for the federal Pell Grant to cover non-tuition costs of attendance like textbooks and transportation (based on the MCCA compromise). Last dollar awards for public and private university students can cover up to the cost of attendance. Increases award level for private/independent university students from \$4,000 to \$5,500. After a total \$330.0 million GF/GP deposit into the Postsecondary Scholarship Fund, total funding for Michigan Achievement Scholarships for FY 2024-25 would be \$330.0 million restricted.

Post Secondary Scholarship Fund

Revises language to include a \$300.0 million ongoing and \$30.0 million one-time deposit into the fund for FY 2024-25 and deletes legislative intent language to increase annual deposits into the fund by \$50.0 million each year. Adds language to allow the state budget director to appropriate funds to fully cover awards of other state scholarship programs from the Postsecondary Scholarship Fund with written notification to the Legislature.

Michigan Reconnect Program

Transfers \$52.0 million from LEO to MiLEAP for the Reconnect Program to continue providing last-dollar scholarships to individuals 25 and older. 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.

FAFSA Completion Incentive

Includes \$980,000 GF/GP of one-time funding to MiLEAP for an incentive program for first time applicants to complete the FAFSA.

STUDENT SUCCESS

MiLEAP One-Time Administration Supports

Provides \$1.2 million GF/GP one-time and authorization for 2.0 FTE positions for an administrator of the Michigan Transfer Network and a financial resource navigator that will provide information on completing the FAFSA, state-administered scholarships, and student loan information.

Michigan Transfer Pathways

Includes \$1.0 million GF/GP of one-time funding to MiLEAP to work with the Michigan Transfer Network, community colleges, public universities, and other Michigan institutions of higher education to assist with the transfer of students and acceptance of credits between all Michigan institutions of higher education. The department may use the funds to hire staff or external consultants.

Post Secondary Enrollment

Provides MiLEAP \$166,600 GF/GP for grants to re-engage adult learners.

Hunger Free Campus Pilot

\$500,000 GP/GP one-time for a 1-year pilot program at Michigan State University, Northern Michigan University, Grand Rapids Community College, and Macomb Community College. Award level is \$125,000 and requires institutions to establish a hunger task force, designate a staff member to inform students on supplemental nutrition assistance program (SNAP) enrollment opportunities, provide at least one campus food pantry, and develop a meal credit donation or food voucher program.

WORKFORCE DEVELOPMENT

Talent & Growth

Includes \$45.5 million GF/GP (one-time) to support initiatives providing economic assistance to businesses locating or expanding in Michigan, specifically around workforce needs. Funding would also support development of customized talent solutions to help fill identified needs in certain industries.

Small Business Development

\$3.0 million GF/GP one-time appropriation included in HB 5505 (H-3) to assist institutions that serve as Small Business Development Center regional hosts, including several community colleges, with operating costs and federal match requirements.

Local Heroes Program/Public Service Focused Careers Program

Includes \$500,000 GF/GP of one-time funding to the Michigan Community College Association to support the creation of college access pathways for public-service-focused careers, including public safety, education and healthcare.

BOILERPLATE

State Fiscal Recovery Funds Reallocation Authorization

New boilerplate language directs the state budget director to reallocate state fiscal recovery funds that are in jeopardy of not meeting the expenditure deadline of December 31, 2026, and to notify the Legislature within 10 days after making the reallocation.

Average Cost of Attendance Report

New language 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.

Charter School Authorizing Body Report

Requires each community college or tribal college that serves as an authorizing body for public school academies to submit a report on various details on public school academies authorized by the institution and post the report on the college's website.

FY24 SUPPLEMENTAL

Capital Outlay Planning Authorizations

- New - Bay de Noc Community College – Manufacturing Hub and Safety Training Center
- New - Monroe County Community College – Welch Health Education Building Renovation and Addition
- Delta Community College – Information Technology and Computer Science (K Wing)
- C. S. Mott Community College – Prah! College Center Renovation Project

ADDITIONAL RESOURCES

FY 25 Budget Links

General Omnibus - [SB 747](#)

Education Omnibus - [HB 5507](#)

Additional information about [legislative advocacy](#), [MCCA Bill Tracker](#), and the [latest news](#) are available on the MCCA website along with resources from the [Senate Fiscal Agency](#) and [House Fiscal Agency](#).

Contact

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