

Highlights from Michigan's Fiscal Year 2025 Budget Process

On Feb. 7, 2024, Gov. Gretchen Whitmer released her fiscal year 2025 recommended budget. In May, the Senate and House passed their versions of the 2025 state budget. On June 27, the conference committees released their negotiated budget bills, which were passed by the legislature.

The budget items relevant to MCAN's mission include:



COMMUNITY COLLEGE GUARANTEE

- Executive: Two years of tuition-free community college for all high school graduates through a \$30 million expansion to the Michigan Achievement Scholarship
- Senate: Included Community College Guarantee and differentiates scholarship awards for in-district vs. out-of-district students
- House: Not included in proposed budget
- Conference: Included in \$30 million expansion of the Michigan Achievement Scholarship; revises last-dollar award to cover full in-district cost of attendance instead of just tuition and mandatory fees; creates additional \$1,000 award for Pell-eligible community college students

MICHIGAN ACHIEVEMENT SCHOLARSHIP

- Executive: \$330 million in funding allocated; uses Michigan Achievement Scholarship for Community College Guarantee; removed intent language to fund \$50 million annually
- Senate: Uses Michigan Achievement Scholarship for Community College Guarantee; increases award to \$5,500 for independent colleges and public universities. Designated as funding source for all state financial aid
- House: Increases fund by \$36 million, totaling \$336 million and covering the full Cost of Attendance; increases SAI to \$35,000 up from \$30,000
- Conference: \$330 million in funding allocated; includes Community College Guarantee (see above); increases maximum award for private/independent university students from \$4,000 to \$5,500

MICHIGAN RECONNECT

- Executive: Continued funding for Michigan Reconnect at \$62 million
- Senate: \$12 million reduction proposed; transfers Michigan Reconnect to MiLEAP
- House: Continued funding at \$61.5 million; transfers Michigan Reconnect to MiLEAP
- Conference: Continued funding for Michigan Reconnect at \$52 million; transfers Michigan Reconnect to MiLEAP

TUITION INCENTIVE PROGRAM

- Executive: Increase of \$20 million; replaces Temporary Assistance for Needy Families (TANF) funding
- Senate: Increase of \$20 million; replaces TANF funding
- House: Increase of \$20 million; replaces TANF funding
- Conference: Increase of \$20 million; replaces TANF funding

MICHIGAN TUITION GRANT

- Executive: Reduction of \$7.1 million and planned phase out over time; replaces TANF funding
- Senate: Reduction of \$7 million and the planned phase out over time; replaces TANF funding
- House: Maintains current funding; replaces TANF funding
- Conference: Reduction of \$498,800 and planned phase out over time, no new students awarded starting FY24; replaces TANF funding

MICHIGAN COMPETITIVE SCHOLARSHIP

- Executive: Net decrease of \$6.9 million and planned phase out over time; replaces TANF funding
- Senate: Reduction of \$7 million and planned phase out over time; replaces TANF funding
- House: \$6.9 million reduction and planned phase out over time; replaces TANF funding
- Conference: Net decrease of \$6.9 million and planned phase out over time, no new students awarded starting FY23; replaces TANF funding

PROMISE ZONES

- Executive: Increase funding by \$9.1 million
- Senate: Increase funding by \$6.8 million
- House: Increase funding by \$9.1 million
- Conference: Increase funding by \$8.5 million

FAFSA COMPLETION CHALLENGE

- Executive: \$40 million allocated over four years for FAFSA completion grants
- Senate: \$15 million for FAFSA Completion; \$1.5 million for FAFSA completion and university outreach programs
- House: \$10 million for FAFSA completion funding
- Conference: \$10 million in one-time funding; revises program to award funding by January 31 in an equal amount per 12th grade student to districts that require all students (unless exempted) to complete the FAFSA to graduate; revises to be administered by MiLEAP

OPERATIONAL FUNDING FOR COMMUNITY COLLEGES

- Executive: 2.5% ongoing increase in operational funding with 5% tuition restraint
- Senate: 2.5% ongoing increase in operational funding with 4.5% tuition restraint; 2.5% institutional best practices incentive
- House: 3.3% increase in operational funding with 4.5% tuition restraint
- Conference: 2.5% increase in operational funding with 4.5% tuition restraint and institutional best practices requirement, including improving transfer processes

OPERATIONAL FUNDING FOR PUBLIC UNIVERSITIES

- Executive: 2.5% ongoing increase in operational funding with 5% tuition restraint
- Senate: 2.5% operational increase with 4.5% tuition restraint; 2.5% institutional best practices incentive
- House: 3.3% increase in operational funding with 4.5% tuition restraint
- Conference: 2.5% increase in operational funding with 4.5% tuition restraint and institutional best practices requirement, including improving transfer process

K-12 EDUCATION

- Executive: 2.5% increase in base per-pupil funding
- Senate: 3.1% increase in base per-pupil funding
- House: 2.25% increase in base per-pupil funding
- Conference: Maintains foundation allowance at \$9,608 per pupil; one-time investment of \$589 million spread across districts, ISDs, libraries, and community colleges through reduced retirement contributions

MCAN APPROPRIATION

- Executive: Funds MCAN at \$4 million
- Senate: Funds MCAN at \$5 million
- House: Funds MCAN at \$3 million
- Conference: Funds MCAN at \$4 million

OTHER NOTABLE BUDGET ITEMS

- Michigan Center for Adult College Success: proposed funding of \$2.1 million; House budget only, **funded at 1,833,400 in conference budget**
- Tribal Colleges: increase in pass-through payments for Indian Tuition Waiver for all three tribal colleges (Bay Mills Community College, Keweenaw Bay Ojibwa Community College, and Saginaw Chippewa Tribal College); included in all three budget proposals, **included in conference budget**
- Hunger Free Campus: \$250,000 for two participating colleges (Michigan State University and Northern Michigan University); House budget only, **funded at \$500,000 in conference budget**
- Launch Michigan: \$500,000 for career and college readiness; House budget only, **not included in conference budget**
- Conference budget includes \$1.2 million and authorization for two new positions within MiLEAP, an administrator for the Michigan Transfer Network and a financial resource navigator that will provide information on completing the FAFSA, state-administered scholarships, and student loan information
- Conference budget includes \$500,000 for Michigan Department of Corrections to expand its collaboration with 4-year in-state universities and colleges to provide incarcerated individuals with the opportunity to participate in bachelor's degree programs