

Universities and Financial Aid

Governor's Recommended Budget for Fiscal Years 2027 and 2028

The Universities and Financial Aid budget invests in Michigan's 15 public universities and statewide student financial aid programs that expand opportunities and lower costs for Michigan students. Public universities are key drivers of talent development and regional workforce pipelines. They are also essential to advancing Michigan's Sixty by 30 goal of 60% of working-age adults completing a skill certificate or degree by 2030. Serving more than 258,800 students statewide, Michigan's public universities deliver a strong return on investment for the state's economy and workforce.

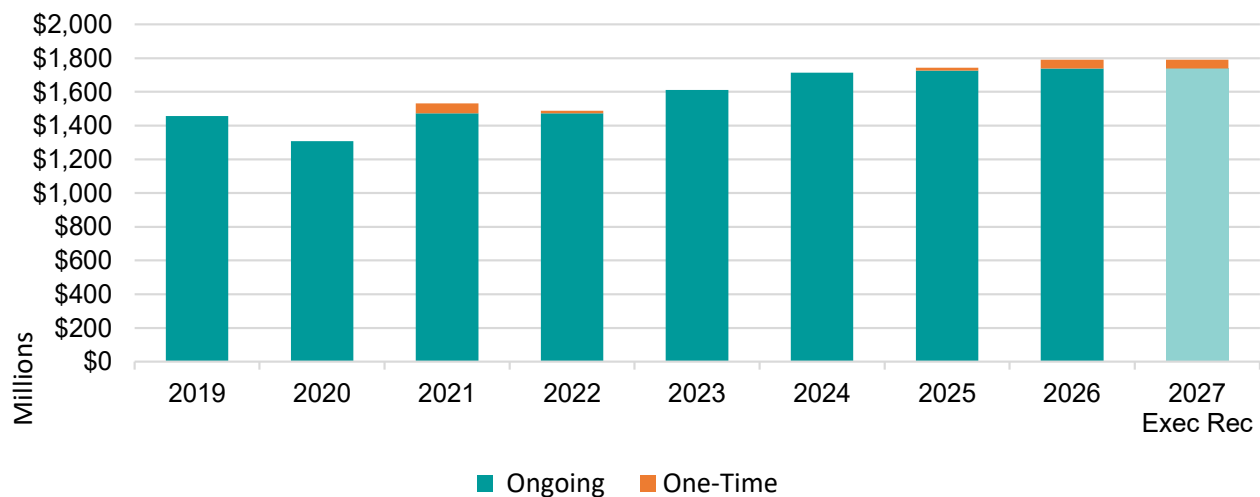
The Governor's recommended budget for fiscal years 2027 and 2028 includes total ongoing funding of \$2.5 billion, of which \$1.2 billion comes from the state's general fund and \$1.2 billion comes from the state school aid fund. The Governor also recommends \$79 million in one-time funding in fiscal year 2027, all from the state school aid fund.

Highlights

The Governor's recommended budget includes the following supports for public universities:

- ◆ **\$52.3 million in one-time payments to public universities** (school aid fund) to maintain historic operations funding levels. The Governor's recommendation preserves base operations funding and provides additional one-time support equal to the fiscal year 2026 budget. In a constrained ongoing revenue environment, this approach prioritizes fiscal sustainability for public universities while leveraging one-time resources.

Ongoing and One-Time Operations Funding Since 2019



- ◆ **\$26.7 million for Infrastructure, Technology, Equipment, Maintenance, and Safety** (school aid fund) funding to address deferred maintenance and safety needs on campuses

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statewide. The Governor's recommendation ensures a minimum \$1 million allocation to each university to support critical infrastructure, safety, and technology upgrades, with remaining funds distributed based on enrollment levels.

- ♦ **\$1.8 million for university retirement obligations** (school aid fund) to sustain state support for retirement contributions to the Michigan Public School Employees' Retirement System (MPERS) for the seven eligible public universities. These MPERS normal cost offset payments cover costs associated with other state policy changes that enhance the long-term financial health of the retirement system.
- ♦ **\$15.4 million for the North American Indian Tuition Waiver** (school aid fund) to continue fully funding program costs. This recommendation reinforces the Governor's commitment to accessible education by waiving tuition costs for more than 1,000 eligible Native Americans at Michigan public universities.

