

FISCAL BRIEF

PUBLIC UNIVERSITIES FY 2023-24 OPERATIONS INCREASE, FYES FLOOR FUNDING, AND TUITION AND FEE RESTRAINT

Perry Zielak, Senior Fiscal Analyst
January 16, 2024

FAST FACTS

- Annual operations increases for public universities have been distributed across-the-board in recent years.
- FY 2023-24 allocates \$77.6 million in ongoing operations increase.
- \$21.4 million was allocated for universities that fell below a \$4,500 FYES funding floor.
- Universities must comply with various requirements to receive the operations increase and FYES floor funding, including restricting tuition increases to the greater of 4.5% or \$676 for FY 2023-24.

INTRODUCTION

The state appropriation for a public university's yearly operations funding typically includes three components: the base, the operations increase, and the North American Indian Tuition Waiver (ITW) funding. The base amount is the public university's appropriation from the prior fiscal year, less ITW funding. The increased operations funding amount is added to the base for the new fiscal year and has been distributed in an across-the-board method in recent years. Indian Tuition Waiver funding is the amount of funding appropriated to cover a public university's ITW cost from the most recently reported fiscal year data, which typically has a lag of two fiscal years.

The FY 2023-24 Higher Education budget, 2023 PA 103, appropriates increased Higher Education operations funding through two components: 1) an across-the-board operations increase totaling \$77.6 million, and 2) a supplemental payment totaling \$21.4 million with each university payment determined through a fiscal year equated student (FYES) funding floor. The FY 2023-24 budget continues to tie the operations funding increase to tuition and fee restraint requirements, mirroring the tuition and fee restraint requirement for community colleges.

FY 2023-24 ACROSS-THE-BOARD OPERATIONS INCREASE

The first component of the FY 2023-24 ongoing operations increase was distributed in an across-the-board manner. All public universities received a 5% increase, totaling \$77.6 million. Across-the-board increases have been used in recent fiscal years, but FY 2022-23 used a modified system where the seven public universities that participated in the Michigan Public School Employee Retirement System (MPERS), which include Central Michigan, Eastern Michigan, Ferris State, Lake Superior State, Michigan Tech, Northern Michigan and Western Michigan, received a 2% operations increase. The remaining eight public universities that did not participate in MPERS received up to a 5% across-the-board operations increase.

FY 2023-24 FISCAL YEAR EQUATED STUDENT FUNDING FLOOR SUPPLEMENTAL PAYMENT

The FY 2023-24 Higher Education budget allocated increased ongoing operations funding through an additional component, continuing to implement a \$4,500 fiscal

year equated student (FYES) funding floor that was applied over a two-year period. FYES is a calculated student measure that indicates the number of full-time students at universities and is often used to determine a per-student funding measure. Three public universities—Grand Valley State, Oakland, and the University of Michigan-Dearborn—were below the \$4,500 funding floor and received a FYES funding floor supplemental payment, totaling \$21.4 million. **Table 1** shows the distribution of FYES funding floor supplemental payments.

Table 1: FYES Funding Floor Supplemental Payment	
University	FYES Floor Funding
Grand Valley State	\$11,560,000
Oakland	8,123,900
UM Dearborn	1,699,800
TOTAL	\$21,383,700

In addition, the FYES floor payment was implemented before the 5% across-the-board increase was calculated, allowing the three schools to receive the FYES floor payment and then the 5% increase. Grand Valley State, Oakland, and UM-Dearborn received a 19.8%, 19.0%, and 11.1% operations increase, respectively, through the combination of the FYES funding floor supplemental payment and the 5% across-the-board operations increase.

As a result, all universities are at or above the \$4,500 FYES funding floor for FY 2023-24. Future enrollment or funding changes could result in universities dropping below the FYES funding floor, at which point the legislature would need to appropriate additional funding to maintain the funding floor.

INCREASED OPERATIONS FUNDING AND FYES FUNDING FLOOR REQUIREMENTS INCLUDING TUITION RESTRAINT

Obtainment of the modified across-the-board operations funding and the FYES funding floor supplemental payment are governed by section 241c of the Higher Education budget ([MCL 388.1841c](#)) and conditioned on compliance with four requirements:

- Restraining FY 2023-24 resident undergraduate tuition and mandatory fee increases to 4.5% or \$676, whichever is greater, compared to FY 2022-23.
- Participating in reverse transfer agreements with at least three Michigan community colleges.
- Prohibiting the use of the following criteria when determining whether credits taken outside the university count toward a degree or certificate program:
 - 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 delivered in a high school classroom, community college classroom or campus, or another location.
 - Whether the credits were earned in a course that was online, in-person, or hybrid.
 - Whether other students enrolled in the course in which the credits were earned were enrolled in high school or applied the course towards high school graduation requirements.
- Actively participating in and submitting updates to the Michigan Transfer Network, which is an online system that provides transparency regarding course transfer equivalencies among Michigan colleges and universities.

