



Senate Fiscal Agency
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BILL ANALYSIS

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House Bills 4001 and 4002 (as passed by the House)

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

Representative Tim Moore (H.B. 4002)

House Committee: Veterans Affairs and Homeland Security

Senate Committee: Appropriations

Date Completed: 11-1-05

CONTENT

House Bill 4001 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 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 100% 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.

The program is currently funded by revenue from the Michigan Veterans Trust Fund and, under the current administrative rules, the tuition is paid to eligible institutions on behalf of eligible students shortly after a student becomes enrolled each term. Under House Bill 4001, the eligible institutions would be reimbursed annually, following submission of a report and request within 60 days of the end of an academic year, either by annual appropriations to those institutions that receive annual appropriations from the State, or to the Authority for distribution to other eligible institutions. The Authority would be required to verify the amount of reimbursement due to an eligible institution and report that information to the House and Senate Appropriations Subcommittees on Higher Education and Community Colleges. The bill would require the Legislature to appropriate money for reimbursement to eligible institutions.

The Authority would be required to develop tuition waiver agreements at eligible institutions and promulgate rules to implement and administer the provisions of the bill.

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 use for construction costs at the Grand Rapids Veterans Home.

The bills are tie-barred to each other.

MCL 35.111-35.112 (H.B. 4001)

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

FISCAL IMPACT

House Bill 4001 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. Under the bill, the Legislature would be required to appropriate sufficient funding to State institutions to cover their reimbursement costs, and a sufficient amount to the Authority to allow for payment to institutions that do not receive annual appropriations from the State. In addition, House Bill 5091 which has a tie-bar to this bill and to House Bill 4002, would establish an income tax check-off provision which would allow tax payers to contribute \$2 or more to the Children of Veterans Tuition Program.

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

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.