

## FOSTER FUTURES SCHOLARSHIP FUND

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**House Bill 5444 (Substitute H-2)**

**Sponsor: Rep. Peter MacGregor**

**Committee: Families, Children, and Seniors**

**Complete to 9-19-14**

## A SUMMARY OF HOUSE BILL 5444 AS REPORTED FROM COMMITTEE

House Bill 5544 would amend the Foster Care Trust Fund Act with the aim of encouraging contributions to provide college scholarships to eligible current and former foster care students. It would establish a new Fostering Futures Scholarship Trust Fund and direct the Department of Treasury to administer the fund.

Under the bill, the Department of Treasury would be required to work with the Department of Human Services to serve to provide opportunities for individuals and organizations to make contributions to go toward providing scholarships to eligible current and former foster care students.

Toward that end, Treasury would collaborate with institutions of higher education to assist current and former foster care students with unmet financial education needs and assist in the effort to create sustainable futures for those students. Funds provided by the department could only be used for tuition, fees, room, board, books, supplies, and equipment required for enrollment. The department could enter into contracts with public or private agencies to fulfill the requirements of the act.

The Fiscal Year 2014-15 Department of Human Services budget appropriates \$500,000 in one-time GF/GP to deposit into this new Fostering Futures Trust Fund. In addition, the state currently appropriates \$750,000 on an ongoing basis for the Fostering Futures Scholarships Program through the Michigan Education Trust.

Generally speaking, the bill would replace current statutory language that created a Foster Care Trust Fund and Board and strikes the provisions describing the purpose and functioning of that previous program. Two sections of the act describing the previous program are repealed. Executive Order No. 17 of 2010 already eliminated the previous Foster Care Trust Fund Board and reorganized it within the Child Abuse and Neglect Prevention Board.

### Student Eligibility

A foster care student would be eligible for a Fostering Futures Scholarship if all of the following apply: (1) due to child abuse or neglect, the student was in foster care after his or her thirteenth birthday; (2) the student is attending an institution of higher learning as determined by the department; (3) the student has an unmet financial education need; (4) the student has completed the application and provided the department with required

documentation; and (5) the student maintains satisfactory academic progress as determined by the department.

#### The Fund

The new fund would be created in the Department of Treasury as a charitable and educational endowment fund. The department would be the administrator of the fund for auditing purposes, and all powers, purposes, and duties of the fund would be exercised by the department. The State Treasurer would direct the investment of the fund. Money in the fund would be available for disbursement upon appropriation.

Except as otherwise provided, all money contributed to the fund annually, plus five percent of the 12-quarter rolling average of the fund, (including unrealized gains and losses) would be available for disbursement upon authorization of the department. However, no money could be spent nor any appropriations made from the trust fund until the date the deposits credited into trust fund from all sources equal or exceed \$500,000. In addition, no money could be spent or appropriation made from the fund if the amount in the trust fund is less than \$500,000 or if the expenditure or appropriation would cause the amount remaining in the trust to be less than \$500,000.

#### Fund Disbursements

Trust fund money could not be disbursed to a foster care student until after the student exhausted all other known available restricted grants for qualified educational expenses provided by a federal, state, or local governmental agency, except for funds provided under the Michigan Promise Zone Authority Act (MCL 309.1661 et al.)

Money provide by the department on behalf of a foster care student could not exceed the cost of tuition, fees, room, board, books, supplies, and equipment required for enrollment at the institution of higher learning.

#### Annual Accounting

The department would be required to prepare an itemized and detailed annual accounting of revenues and expenditures from the trust fund using general accounting principles, which would be provided to the Appropriations Committee in both the state Senate and House of Representatives. To the extent practicable, the department would also prepare an accounting of revenues and expenditures for persons who have donated to the fund. This accounting would not need to be as detailed as the report to the legislature, but would need to include general information about the amount of revenue raised, the types of expenditures made, and what the expenditures were made for.

### **FISCAL IMPACT:**

The bill would require the Department of Treasury to administer and direct investment of the Fostering Futures Trust Fund. If the costs to the Department of Treasury were not absorbed in the normal course of business, any expenditures necessary to cover the costs of administering and investing the Fostering Futures Trust Fund would be covered by the proceeds of the fund. The language of the bill requires that all expenses authorized under

the bill shall be funded by the trust fund. Administrative costs are capped at 15% of the amount in the trust fund over \$500,000.

As noted above, the FY 2014-15 Department of Human Services budget appropriates \$500,000 in one-time GF/GP to deposit into this new fostering futures trust fund. In addition, the state currently appropriates \$750,000 on an ongoing basis for the Fostering Futures Scholarships Program through the Michigan Education Trust.

**POSITIONS:**

Michigan Educational Trust (MET) testified in support of the bill. (9-17-14)

Legislative Analyst: E. Best  
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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.