FY 2025 Executive Budget Recommendation Summary

This document summarizes the Executive Budget Recommendation for the State of Michigan’s Fiscal Year 2025 budget which would begin on October 1, 2024. The FY25 budget recommendation was presented to the Legislature during a joint hearing of the Senate and House appropriations committees on February 7, 2024. The FY25 Executive Recommendation, including all state and federal revenue, totals $80.7 billion. The state’s total General Fund Budget is $14.3 billion and the state’s School Aid Fund budget is $18.9 billion. The proposed budget includes a total investment of $465.9 million ongoing funding for our state’s community colleges. The Legislature will now begin the process of reviewing and adjusting the budget before adopting it.

OPERATIONS + INSTITUTIONAL AID

Community College Operations Increase

The Executive Recommendation includes a **2.5% ongoing** increase to community college operations grants ($9.0M SAF) distributed through the existing funding formula. Projected net increases to community colleges range from 2.0% to 3.8%, which also includes any adjustments MI Indian Tuition Waiver (MITW) payments. Attainment of the performance funding increase would be conditioned on restraining in-district tuition and fee increases to the greater of 5.0% or $241 and limits FY 2025-26 in-district tuition and fee increases to the greater of 5.0% or $253. Total funding for operations would be $366.9 million.

MPSERS

The Executive Recommendation reduces MPSERS State Share of Unfunded Actuarial Accrued Liability (UAAL) Stabilization Payment 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.

The Executive Recommendation reduces MPSERS normal cost offset funding by $1.2 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%. Total funding for the MPSERS normal cost offset would be $21.8 million SAF.

The Executive Recommendation increases MPSERS community college payroll cap reduction by adding $5.7 million SAF to lower community college's MPSERS UAAL employer contribution cap from 20.96% to 20.0%. Payments would be made to MPSERS through the community colleges. Total funding for the MPSERS community college payroll cap reduction would be $5.7 million SAF.
FINANCIAL AID

Michigan Achievement Scholarship + Michigan Community College Guarantee

The Executive Recommendation adds a $30.0 million GF/GP ongoing deposit into the Postsecondary Scholarship Fund, a 10.0% increase, which is the funding source for Michigan Achievement Scholarships. 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. The Executive Recommendation includes the new Community College Guarantee, which would expand last-dollar aid and a $1,000 needs-based stipend for community college students. Total funding for Michigan Achievement Scholarships for FY 2024-25 would be $330.0 million restricted.

Michigan Reconnect

The Executive Recommendation transfers $62.0 million GF/GP from the Michigan Department of Labor and Economic Opportunity (LEO) for the Michigan Reconnect Program. The program provides last-dollar scholarships primarily to individuals 25 or older (temporarily expanded to 21-24 year-olds through November 2024) with a high school diploma or equivalency certificate to complete a Pell-eligible associate degree or skills-based certificate.

Tuition Incentive Program

The Executive Recommendation increases by $20.0 million Gross ($93.8 million GF/GP) for the Tuition Incentive Program (TIP), a 27.1% Gross increase. This includes adding GF/GP to replace federal Temporary Assistance for Needy Families (TANF) funding. The increase addresses increased student participation and increased tuition and fees. Total funding for TIP would be $93.8 million GF/GP.

EXECUTIVE BUDGET RECOMMENDATION LINKS

Executive Budget Recommendation, Education Issue Papers
FY 2024-2025 Capital Outlay Scoring and Recommendation
Executive Budget Language, FY 2024-2025 Education Budgets
Executive Budget Language, FY 2024-2025 Community College Budget
Executive Budget Language, FY 2024-2025 University and Financial Aid
Executive Budget Language, FY 2024-2025 General Budgets
Executive Budget Briefing Book

ADDITIONAL RESOURCES

Additional information about legislative advocacy, bills to watch, legislative briefs, 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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