

2025

LEGISLATIVE PRIORITIES



Increase State Operating Support for Public Universities to Improve College Affordability

Reinvigorate state investment to power Michigan's workforce talent pipeline.

KEY TAKEAWAYS

- **Advocate for sustained, sufficient state funding to improve college affordability**, especially for low- and middle-income students.
- **Address the decline in state investment over the past two decades**, which forced universities to raise tuition and shifted funding burdens onto students and families.
- **Align funding levels for public universities closer to the national average**, particularly in comparison to community colleges.
- **Support workforce-aligned academic programs to enhance student success** and strengthen Michigan's talent pipeline.

BACKGROUND

The top policy priority of Michigan's 15 public universities is for the state to provide sufficient, consistent, and sustained funding for institutional operations to keep college affordable for all students, and especially those from low- and middle-income backgrounds.

For two decades, the state's disinvestment in public higher education forced universities to raise tuition. The FY2023 and FY2024 state budgets for higher education included much needed increases in public university operating support. We thank policymakers for their wise investment over those two years. The FY2025 state budget, however, reflected a more tepid sub-inflationary increase in university operations support.

Michigan ranks 41st in state higher education funding support per capita, with the state's support for its public universities down by \$369.3 million since 2011, adjusting for inflation. Since 2002, state higher education operations funding is down over \$1.2 billion with inflation.¹ In 1979, state funding accounted for 70% of Michigan public university operating revenues, with tuition dollars comprising 30%. Today, students and families provide a full 78% of institutional operating dollars. Only 22% of university base operating revenues came from the state in 2024.

Michigan admirably funds its community colleges at \$12,650 per fiscal year equated student (FYES), or 121% of the national average. In stark contrast, the state only funds its public universities at an average of \$7,211 per FYES, which is only 70% of the national average.² This is not how Michigan can succeed at a time when the best paying jobs in highest demand require a bachelor's degree or higher. A period of strong and sustained reinvestment in state operating support to Michigan's public universities will enable these institutions to strengthen student supports and bolster workforce-aligned academic programs, leading to increased student success, degree completions, and a stronger talent pipeline in the years ahead.



Continue Implementation of the Michigan Achievement Scholarship to Enhance College Affordability

Build on Michigan's historic investment in financial aid to ensure that less affluent students can earn a college degree.

KEY TAKEAWAYS

- **Continue implementing the MAS** to further support college affordability.
- **Adjust MAS awards based on inflation** to maintain their purchasing power.
- **Increase the MAS award for public university students** as a next step to expanding to a universal preK-14 education system as a strategy to boost the state's population and economic growth.

BACKGROUND

For years, steep cuts to Michigan's state-funded student financial aid programs led to less affluent students facing higher loan burdens to meet the costs of college, or worse, not attending a university at all. Michigan ranked last in the nation for state-funded financial aid per public university student in FY2023 (\$23), and fourth lowest for aid per all public students.³

Since 2023, however, the Michigan Achievement Scholarship (MAS) has marked a game-changing turnaround in the state's investment in student financial aid and public university affordability.

This much appreciated aid program is now helping low- and middle-income students better afford a quality public university education by contributing up to \$5,500 per student – about 29% to 42% of resident undergraduate tuition at the state's public universities -- for up to five years. A full two-thirds of enrolling university students are expected to be eligible for the scholarship. 33,449 state university students received the MAS this past fall, reflecting a more than 100% increase over the program's first year.

The state's FY2025 budget expanded the MAS to include the Community College Guarantee, providing free in-district tuition to all full-time community college students, aligning with the recommendations from the Governor's Growing Michigan Together Council report. To grow our state's population and economy, the council recommended an expansion of our universal preK-12 system to a preK-14 system by providing two years of free tuition at community colleges or public universities.⁴ Taking the next step by increasing the MAS award amount for students enrolled at the universities will represent a step toward the vision cast by the Growing Michigan Together Council.