REPEALED HIGHER EDUCATION PERFORMANCE FORMULA

Between FY 2012-13 and FY 2019-20, the Higher Education Performance Formula was used to determine ongoing operations increases for public universities. Although the formula has not been utilized to determine operations increases since FY 2019-20, the performance formula was not formally repealed until the FY 2023-24 Higher Education budget.¹ A performance formula is still used to determine operations increases for Michigan's 28 community colleges.

INCREASED OPERATIONS FUNDING AND FYES FUNDING FLOOR CERTIFICATION

Universities are required to certify compliance with the across-the-board operations funding and FYES funding floor supplemental payment conditions noted above by the last business day of August and, under the terms of the budget act, the state budget director has the sole authority to determine whether a public university has complied with tuition restraint conditions.

For FY 2023-24, all 15 public universities have submitted their certifications to the state budget director. In a letter dated October 13, 2023, the state budget director confirmed compliance with operations funding conditions for all 15 institutions.

Attachment 1 shows university resident undergraduate tuition and fee rates for FY 2023-24 along with comparable figures for FY 2022-23. University tuition and fee rates are computed as unweighted averages; rates for full-time resident undergraduate enrollment in FY 2023-24 range from \$12,278 at Saginaw Valley to \$20,329 at Michigan Tech. The overall average tuition rate is \$15,618, up from \$15,027 in FY 2022-23. Percentage changes range from a 2.63% decrease at Wayne State to a 5.19% increase at Northern Michigan. The unweighted average increase for all 15 universities is 3.93%. Dollar changes range from a \$420 decrease at Wayne State to an \$862 increase at Michigan Tech. The unweighted dollar average increase for all 15 universities is \$591.

Attachment 2 shows operations funding allocated for each university. Public universities received an ongoing across-the-board operations increase of \$77.6 million and FYES funding floor supplemental payments totaling \$21.4 million for the three universities that fell below the \$4,500 FYES funding floor. When ITW funding is factored in, the overall increase is 6.4%, or \$99.2 million. Overall funding increases range from 4.7% at Central Michigan and Ferris State to 19.8% at Grand Valley State.

¹ More information about the Higher Education Performance Formula can be found here:
https://www.house.mi.gov/hfa/PDF/HigherEducation/HigherEd_Approps_Report_fy2022-23.pdf

ATTACHMENT 1

FY 2023-24 Michigan Resident Undergraduate Tuition and Fee Rate Increases

University	FY 2023-24 Rates					FY 2023-24 Rates					% Change Avg Rate	Annual Increase	Cost per Credit Hr
	Fresh	Soph	Junior	Senior	Average	Fresh	Soph	Junior	Senior	Average			
Central	\$13,650	\$13,650	\$14,670	\$14,670	\$14,160	\$14,190	\$14,190	\$15,390	\$15,390	\$14,790	4.45	\$630	\$493
Eastern	14,810	14,610	16,410	16,410	15,560	15,510	15,310	17,110	17,110	16,260	4.50	700	542
Ferris	14,010	14,010	15,150	15,150	14,580	14,596	14,596	15,886	15,886	15,241	4.53	661	508
Grand Valley	13,952	13,952	14,652	14,652	14,302	14,628	14,628	15,328	15,328	14,978	4.73	676	499
Lake Superior	13,840	13,690	13,690	13,690	13,728	14,378	14,228	14,228	14,228	14,266	3.92	538	476
Michigan State	15,372	15,750	17,672	17,672	16,617	15,988	16,378	18,356	18,356	17,270	3.93	653	576
Michigan Tech	17,614	17,614	21,320	21,320	19,467	18,392	18,392	22,266	22,266	20,329	4.43	862	678
Northern	12,913	12,648	13,248	13,248	13,014	13,577	13,304	13,940	13,940	13,690	5.19	676	456
Oakland	14,573	14,573	16,875	16,875	15,724	15,225	15,225	17,633	17,633	16,429	4.48	705	548
Saginaw Valley	11,715	11,565	11,565	11,565	11,603	12,390	12,240	12,240	12,240	12,278	5.82	675	409
UM-Ann Arbor	16,736	16,736	18,836	18,836	17,786	17,228	17,228	19,390	19,390	18,309	2.94	523	610
UM-Dearborn	14,320	14,320	15,070	15,070	14,695	14,944	14,944	15,724	15,724	15,334	4.35	639	511
UM-Flint	13,524	13,524	13,674	13,674	13,599	14,190	14,190	14,346	14,346	14,268	4.92	669	476
Wayne State	14,925	14,675	17,090	17,090	15,945	14,547	14,297	16,630	16,630	15,526	(2.63)	(420)	518
Western	13,950	13,950	15,296	15,296	14,623	14,594	14,594	16,002	16,002	15,298	4.62	675	510
Unweighted Avg.	\$14,394	\$14,351	\$15,681	\$15,681	\$15,027	\$14,958	\$14,916	\$16,298	\$16,298	\$15,618	3.93	\$591	\$521

General Notes:

- 1) Per HEIDI reporting requirements, and consistent with section 241c of the budget act, rates are reported based on four class levels. Rates are based on 30 credit hours (15 in Fall, 15 in Winter/Spring) and exclude fees not paid by a majority of students in a given class (most course fees), as well as refundable fees.
- 2) FY 2023-24 resident tuition rate increase is restrained to either 4.5% or \$676, whichever is greater.

