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**BILL ANALYSIS**

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House Bill 4001 (Substitute S-2 as reported by the Committee of the Whole)

House Bill 4002 (as reported without amendment)

Sponsor: Representative Bill Caul (H.B. 4001)

Representative Tim Moore (H.B. 4002)

House Committee: Veterans Affairs and Homeland Security

Senate Committee: Appropriations

CONTENT

House Bill 4001 (S-2) would repeal Public Act 245 of 1935, which established a children of veterans tuition grant program, currently run by the Michigan Veterans Trust Fund within the Department of Military and Veterans Affairs, and would create the "Children of Veterans Tuition Act" to establish a similar program that would be administered by the Michigan Higher Education Assistance Authority within the Department of Treasury, beginning with winter term of the 2005-06 academic year. Under the program, the children of a Michigan veteran who was killed, died from disabilities, is listed as missing in action, or is judged to be totally and permanently disabled as a result of military service-related injuries, may receive up to \$2,800 annually for undergraduate tuition costs at a degree- or certificate-granting public or independent nonprofit college or university, junior college, or community college in the State when enrolled as a full-time student. The bill would add part-time students to those eligible for tuition support, and set the maximum allowable financial support at half the amount available to a full-time student.

The Authority would be required to develop and promulgate rules to implement and administer the bill. The Authority would have to notify the Legislature if it estimated that insufficient money was available to fully fund the program, and to adjust grant amounts on a pro rata basis to reflect actual funds available. The bill is tie-barred to House Bill 4002 and 5091.

House Bill 4002 would amend Public Act of 1946, which created the Michigan Veterans Trust Fund, to eliminate outdated sections dealing with actions previously taken to provide for the transfer of trust funds to the General Fund and for construction costs at the Grand Rapids Veterans Home. The bill is tie-barred to House Bill 4001.

MCL 35.111-35.112 (H.B. 4001)

MCL 35.601a et al (H.B. 4002)

FISCAL IMPACT

House Bill 4001 (S-2) would transfer a tuition benefit program that has been administered and funded by the Michigan Veterans Trust Fund since FY 1969-70 to the Department of Treasury's Michigan Higher Education Assistance Authority. The cost of fulfilling the requirements of the program for FY 2004-05 includes approximately \$900,000 for grant payments and approximately \$60,000 for the services of 0.5 FTE and associated administrative expenses. The Trust Fund Board voted in October 2005 to suspend Trust Fund support for the tuition benefit program. Due to this action, the Trust Fund Board

funding for eligible tuition payments beginning in January 2006 is not available. The estimated cost of the program from January 2006 to the end of the FY 2005-06 is \$500,000. In addition, House Bill 5091, which is tie-barred to this bill and to House Bill 4002, would establish an income tax check-off provision that would allow taxpayers to contribute \$2 or more to the Children of Veterans Tuition Program.

House Bill 4002 would have no fiscal impact on the State.

Date Completed: 11-8-05

Fiscal Analyst: Bruce R. Baker

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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.