

FY 2024-25 HIGHER EDUCATION BUDGET

H.B. 5507 (CR-1): CONFERENCE REPORT

Article III



FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2023-24 YEAR-TO-DATE*	FY 2024-25 CONFERENCE REPORT	CHANGES FROM FY 2023-24 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	0.0	0.0	N/A	N/A
GROSS	2,291,048,800	2,324,292,600	33,243,800	1.5
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	2,291,048,800	2,324,292,600	33,243,800	1.5
Less:				
Federal Funds	131,026,400	3,200,000	(127,826,400)	(97.6)
Local and Private.....	0	0	0	0.0
TOTAL STATE SPENDING	2,160,022,400	2,321,092,600	161,070,200	7.5
Less:				
Other State Restricted Funds.....	482,268,300	461,668,300	(20,600,000)	(4.3)
GENERAL FUND/GENERAL PURPOSE	1,677,754,100	1,859,424,300	181,670,200	10.8
PAYMENTS TO LOCALS	0	70,000	70,000	--

*As of February 7, 2024.

- Major Boilerplate Changes from FY 2023-24 Year-to-Date:**
- 1. Repealed Sections. 236b** (Federal Contingency Funds), **236h** (FY 2022-23 MPSERS Paydown), **236k** (Per-FYES Funding Floor), **236m** (ITEM funds), **236o** (ITEM Certification), **241d** (Higher Education Coordinating Council)
 - 2. Michigan Achievement Scholarship (MAS).** The Conference amended language for this program to increase last-dollar awards for community college students to cover all tuition and fees, up to a maximum of the in-district tuition for the student's program of study. The Conference removed the current \$1,750 minimum payment for community college students, and replaced it with a \$1,000 supplemental payment for Pell-eligible students. The Conference additionally increased the award amount for students at independent colleges and universities from \$4,000 to \$5,500, and made program awards for students at 4-year public and independent colleges and universities based upon the student's cost of attendance, rather than tuition and fees, which is current law.
 - 3. Postsecondary Scholarship Fund (PSF).** The Conference included new language requiring that any lapsed appropriations for scholarship programs lapse to the PSF rather than the State General Fund, and would allow for the PSF to cover funding shortfalls in any scholarship program.
 - 4. Tuition Grants.** The Conference included language that would begin phasing out the program by prohibiting students from receiving an award under both the Tuition Grant and MAS. Students who received a Tuition Grant award prior to the 2024-25 academic year would continue to be eligible to receive an award.
 - 5. Other Boilerplate Changes. 236n** (FY24 TIP supplemental - \$8M), **NEW 236r** (Education Performance Study), **241c** (Tuition Restraint- 4.5% with 2nd year intended restraint level at 4.5%), **NEW 241e** (Institutional Best Practices), **NEW 247** (Reconnect Administration), **NEW 270** (Bay Mills ITW Reimbursement), **NEW 287** (Cost of Attendance Report), **NEW 275m** (Housing Report)

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FY 2023-24 Year-to-Date Appropriation	\$2,291,048,800	\$1,677,754,100		
	CHANGE FROM FY 2023-24 Y-T-D		FY 2024-25 RECOMMENDED APPROPRIATION	
	Gross	GF/GP	Gross	GF/GP
<u>Baseline Adjustments</u>				
1. Transfer Michigan Reconnect from Department of Labor and Economic Opportunity (LEO) Budget. The Conference moved funding for the Michigan Reconnect Program from LEO to the Higher Education budget. This change would result in a \$10.0 million reduction to the program relative to the current year, as LEO currently has \$62.0 million appropriated for program awards. There is sufficient work project spending authority from prior years to ensure scholarship awards under the program are not affected.	52,000,000	52,000,000	52,000,000	52,000,000
2. MPSERS Normal Cost Offset. The Conference reduced appropriations for MPSERS normal costs, which are the present value of the cost of future retirement benefits accrued during a year of employment. This appropriation varies annually, based on market conditions, payroll growth, and various other actuarial assumptions.	(600,000)	0	8,500,000	0
3. North American Indian Tuition Waiver (ITW) Adjustment. The Conference included an adjustment to ITW payments to universities, based on the most recent ITW cost data submitted to the Department of Civil Rights.	507,800	507,800	12,826,100	12,826,100
4. Children of Veterans and Officer's Survivor Tuition Grant Program. The Conference included additional funds to support existing awards from this program. Increases in tuition and fee costs, as well as an increase in the number of veterans considered to be totally and permanently disabled has led to increased program costs.	600,000	600,000	2,000,000	2,000,000
5. Remove FY 2023-24 One-Time Appropriations.	(117,870,000)	(87,870,000)	0	0
<u>New Programs/Program Increases</u>				
6. University Operations Increase. The Conference included a 1.5% ongoing operations increase for universities, distributed proportionately to each university's FY 2023-24 operations amounts. This amount also includes a 1.5% increase for MSU Extension and MSU AgBioResearch. To receive this increase, each university must certify compliance with 2 out of 5 best practices as established under Section 241e.	25,522,100	25,522,100	1,744,005,800	1,300,837,500

