

Legislative Analysis



CHILDREN OF VETERANS TUITION ACT

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House Bill 4001

Sponsor: Rep. Bill Caul

House Bill 4002

Sponsor: Rep. Tim Moore

Committee: Veterans Affairs and Homeland Security

Complete to 3-7-05

A SUMMARY OF HOUSE BILLS 4001 AND 4002 AS INTRODUCED 1-27-05

House Bill 4001 would repeal Public Act 245 of 1935, which provides for a tuition grant program for the children of certain veterans, and create a similar program to be administered by the Michigan Higher Education Assistance Authority. House Bill 4002 would delete four outdated sections in the Michigan Veterans Trust Fund Act.

House Bill 4001 - Children of Veterans Tuition Act

The bill would repeal Public Act 245 of 1935 and create a new act to be known as the Children of Veterans Tuition Act, which would provide for a tuition waiver program administered by the Michigan Higher Education Authority beginning in the 2005-2006 academic year. The bill generally rewrites and updates the provisions of Public Act 245. The bill is tie-barred to House Bill 4002.

Benefits - Under the program, an institution would waive up to \$2,800 in tuition for the student. A student could not receive a tuition waiver under the bill and/or Public Act 245 for more than four academic years. The authority would be required to notify students receiving assistance under Public Act 245 of the repeal of that act and of the availability of assistance under the new act to be created by the bill. Students eligible to receive a waiver on all tuition and fees under Public Act 245 would receive a waiver for all tuition for the 2004-2005 academic year. *[Public Act 245 waives the first \$2,800 in tuition and fees for all eligible students at private and public institutions who entered the program after October 1, 1996. Students may receive aid under Public Act 245 for up to 36 months of full-time equivalent status. For students who entered the program before October 1, 1996, the program waived all tuition and fees for those attending a public institution and the first \$2,800 for those attending a private institution.]*

Eligibility - The tuition waiver program would be open to a student who meets the following criteria: (1) is enrolled as a full-time undergraduate student at an eligible institution; (2) is between 17 and 25 years of age; (3) is the natural or adopted child of a "Michigan veteran" who was killed in action or died from another cause while serving in a war, is adjudged to have died from a service-related injury or be totally and permanently disabled as a result from a service-related injury, is deceased but, prior to

death, was adjudged to be totally and permanently disabled from a service-related injury, or is officially listed as missing in action (MIA); (4) a resident of the state for the 12-months immediately prior to application; (5) maintains a cumulative grade point average of at least 2.25; (6) has signed a tuition waiver agreement with the institution; (7) has not been convicted of a felony involving assault, physical injury, or death; and (8) otherwise complies with the act and applicable rules. *[The first four criteria are currently in Public Act 245, and the GPA requirement is contained in the administrative rules. However, the bill requires the student to be a child of a veteran who is “totally and permanently disabled,” whereas current law provides that the veteran be “totally disabled.”]*

Reimbursement - To be reimbursed by the state for the amount of tuition waived under the program, a participating institution would have to submit an application for reimbursement to the authority within 60 days after the end of the academic year. The application would include (1) the total number of students receiving a waiver; (2) the amount of tuition waived; and (3) an itemized list of the name of each student receiving a waiver, the student’s GPA for the year and the cumulative GPA, the student’s transcript for the year, the amount of tuition waived for each student, and a certification that the student is eligible for the program. The authority would verify the amount of tuition waived and report that amount to the legislative appropriations subcommittees on higher education and community colleges. The legislature would appropriate the reimbursement directly to the institution and to the authority for distribution to the institutions that do not receive a state appropriation.

Authority responsibilities - The waiver program would be administered by the Michigan Higher Education Authority. The authority would have to develop a tuition waiver agreement to be entered into by the student and the eligible institution that contains the terms of the tuition waiver and the rights and obligations of both parties. The authority would have the authority to promulgate administrative rules.

Eligible institution - The bill would define “eligible institution” to mean a degree- or certificate-granting public or independent nonprofit college or university, junior college, or community college in the state.

House Bill 4002 - Veterans Trust Fund Act amendments

The bill would make no material change to the Michigan Veterans Trust Fund Act. It would simply delete the following outdated sections:

- Section 1a, concerning the repayment of the balance of the trust fund following the fund’s liquidation in 1959. (MCL 35.601a)
- Section 1b, concerning the transfer of funds from the trust fund and a repayment from the general fund related to the construction of the veterans home in Grand Rapids. (MCL 35.601b)

- Section 1c, concerning repayment of the balance to the trust fund and appropriations for the continuation of the programs funded by the trust fund (including the tuition grant program) following the trust fund's liquidation in 1976. (MCL 35.601c)
- Section 1f, concerning an appropriation from the trust fund for the construction of an outpatient facility at the Grand Rapids veterans home, and the repayment of the balance of the trust fund. (MCL 35.601f)

FISCAL IMPACT:

House Bill 4001 would have an indeterminate impact on state and local governments, primarily due to minimal administrative costs for the tuition waiver program.

House Bill 4002 would have no fiscal impact on state or local government.

BACKGROUND INFORMATION:

Public Act 245 of 1935 created a veterans tuition grant program to provide the children of veterans who were killed or missing in action or who died or are totally disabled as a result of service-related injuries with grants to attend the state's colleges and universities. The program was originally established within the Department of Education and later moved to the Michigan Veterans Trust Fund Board of Trustees with the enactment of Public Act 371 of 1965. Responsibility for the program was later transferred to the Department of Military and Veterans Affairs by Executive Order 1995-15 (compiled at MCL 35.615). Between 1935 and 1968 the tuition grant program was funded from appropriations from the general fund. Since FY 1969-1970 (Public Act 236 of 1969), the tuition grant program has been funded from the principal and earnings of the Michigan Veterans Trust Fund (MVTF), which was created by Public Act 9 of 1946 (First Extra Session) and funded by a \$50 million post-World War II reserve created by Public Act 4 of 1943. The MVTF Act contains no specific provision requiring that a portion of the trust fund's earnings support the tuition grant program, although Public Act 245 (MCL 35.112) provides that "appropriations provided to the institutions or state board of education for this purpose shall be made to the Michigan Veterans Trust Fund Board of Trustees."

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.