Finally, one of the biggest obstacles for students to afford college in Michigan prior to the MAS was that award amounts for previous state financial aid programs were small and rarely adjusted for inflation. The sunseting Michigan Competitive Scholarship, the main state financial aid program for university students, was only \$1,500 by the program's end. The MAS has already gone through two years of sharp inflation without an adjustment for public university students. Pegging the award amount to an inflation index would prevent this fantastic state financial aid program from diminishing its impact on college affordability.





Invest in State Capital Outlay and Asset Maintenance to Provide High-quality Facilities and Campus Infrastructure

To compete for the best students, faculty, and research opportunities, it's vital that Michigan universities have high-quality facilities.

KEY TAKEAWAYS

- **Ensure predictable, annual state capital outlay funding** for modern, high-quality campus facilities and infrastructure.
- **Remove outdated hard caps on state contributions for capital projects.**
- **Reinstate funding for Infrastructure, Technology, Equipment, Maintenance, and Safety (ITEMS)** to address deferred maintenance and extend the lifespan of state-owned campus assets.
- **Allocate \$100 million annually for ITEMS** to mitigate the \$6.44 billion deferred maintenance backlog.

BACKGROUND

High-quality academic and research facilities are vital to ensuring that Michigan's public universities remain competitive by continuing to deliver world-class education and creating the knowledge and talent that will power tomorrow's economy. Constructing technologically sophisticated and environmentally sound campus facilities requires a financing partnership between the state and its public universities. A much-appreciated set of capital outlay projects was authorized in November 2023. However, in general, these investments are infrequent and have dwindled over the years. It is important to return to a dependable cycle of a few projects annually to minimize uncertainty and to avoid extended delays in asset maintenance, or the sudden tightening of construction-related labor markets due to multiple institutions planning or building at once. The state capital outlay process should be conducted annually, be predictable and consistent, and include substantial public investment.

In the lean years of the 2000s, the state limited its share toward capital outlay projects first to \$45 million and then to only \$30 million. When there is already a 25% university cost share to provide an incentive for thriftiness, a hard dollar cap on the state share is unnecessary. Further, research labs, digital classrooms, and modern health and accessibility standards make buildings more expensive than when these caps were put in place. Finally, even if hard dollar caps were appropriate, their value has substantially eroded. \$30 million in 2008 would be equivalent to \$44.8 million today with inflation. It is time to dispose of these measures.

Finally, these important state assets need to be maintained. Universities are careful stewards of state assets, but they can only do so much maintenance and upkeep without state investment. Infrastructure, Technology, Equipment, Maintenance, and Safety (ITEMS) dollars have only been provided once in the last two decades. Investment in ITEMS is a prudent mechanism for the state to provide support to address unmet needs by assisting in the middle ground between the routine maintenance a university does as a caretaker of state assets and the major construction or renovations of a capital project where the State Building Authority takes the building title. It's a fantastic way to use non-recurring state revenues. Ohio, for example, has provided its public institutions of higher education over \$237 million annually in direct capital funding for at least the last four years. Accordingly, the state should restore ITEMS funding in the amount of \$100 million annually, which equates to just 1.6% of the total accumulated \$6.44 billion deferred maintenance backlog among the state universities. By preventing the need for large-scale capital replacements, ITEMS dollars represent a solid investment in a proven cost avoidance strategy.

1 Fiscal Year 2023 State Higher Education Finance Report, State Higher Education Executive Officers. <https://shef.sheeo.org>.

2 Ibid.

3 Ibid.

4 Growing Michigan Together Report. Recommendation to expand to universal PreK-14 education system on page 39.

<https://growingmichigan.org/wp-content/uploads/2023-12-14-GMTC-Final-Report-2.pdf>



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UNIVERSITY



MICHIGAN STATE
UNIVERSITY



Michigan Tech



OAKLAND
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WAYNE STATE
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For more information on the state universities' collective policy priorities, including data sources, see *MASU's 2025 Michigan Higher Education Public Policy Agenda*, viewable online at masu.org/policy-reports.



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