FY 2023-24 University-Specific Notes

- Michigan Tech: Assumes engineering/computer science majors (majority of MTU enrollment).
- UM-Ann Arbor: Rates are for College of Literature, Science, and Arts.
- UM-Dearborn: Rates are for College of Arts, Sciences, and Letters.
- Wayne State: Moved to a flat tuition structure for students taking between 12-18 credit hours, effective academic year 2023-24.

Sources: University websites, university tuition restraint responses, Higher Education Institutional Data Inventory (HEIDI)

**ATTACHMENT 2
FY 2023-24 University Operations Appropriations**

University	FY 2022-23		FY 2022-23 Base Appropriation	FYES Funding Floor Supplemental Payment	Total Ongoing Operations Increase	Indian Tuition			Total FY24 Indian Tuition Waiver Payment	Total FY 2023-24 Appropriation	Percent Change	Change From FY 2022-23 Total
	Total FY 2022-23 Appropriation	Indian Tuition Waiver Payment				FY 22 Indian Tuition Waiver Cost	Waiver Pass- Through Payments	Indian Tuition Waiver Adjustment				
Central	\$91,145,100	\$1,793,100	\$89,352,000	\$0	\$4,467,600	\$1,531,000	\$63,200	(\$198,900)	\$1,594,200	\$95,413,800	4.7%	\$4,268,700
Eastern	79,152,400	353,600	78,798,800	0	3,939,900	406,000	0	52,400	406,000	83,144,700	5.0%	3,992,300
Ferris	56,952,900	826,900	56,126,000	0	2,806,300	714,200	0	(112,700)	714,200	59,646,500	4.7%	2,693,600
Grand Valley	81,253,800	1,279,300	79,974,500	11,560,000	4,576,700	1,253,800	0	(25,500)	1,253,800	97,365,000	19.8%	16,111,200
Lake Superior	14,361,900	788,800	13,573,100	0	678,700	938,500	0	149,700	938,500	15,190,300	5.8%	828,400
Michigan State	303,727,700	2,046,400	301,681,300	0	15,084,100	1,943,800	0	(102,600)	1,943,800	318,709,200	4.9%	14,981,500
Michigan Tech	51,951,000	847,400	51,103,600	0	2,555,200	866,900	0	19,500	866,900	54,525,700	5.0%	2,574,700
Northern	50,751,100	1,161,300	49,589,800	0	2,479,500	1,160,500	90,200	89,400	1,250,700	53,320,000	5.1%	2,568,900
Oakland	60,761,900	355,300	60,406,600	8,123,900	3,426,500	331,800	0	(23,500)	331,800	72,288,800	19.0%	11,526,900
Saginaw Valley	32,274,600	188,300	32,086,300	0	1,604,300	203,900	0	15,600	203,900	33,894,500	5.0%	1,619,900
UM-Ann Arbor	339,198,000	837,700	338,360,300	0	16,918,000	1,290,500	0	452,800	1,290,500	356,568,800	5.1%	17,370,800
UM-Dearborn	28,115,900	246,200	27,869,700	1,699,800	1,478,500	185,500	0	(60,700)	185,500	31,233,500	11.1%	3,117,600
UM-Flint	25,159,200	384,400	24,774,800	0	1,238,700	391,200	0	6,800	391,200	26,404,700	5.0%	1,245,500
Wayne State	213,639,700	353,100	213,286,600	0	10,664,300	403,600	0	50,500	403,600	224,354,500	5.0%	10,714,800
Western	114,351,900	599,300	113,752,600	0	5,687,600	543,700	0	(55,600)	543,700	119,983,900	4.9%	5,632,000
TOTAL:	\$1,542,797,100	\$12,061,100	\$1,530,736,000	\$21,383,700	\$77,605,900	\$12,164,900	\$153,400	\$257,200	\$12,318,300	\$1,642,043,900	6.4%	\$99,246,800

Requirements to receive operations increase and FYES Funding Floor for FY 2023-24:

1. Restrain FY 2023-24 resident undergraduate tuition/fee rate increase to 4.5% or \$676 (whichever is greater).
2. Participate in at least three reverse transfer agreements with community colleges.
3. Maintain a dual enrollment credit policy that does not consider whether credits were used toward high school graduation, the course location, course delivery method, or student enrollment composition within the course.
4. Actively participate in and submit timely updates to the Michigan Transfer Network.