Sustainable Investment in College Scholarships

In addition to the investments above, the Governor's recommended budget includes multiple strategic investments and adjustments in financial aid to lower costs for postsecondary students:

- ♦ **\$232 million increase to the Michigan Achievement Scholarship** to fund the state's flagship scholarship program and align funding with estimated costs in fiscal year 2027. The recommendation includes \$100 million in ongoing general fund and \$300 million in ongoing school aid fund, representing a **\$100 million ongoing increase from fiscal year 2026**, along with an additional \$132 million from the Postsecondary Scholarship Fund directly to the Michigan Achievement Scholarship. Together, this investment brings the total appropriation for the Michigan Achievement Scholarship to \$532 million and is estimated to reach 112,400 students in academic year 2027.
- ♦ Through the Community College Guarantee, the Michigan Achievement Scholarship provides full-time community college students with in-district tuition coverage and an additional \$1,000 for Pell Grant recipients to cover living expenses. For eligible students attending public or private four-year institutions, the scholarship offers up to \$5,500 annually toward the cost of attendance. An estimated two out of three university students are eligible statewide.
- ♦ **\$26.5 million net increase to the Tuition Incentive Program (TIP)** bringing the total appropriation to \$148.8 million ongoing. TIP supports lower-income students pursuing associate degrees or credentials at Michigan community colleges, public universities, and private institutions. The Governor's recommended budget provides increased funding to support heightened student participation rates as more students gain access to postsecondary education and workforce credentials. Since 2019, TIP participation costs have grown by more than 140%. To ensure long-term sustainability, the Governor's recommendation includes two policy changes that generate \$17 million in ongoing savings:

- ♦ TIP Phase I Cap: Beginning in academic year 2028, Phase I awards at public universities will be capped at 2.5 times the average per-credit tuition rate at a Michigan community college.
- ♦ TIP Phase II Sunset: TIP Phase II awards will sunset for new students after academic year 2026. Students who are already receiving Phase II will continue to receive the award.
- ♦ **\$25 million increase to Michigan Reconnect** (school aid fund) to expand tuition-free pathways for adult learners. The Governor's recommendation raises total Reconnect funding to \$67 million and calls for lowering the eligibility age to 21, significantly broadening access to associate degrees and workforce credentials for adult learners.

FY 2027 Public University Operations (\$ in Thousands)					
University	FY 2026 Base Operations Funding	FY 2027 Indian Tuition Waiver	FY 2027 One-time Support	FY2027 One-time ITEMS	FY 2027 Total Funding
Central Michigan University	\$97,785.7	\$1,974.1	\$2,885.0	\$1,629.3	\$104,274.1
Eastern Michigan University	\$86,236.3	\$423.9	\$2,544.2	\$1,523.4	\$90,727.8
Ferris State University	\$61,423.6	\$771.5	\$1,812.2	\$1,409.0	\$65,416.3
Grand Valley State University	\$97,552.9	\$1,235.5	\$2,955.4	\$1,988.3	\$103,732.1
Lake Superior State University	\$14,854.3	\$1,564.9	\$438.3	\$1,060.1	\$17,917.6
Michigan State University	\$321,516.9	\$2,413.5	\$9,740.5	\$3,441.3	\$337,112.2
Michigan Technological University	\$55,927.1	\$800.7	\$1,650.0	\$1,338.7	\$59,716.5
Northern Michigan University	\$54,270.4	\$1,654.6	\$1,601.1	\$1,322.3	\$58,848.4
Oakland University	\$73,036.4	\$378.3	\$2,212.7	\$1,696.0	\$77,323.4
Saginaw Valley State University	\$34,196.0	\$240.8	\$1,036.0	\$1,296.0	\$36,768.8
University of Michigan - Ann Arbor	\$360,607.3	\$1,746.1	\$10,924.8	\$3,627.4	\$376,905.6
University of Michigan - Dearborn	\$31,513.7	\$248.8	\$954.7	\$1,332.1	\$34,049.3
University of Michigan - Flint	\$26,403.7	\$537.6	\$799.9	\$1,302.0	\$29,043.2
Wayne State University	\$227,310.2	\$598.7	\$6,886.5	\$2,060.1	\$236,855.5
Western Michigan University	\$124,489.3	\$776.5	\$3,672.8	\$1,708.3	\$130,646.9
MSU AgBioResearch & Extension	\$72,819.6		\$2,206.1		\$75,025.7
Operations Total	\$1,739,943.4	\$15,365.5	\$52,320.2	\$26,734.3	\$1,834,363.4
MPSERS Total					\$1,750.0
Regional Programs Total					\$322.1
KCP Total					\$2,691.5
Michigan Achievement Scholarship					\$532,000.0
Project GEAR-UP					\$3,200.0
Michigan Reconnect					\$67,000.0
Tuition Incentive Program					\$148,800.0
Veterans/Survivors Tuition Grant					\$2,000.0
Grants & Financial Aid Total					\$753,000.0
Grand Total					\$2,592,127.0

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Governor's Recommended Budget for Fiscal Years 2027 and 2028
 \$ in Thousands

