



STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

GRETCHEN WHITMER
GOVERNOR

GARLIN GILCHRIST II
LT. GOVERNOR

EXECUTIVE DIRECTIVE

No. 2023-3

To: State Department Directors and Autonomous Agency Heads
From: Governor Gretchen Whitmer
Date: May 24, 2023
Re: Helping Michiganders Pay for College

We can all agree that providing Michiganders with the skills and credentials they need to realize their potential is of the utmost importance. That's why in 2019, I set an ambitious goal to have 60 percent of working-age Michiganders earn a skill certificate or degree by 2030. Thanks to our hard work in putting education within reach and lowering its cost, now 50.5 percent of adults have met this benchmark.

Together, we have taken powerful steps forward to expand access to postsecondary education, including creating the Michigan Achievement Scholarship to lower the cost of college by thousands of dollars, establishing Michigan Reconnect to offer Michiganders 25 years of age and up a tuition-free associate degree or skills certificate, and launching the Futures for Frontliners program to offer Michiganders who served on the frontlines of the pandemic tuition-free paths to postsecondary education or skills training. We have also increased funding for colleges and universities and established minimum per-student funding at universities for the first time.

Student loans are an important tool to help Michiganders access higher education, but student loan debt also burdens many working families. Currently, there are approximately 1.4 million Michigan residents who have student loans, and those loans total \$51 billion in debt. That debt can persist over time. Michiganders who are between the ages of 35 and 49 owe the most, making up 37 percent of outstanding student debt, even though it's people between the ages of 25 and 34 who take out the most loans. In addition, predatory lending and collection practices can exacerbate the debt burden.

Michiganders look to higher education to develop their skills and compete in a global economy. Loans are an important component of expanding access to postsecondary education, but we must create an environment where those loans do not burden people beyond their means or drag families into a debt cycle. Instead, we should foster an environment that increases access to affordable loan options and encourages recent graduates to find their future here in Michigan.

The federal government has tried to address some of these issues through debt forgiveness. In some cases, their efforts have returned tremendous benefits for Michigan residents. As of March 2023, over 18,000 Michiganders have had nearly \$1.2 billion in debt discharged through the federal Public Service Loan Forgiveness program. However, broader federal efforts are being challenged in court and relief for borrowers is on pause.

Now is the time for Michigan to take additional steps to support people who have invested in their education and are working to repay their loans, and to benefit the residents currently seeking higher educational opportunities. We must make sure that we're putting state resources to work to support Michiganders in their educational goals and to build a workforce capable of tackling the challenges ahead.

Section 1 of article 5 of the Michigan Constitution of 1963 vests the executive power of the State of Michigan in the governor.

Section 8 of article 5 of the Michigan Constitution of 1963 places each principal department under the supervision of the governor.

Acting under the Michigan Constitution of 1963 and Michigan law, I direct the following:

1. **State Loan Origination and Refinancing:** The Department of Treasury should study the current student loan environment and assess the costs and benefits of the State of Michigan re-entering the market as a student loan originator. This study should assess whether and how the state's participation could permit Michigan borrowers to access lower interest rates and enable borrowing by individuals underserved by the current market. It should also assess the implications of permitting Michiganders to refinance their current loans with the state. The Department of Treasury must provide a report of its findings to the Executive Office of the Governor no later than August 31, 2023.
2. **Regulation of Lenders:** The Department of Insurance and Financial Services should study current regulations and determine what enhancements are needed to protect borrowers. The study should consider whether regulatory improvements could assist in loan affordability and transparency regarding the handling of loans. The study should also consider whether the creation of a student loan ombudsperson would meaningfully further these goals. The Department of Insurance and Financial Services must provide a report of its findings to the Executive Office of the Governor no later than August 31, 2023.
3. **Additional Measures to Lower Costs:** In addition to the measures outlined above, I direct the departments identified in subparts (a) – (c) below to consider any additional means by which the state could act to reduce the student loan burden on Michiganders. The departments must provide a report to the Executive Office of the Governor no later than August 31, 2023, that outlines potential state action and associated costs and benefits.
 - (a) The Department of Agriculture and Rural Development, including the Office of Rural Development, which should consider, among other things, whether

incentives related to student loans could help recruit individuals with in-demand skills to rural communities;

- (b) The Office of the State Employer; and
- (c) The Department of Labor and Economic Opportunity.

4. **Borrower Education:**

- (a) The Department of Treasury, together with the Michigan Department of Education, the Department of Insurance and Financial Services, and in consultation with the boards of higher education institutions in Michigan, should assess current materials and outreach strategies to new and existing borrowers, identify strategy gaps, and develop and disseminate additional educational materials for borrowers and potential borrowers. This should include materials targeted at:
 - (i) High school seniors;
 - (ii) Adults considering returning to education;
 - (iii) Higher education students; and
 - (iv) Other Michiganders who have current student loans.
- (b) Other state departments and agencies that have contact with the populations listed in 4(a) should identify ways to distribute those materials and to increase awareness of the financial implications of taking on student loans, as well as the process for discharging those loans.

5. **Cooperation in implementation:** All state departments and agencies must take steps necessary to implement this directive and provide assistance as required.

This directive is effective immediately.

Thank you for your cooperation in its implementation.



Gretchen Whitmer
Governor