



FY2023 Budget Summary

This document summarizes the State of Michigan's Fiscal Year 2023 budget. The full budget is contained within two large omnibus bills – Public Act 144 of 2022 (SB 845) and Public Act 166 of 2022 (HB 5783). SB 845 was signed by the Governor on July 14, 2022, at Mott Community College, and contains budget items related to K-12 education, community colleges, and universities. HB5783 was signed by the Governor on July 20, 2022 and includes the budgets to most state agencies, including the Department of Labor and Economic Opportunity. The FY23 budget totals \$76 billion, including a general fund total of \$15.2 billion and a school aid budget totaling \$17.5 billion.

OPERATIONS

Community College Operations Increase

The FY23 budget which begins on October 1, 2022 includes a 5.0% increase to community college operation grants (\$16.2M SAF) distributed through the existing funding formula.

- This is a net increase of a 4.0% increase because the budget removes the 1% one-time (\$13M SAF) increase from the FY22 budget.
- Projected net increases for individual community colleges range from 2.6% to 5.8%, which also includes any adjustments MI Indian Tuition Waiver (MITW) payments.
- The total appropriation for Michigan's community colleges operations plus MITW for FY23 is \$341,224,400, up from \$328,583,400 in FY2022.

Funding Formula Task Force

The budget calls for a new task force to be formed by September 15, 2022 to review, evaluate, discuss, and make recommendations regarding community college operations funding, with a focus on addressing disparities and ensuring that funding levels are equitable across tuition, state support, and local tax revenue.

The task force must consist of four specific legislators (Representatives Frederick and Steckloff, and Senators LaSata and Irwin), the President of MCCA, and three representatives of community colleges that represent colleges of various size and geographic diversity.

The task force will review whether the current performance metrics used for the formula are the most appropriate and reliable indicators available and determine the most efficient methodology for connecting state funding to performance. The task force will also suggest methodology concerning equitable and appropriate funding levels to community colleges.

The task force must publish a report with findings and recommendations by December 15, 2022.

SPECIAL PROJECTS

Associate Degree in Nursing (ADN) to Bachelor of Science in Nursing (BSN) Completion Grant Program

The FY23 budget includes \$56M (federal) for the Michigan ADN→BSN Completion Grant program. The program will be administered by the Michigan Department of Labor and Economic Opportunity (LEO).

The program allows students who have attained an Associate Degree in Nursing (ADN) to complete a Bachelor of Science in Nursing (BSN) on a community college campus in partnership with a public university or not-for-profit independent college. Each community college will be eligible for a minimum of \$2M for this project. The funding may be utilized to support any costs related to the program and is designed to be flexible. All funds should be expended by September 30, 2026.

To be eligible, a community college must have:

- A signed agreement with a four-year institution, that aligns with the framework developed by the workgroup
- Strategic input and engagement from local health care employers and local workforce development agency

MCCA staff will provide additional guidance and support to community colleges in the coming months.

Community College Academic Catch-Up Program

The FY23 budget includes \$10M (federal) for the Community College Academic Catch-Up Program. Funds will flow through MCCA, and then be distributed to each college interested in participating. Grants are designed to support each community college's efforts to combat learning loss among recent high school graduates who experienced interruptions to in-person learning due to the Covid-19 pandemic. The maximum grant size for any one college is \$1M. MCCA will be responsible for establishing an application process for colleges to receive funding. Colleges must do all of the following to be eligible to receive funds:

- Submit an application
- Offer a summer educational program focused on English and math to incoming college students, and make this program free of charge to the student
- Enroll students that complete the program in college-level and/or co-requisite courses in English and math
- Provide necessary transportation, supplies, and technology to students
- Provide in-person and online instructional options
- Provide individualized support for career exploration, admission, and financial aid
- Provide support for student basic needs (i.e. food assistance) during the program

MCCA will follow up with community colleges on the next steps for applying for this funding.

Corrections

The budget allocates \$5M to the MCCA to establish a grant program for assistance with corrections officer postsecondary education. The grant will pay for up to 15 college credits for current corrections officers and new hires that have not completed college coursework required for employment with the department of corrections. MCCA staff will provide additional guidance and support to community colleges in the coming months.

FINANCIAL AID

Michigan Reconnect

The FY23 budget includes \$55 million (GF/GP) to continue funding Michigan Reconnect, a last-dollar financial aid program that provides a tuition-free pathway to an Associate degree for Michiganders that are 25 or older.