FY 2027 Adjustments

	<u>GF/GP</u>	<u>SAF</u>	<u>GROSS</u>
FY 2026 Original Enacted	\$1,482,943.7	\$850,768.3	\$2,336,912.0
Removal of FY 2026 One-Time Funding	(\$102,320.2)	\$0.0	(\$102,320.2)
FY 2027 Ongoing Investments			
Michigan Reconnect - \$25 million ongoing increase to Michigan Reconnect scholarship to allow for the reduction of age eligibility for students ages 21+.	\$0.0	\$25,000.0	\$25,000.0
FY 2027 Reductions			
Tuition Incentive Program Phase I Cap - Savings associated with capping awards to Phase I students at public universities at 2.5 times the average community college per-credit tuition rate.	(\$9,700.0)	\$0.0	(\$9,700.0)
Tuition Incentive Program Phase II Sunset - Savings associated with eliminating Phase II awards for new student in academic year 2027. Phase II award will still be given to returning eligible students.	(\$7,300.0)	\$0.0	(\$7,300.0)
School Aid Fund Swap in Scholarships - Increases ongoing school aid funds by \$183.1 million in three state scholarship programs (Tuition Incentive Program, Michigan Reconnect and Children of Veterans Tuition Grant) while reducing ongoing general fund by \$183.1 million. A portion of general fund remains in two scholarships to pay for awards at independent universities.	(\$183,080.0)	\$183,080.0	\$0.0
School Aid Fund Swap in University Indian Tuition Waiver - Includes \$15.4 million ongoing school aid fund to fully fund Indian Tuition Waiver costs at public universities, while reducing ongoing general fund by \$15.4 million.	(\$15,365.5)	\$15,365.5	\$0.0
FY 2027 Baseline Adjustments			
University Indian Tuition Waiver - Annual Adjustment needed to fully fund the costs of tuition waivers for eligible Native American students. Total payments of \$15.4 million.	\$830.7	\$0.0	\$830.7
Tuition Incentive Program - Increases ongoing funding by \$43.5 million to cover elevated costs and increased student utilization.	\$43,500.0	\$0.0	\$43,500.0
Michigan Achievement Scholarship - Technical change to show the actual estimated cost of the Michigan Achievement Scholarship in the gross total of the budget bill. The Michigan Achievement Scholarship is expected to cost \$532 million in FY27. It is funded by \$100 million ongoing general fund, \$300 million ongoing school aid fund and \$132 million from the post-secondary scholarship fund . This includes a \$100 million ongoing increase to school aid funds from FY26.	\$0.0	\$100,000.0	\$232,000.0
University MPSERS Normal Cost Offset - Funding to offset normal cost contributions associated with other enacted state policy decisions, for a total of \$1.8 million.	\$0.0	(\$5,850.0)	(\$5,850.0)
FY 2027 Total Executive Recommendation - Ongoing Funding	\$1,209,508.7	\$1,168,363.8	\$2,513,072.5
FY 2027 One-Time Investments			
Public University One-time Payments - Includes \$52.3 million of one-time funding distributed to each public university at the same levels received in FY26. Universities may use these funds for the same purposes as operations funding.	\$0.0	\$52,320.2	\$52,320.2
Infrastructure, Technology, Equipment, Maintenance, and Safety (ITEMS) Funding - Includes \$26.7 million of one-time funds distributed to public universities to address deferred maintenance and debt costs across college campuses.	\$0.0	\$26,734.3	\$26,734.3
FY 2027 Total Executive Recommendation - One-Time Funding	\$0.0	\$79,054.5	\$79,054.5
FY 2027 Total Executive Recommendation - Ongoing and One-Time	\$1,209,508.7	\$1,247,418.3	\$2,592,127.0
\$ Change from FY 2026 - Total Funding	(\$273,435.0)	\$396,650.0	\$255,215.0
% Change from FY 2026 - Total Funding	(18.4%)	46.6%	10.9%

FY 2028 Adjustments

	<u>GF/GP</u>	<u>SAF</u>	<u>GROSS</u>
FY 2027 Total Executive Recommendation	\$1,209,508.7	\$1,247,418.3	\$2,592,127.0
Removal of FY 2027 One-Time Funding	\$0.0	(\$79,054.5)	(\$79,054.5)
None	\$0.0	\$0.0	\$0.0
FY 2028 Total Executive Recommendation	\$1,209,508.7	\$1,168,363.8	\$2,513,072.5
\$ Change from FY 2027 - Total Funding	\$0.0	(\$79,054.5)	(\$79,054.5)
% Change from FY 2027 - Total Funding	0.0%	(6.3%)	(3.0%)