For the first time in nearly 10 years, Michigan’s budget, passed on strong bipartisan support, provides funds for older students to receive financial aid for community college. Michigan Reconnect went into effect in early 2021 to cover tuition for students older than age 25 to receive a credential (such as an associate degree or occupational certificate) from a Michigan community college or approved training provider. This is an important addition to Michigan’s financial aid offerings, as Michigan has not provided need-based financial aid to older students attending a public college or university since 2010.

**Michigan Reconnect:**
The governor’s budget provided $120 million in General Fund dollars for Michigan Reconnect, up from the current year’s $30 million in funds from the restricted Talent Investment Fund provided through a supplemental budget. The program covers tuition 100% for students who go to the community college in their district, and for those who do not live in a community college district or who go to a community college outside their district, the financial aid they receive is equal to in-district tuition at the college they attend.

**Final budget:** The final budget includes $55 million in General Fund dollars for Michigan Reconnect, with $5 million from the Talent Investment Fund and the bulk of the appropriation from the General Fund.

**Futures for Frontliners:**
The governor recommended $39 million in General Fund dollars for Futures for Frontliners, which provides tuition coverage for a certificate or degree program for frontline workers in acknowledgment of the risks to their health as they worked during the COVID-19 pandemic. The governor recommended that $25 million of the appropriation support an expansion of the program to workers who became newly unemployed during November 2020-January 2021 in industries disproportionately impacted by COVID-19. (There had been $21.3 million provided in the budget year 2021 supplemental to support the frontline workers currently in the program.)

**Final budget includes:** The conference budget lowered the funding to $25 million to cover the existing program, all paid for from the Talent Investment Fund rather than from the General Fund. However, the Legislature has deemed this to be funding for a “legacy” program, suggesting intent that the program will not be continued in future years.

**Wraparound Services for Older Students:**
Because older students often experience pressures that traditional students do not, such as working and raising a family or being the first in their family to go to college, wraparound services such as child care, tutoring and career counseling can greatly improve their chances of academic success. The governor recommended $6 million for Michigan Reconnect and Futures for Frontliners Wraparound Services to support enrolled single parents with customized services that will lead to successful completion of their programs.

**Final budget:** The Legislature approved the recommended $6 million in funding for wraparound services.
**Unemployment Insurance Contingent Fund:**
The governor's budget continued the current-year use of $9.5 million from the Unemployment Insurance (UI) Contingent Fund Penalty and Interest Account to fund the Going Pro training program, rather than fund Going Pro entirely from the General Fund. In Budget Years 2016 through 2019, and then again in Budget Year 2021, money collected from UI recipients in penalty and interest due to overpaid benefits was used to offset General Fund dollars to fund training programs such as Going Pro. (The governor vetoed the use of those funds for training programs in Budget Year 2020.)

In light of the hardship caused to tens of thousands of UI recipients who were erroneously accused of fraud in recent years and charged penalty and interest despite having done nothing wrong, the use of these funds to supplant General Fund dollars for training program funding is egregious. It also provides a perverse incentive to accuse UI recipients of fraud and charge penalties and interest.

**Final budget:** The conference budget upholds the spending of $9.5 million from the Penalty and Interest Account for the Going Pro training program.

**Tuition Incentive Program (TIP):**
This is a financial aid grant that serves students from Medicaid-eligible households, and is the only one of Michigan's three need-based financial aid grants in which eligibility is based on household income level rather than estimated family contribution. The TIP is funded 100% by federal Temporary Assistance for Needy Families (TANF) dollars, which makes sense because the TIP targets households with low incomes.

The governor had recommended an increase of $2.5 million for the TIP to reflect anticipated growth in the program, and at the same time recommended a decrease to reflect a tuition cap for students in public universities equal to 2.5 times the per-credit in-district community college tuition rate, resulting in a net $3.3 million decrease from $68.8 million to $65.5 million.

**Final budget:** The Legislature rejected the governor's decrease reflecting the tuition cap but kept the governor's $2.5 million increase for anticipated growth, for a total of $71.3 million for the Tuition Incentive Program.

**State Competitive Scholarship and Michigan Tuition Grant:**
These two Michigan need-based grants are available to students at any income level, with the eligibility and award amount based on estimated family contribution. The Tuition Grant is only for students attending a private, nonprofit institution, while the Competitive Scholarship can be used at either a public or private nonprofit institution.

In the 2021 budget year, 75% of the funding for these two grant programs was also from TANF, which is not appropriate since many or most of the beneficiaries of those grants are from middle-class or even affluent households. The amount of TANF funding appropriated for the Competitive Scholarship and the Tuition Grant should at the least not exceed the dollar amounts of those grants specifically going to students from households with low incomes.

The governor kept funding for these grants at the current levels of $29.9 million for the Competitive Scholarship and $42 million for the Tuition Grant, with $54 million of the combined funding coming from TANF and only $19.3 coming from the General Fund.

**Final budget:** The Legislature maintains current funding for the two programs along with the current use of $54 million in TANF dollars to fund 75% of the cost of the two programs.
Tuition Restraint:
In Michigan, public universities and community colleges set their own tuition rates. For about a decade, they have been required to limit tuition increases as a requirement for receiving operations funding increases. Because university tuition has increased dramatically over the past 16 years, and because community college students will receive considerable financial aid through Michigan Reconnect and Futures for Frontliners, increases in funding to individual institutions are dependent on those institutions keeping tuition increases below a specific level.

The governor set the tuition restraint level for Budget Year 2022 at 4.2% for community colleges, which is two times the level of inflation, and at 4.2% or $590 per student, whichever is greater, for public universities.

Final budget: The conference budget includes the governor’s public university tuition restraint level of the greater of 4.2% or $590 per student. This is slightly higher than the current year’s university tuition restraint level of 4.25% or $586. The conference budget does not include a tuition restraint requirement for community colleges.

Use of K-12 Funds for Postsecondary Education:
Although the Michigan Constitution allows the state to use dollars from the School Aid Fund (SAF) to pay for community college and public university expenses, the SAF is intended primarily for funding K-12 public education. When Michigan taxpayers voted in 1994 to raise the sales tax from 4% to 6% with the additional revenues going to the School Aid Fund, it was with the understanding that these extra sales tax dollars would fund K-12 public schools. Unfortunately, for the past ten years, the state budgets have used SAF dollars. The governor’s 2022 budget recommendation diverted over $796 million in School Aid Fund dollars from K-12 schools to postsecondary education. This is money taken directly from funds primarily intended for K-12 education in order to fund community colleges and public universities, pitting K-12 and postsecondary education against each other in a zero-sum game.

As with the current budget and that of the past several years, the governor’s budget funded the entire community colleges appropriation (operations, retirement and renaissance zone reimbursements) with School Aid Fund dollars, at $435 million. The governor also proposed $361.4 million in School Aid Fund dollars to cover a portion of university operations and retirement funding in Budget Year 2022, an increase of $5.3 million over the current year.

Final budget: The conference budget funds the entire community college appropriation with School Aid Fund dollars at $431.9 million, and 22% of the university budget at $361.4 million, for a total of $793.3 million in School Aid Fund dollars diverted from K-12 public education to postsecondary education.