Michigan Reconnect Short-Term Training Grants

The FY23 budget includes \$6M (federal) for grants to support short-term training programs. The intent of these funds is to align with the proposed federal “short-term Pell grant” amendment. Additional legislation may be needed to authorize these funds. Individuals that are 21 or older would be eligible for these grants.

Michigan Achievement Scholarship

The FY23 budget appropriates \$250,000,000 (GF/GP) into a postsecondary scholarship fund. The fund will be administered by the Michigan Department of Treasury. However, the legislature and Governor’s Office did not reach agreement on the eligibility criteria or size of these grants. The legislature must introduce and pass legislation to establish all requirements related to the program that is effective by September 30, 2023. Therefore, it is likely that this scholarship will target students in the high school graduating class of 2023 and beyond.

Changes to Existing Student Scholarship Programs

- The budget removes the annual and semester credit limit for the Tuition Incentive Program
- The maximum size of the Michigan Competitive Scholarship will increase from \$1,000 to \$1,500

Michigan Indian Tuition Waiver

The budget includes reimbursements to colleges to fully fund the Michigan Indian Tuition Waiver. These payments are rolled into each college’s operational grant. Notably, MITW reimbursement is down \$306,500 from the year before, likely due to declines in enrollment among eligible students.

BOILERPLATE

Tuition Restraint

The budget includes boilerplate language that the college must not increase its tuition and fee rates for in-district students for the 2022-23 academic year by 5.0% or \$226, whichever is greater. “Fees” include those that are authorized by the Board that is paid by more than ½ of all in-district students at least once during their enrollment. Colleges that exceed this gap may not be awarded performance funding or be eligible to receive state funding for a capital outlay project for the next two years.

CLEP

Community colleges must demonstrate acceptance of CLEP opportunities by developing and implementing policies and procedures for the awarding of academic credit through CLEP examinations. Colleges must make their policies for CLEP publicly available on the college’s website. If a college requires scores above those recommended by ACE, the college must submit data and justifications for this decision to the state by February 1, 2023. MCCA staff will provide additional guidance and support to community colleges in the coming months.

Accelerated Degree Completion Pathway

Community colleges must provide enrolled students information on accelerated degree completion pathways and options within the first semester of enrollment, and publicly post this information on the community college’s website by October 1, 2022. Colleges without accelerated degree completion pathways should create new opportunities for enrolled students (e.g. credit for prior learning). MCCA staff will provide additional guidance and support to community colleges in the coming months.

Prior Learning Assessment for Military/Veterans

Colleges must provide CLEP opportunities to veterans, active members of the military, National Guard, or military reserves within the first semester of enrollment. Additionally, colleges should inform members of the military (active duty, reserve, or veteran) that they may receive academic credit for training received in the military. MCCA staff will provide additional guidance and support to community colleges in the coming months.

Mandatory Covid-19 Vaccine Policy

If a community college establishes a mandatory Covid-19 vaccine policy, it must provide certain exemptions for students and employees. Community colleges must submit a written report regarding any mandatory vaccine policy to the legislature and budget office, including information on the number of students/employees who requested an exemption and were granted an exemption. MCCA staff will provide additional guidance and support to community colleges in the coming months.

MISCELLANEOUS

Sixty by 30 Goal

Notably, the legislature codified Michigan's Sixty by 30 goal within the budget. It is now a shared goal inclusive of the Governor and legislature, to ensure that 60% of Michigan residents achieve a postsecondary credential, high-quality industry certification, associate degree, or bachelor's degree by the year 2030.

Dual Enrollment – Credit Acceptance by State Universities

Universities must not consider any of the following criteria when determining whether credits earned outside the university by a student count toward a degree or certificate program offered by the university:

- Whether the credits were earned in a dual enrollment program that counted the credits toward high school graduation requirements
- Whether the credits were earned in a course that was delivered at a high school, at a community college, or at another location
- Whether the credits were earned in a course that was delivered online, in-person, or hybrid
- Whether other students enrolled in the course were enrolled in high school

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Michigan Center for Adult College Success

The budget provides \$9.2M (federal) to create and operate the Michigan Center for Adult Student Success, which will be housed within [TalentFirst](#) (formerly known as Talent 2025). The Center will focus on research, support models, and best practices related to postsecondary enrollment and completion for adult students. This proposal was championed by a nonprofit called [Diploma Equity Project](#), founded by Doug Ross. Some of this funding should be utilized as subgrants to colleges to fund systems and interventions that have been shown to increase adult completion rates.

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](#).

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