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	CHANGE FROM FY 2023-24 Y-T-D		FY 2024-25 RECOMMENDED APPROPRIATION	
	Gross	GF/GP	Gross	GF/GP
7. Tuition Incentive Program (TIP). The Conference increased appropriations for TIP by \$20.0 million GF/GP to reflect increased uptake of the program, as well as to reflect increases in community college tuition that have caused the cost of Phase I of TIP (community college tuition waiver) to increase. The Conference additionally included \$8.0 million additional TANF dollars for FY 2023-24 to cover a shortfall in the program for the current fiscal year.	20,000,000	20,000,000	93,800,000	93,800,000
8. Bay Mills ITW Reimbursement. The Conference included \$498,800 GF/GP to reimburse Bay Mills Community College for costs incurred under the North American Indian Tuition Waiver program.	498,800	498,800	498,800	498,800
<u>Eliminations/Reductions</u>				
9. Michigan Competitive Scholarship (MCS). The Conference included a reduction to the MCS to reflect the 2nd year of phasing-out the MCS for students who receive an award from the MAS	(6,930,800)	(6,930,800)	19,930,900	19,930,900
10. Michigan Tuition Grants (MTG). The Conference included a reduction to the MTG to partially reflect the phaseout of the MTG program. Students who received an MTG award prior to the 2024-25 academic year would continue to be eligible for the program.	(498,800)	(498,800)	41,522,700	41,522,700
<u>One-Time Appropriations</u>				
11. One-Time Operations Increase. The Conference included a 1.0% one-time operations increase for universities, distributed proportionately to each university's FY 2023-24 operations amounts. This amount also includes a 1.0% increase for MSU Extension and MSU AgBioResearch. To receive this increase, each university must certify compliance with 2 out of 5 best practices as established under Section 241e.	17,014,700	17,014,700	1,744,005,800	1,300,837,500
12. MPSERS UAAL Payoff. The Conference included \$10.0 million School Aid Fund to pay off the unfunded actuarial accrued liabilities (UAAL) associated with the 7 universities that have employees in the MPSERS system. According to preliminary data from the Office of Retirement Services, this amount is projected to be sufficient to fully fund these liabilities.	10,000,000	0	10,000,000	0

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	CHANGE FROM FY 2023-24 Y-T-D		FY 2024-25 RECOMMENDED APPROPRIATION	
	Gross	GF/GP	Gross	GF/GP
13. Postsecondary Scholarship Fund. The Conference included a one-time PSF deposit of \$30.0 million. This one-time increase would result in a total FY 2024-25 PSF deposit of \$330.0 million.	30,000,000	30,000,000	330,000,000	330,000,000
14. Other One-Time Appropriations. The Conference included 5 other one-time appropriations: Michigan Transfer Pathways- \$1,000,000; FAFSA Completion programs- \$980,000; Project Clean – Western Michigan University- \$750,000; Education performance study- \$200,000; and City of Kalamazoo Campus Safety- \$70,000	3,000,000	3,000,000	3,000,000	3,000,000
Other				
15. Federal TANF Fund Shift. The Conference included a fund shift that would remove \$127.8 million in Federal TANF funds that currently support student financial aid awards under the TIP, MCS, and MTG programs. These funds would be replaced with GF/GP.	0	127,826,400	155,253,600	155,253,600
Total Changes	\$33,243,800	\$181,670,200		
FY 2024-25 CONFERENCE REPORT	\$2,324,292,600	\$1,859,424,300		
Amount Over/(Under) GF/GP Target				\$0

Date Completed: 6-26-24

Fiscal Analyst: Josh Sefton