Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bills 232 and 233 (as reported without amendment)
Sponsor: Senator Sarah E. Anthony
Committee: Appropriations

CONTENT

Senate Bill 232 would amend the Michigan Reconnect Grant Recipient Act to reduce, until September 30, 2032, the age of eligibility to receive Michigan Reconnect grants and skills scholarships under the Reconnect Short-Term Training Program, from 25 years old to 21 years old, provided that sufficient funds were available for all eligible applicants aged 25 years and older first.

Senate Bill 233 would amend the Michigan Reconnect Grant Act to reduce the age of eligibility under the Act, from 25 years old to 21 years old, subject to exceptions identified in the Act.

MCL 390.1711 et al. (S.B. 232)
MCL 390.1701 (S.B. 233)

BACKGROUND

The Reconnect program was created in 2020 to provide financial assistance to students aged 25 and older seeking an associate's degree or an industry-recognized certificate or credential. It is also intended to help Michigan achieve the goal of increasing the number of residents in the State, aged 25 to 64, with a college degree to 60% by 2030.

Students who qualify for a grant under the Reconnect program and who pursue a degree or certificate at a community college can receive an award of up to full in-district tuition and mandatory fees for their program of study. Students who apply for a Reconnect Short-Term Training Program grant can receive a grant award of up to a program maximum of $1,500 to offset the cost of their chosen program.

FISCAL IMPACT

Because the bills would not require the Department of Lifelong Education, Advancement, and Potential (MiLEAP) to extend awards under the Michigan Reconnect program to individuals between the ages of 21 and 24 unless sufficient funding were available, the bills would have no direct fiscal impact on State or local units of government. If the Legislature did not provide an additional appropriation to support the expansion of Reconnect for students of that age group, MiLEAP presumably would not expand the program to cover those students, and the cost of Reconnect would not increase.

However, it may be valuable to estimate the cost of an expansion in the context of discussing these bills. Public Act 119 of 2023, the fiscal year (FY) 2023-24 general omnibus budget bill, provided a FY 2022-23 supplemental appropriation of $70.0 million to temporarily expand the Michigan Reconnect program for students ages 21 to 24 using Federal funds received under the American Rescue Plan Act (ARPA). This appropriation was given work project status to allow it to be spent in future fiscal years to allow participating students to finish their programs before ARPA funds expired on December 31, 2026.

According to data received from MiLEAP, approximately $11.0 million was spent in FY 2023-24 and $26.5 million was spent in FY 2024-25 to provide Reconnect awards under the temporary expansion for students ages 21 to 24. A significant portion of this year-to-year increase is attributable to a second cohort of students enrolling in the program during FY 2024-25 while the first cohort finished their second year in the program. It is also likely that increased awareness of the program and other student financial aid programs offered by the State lead to a portion of this increase.

There is a risk associated with assuming that FY 2024-25 costs would be indicative of the future costs for a permanent expansion of Reconnect to students age 21 to 24. It is possible that making the expansion permanent could increase participation in the program from students who might otherwise be wary of participating in a program that is temporary. Other factors that could contribute to increased participation in an expanded Reconnect program include increased Free Application for Federal Student Aid (i.e., FAFSA) completion and Reconnect application rates, increases in community college enrollment (community college enrollment tends to be economically countercyclical), and MiLEAP's marketing efforts relative to Reconnect and other State financial aid programs.

It is unlikely that the cost for a permanent expansion of Reconnect to students ages 21 to 24 would cost less than the actual expenditures for the program in FY 2024-25 of $26.5 million, and it would not be unreasonable to estimate that a permanent expansion could cost $5.0 million to $10.0 million more than that figure on an annual basis. For context, the FY 2025-26 appropriation for Reconnect is $42.0 million, and it is expected that the existing program for students ages 25 and over will use nearly all that appropriation during the current fiscal year.

Date Completed: 11-6-25 Fiscal Analyst: Josh Sefton

SAS\Floors2526\sb232
This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.