

# Legislative Analysis

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## TRANSFER FROM MICHIGAN HIGHER EDUCATION STUDENT LOAN AUTHORITY

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**House Bill 4851**  
**Sponsor: Rep. Meisner**  
**Committee: Appropriations**

**Complete to 5/30/07**

### A SUMMARY OF HOUSE BILL 4851 (H-2) AS PASSED BY THE HOUSE

House Bill 4851 would amend Public Act 222 of 1975, which establishes and prescribes the powers of the Michigan Higher Education Student Loan Authority (MHESLA). The bill would allow the authority, in fiscal year 2006-07, to grant and pay money to the Merit Award Trust Fund for any scholarship program (or the Tuition Incentive Program) funded from the trust fund.

#### **FISCAL IMPACT:**

The Department of Treasury preliminarily estimates that \$80 to \$90 million could be transferred from MHESLA to the Merit Award Trust Fund under the bill. These funds have accumulated due to the authority's ability to bond at interest rates lower than it receives as a return on its loan portfolio and the realization of more favorable student loan default rates than were originally projected.

By allowing the transfer of funds from MHESLA to the Merit Award Trust Fund, the bill could result in a savings to the state's General Fund for FY 2006-07 in order to reduce the state's General Fund budget shortfall. For this to be accomplished, funds from the Merit Award Trust Fund would have to be utilized to offset General Fund/General Purpose revenue currently appropriated in the state budget or be transferred directly to the General Fund.

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