



Senate Fiscal Agency
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House Bill 5444 (Substitute H-2 as passed by the House)
Sponsor: Representative Peter MacGregor
House Committee: Families, Children, and Seniors
Senate Committee: Families, Seniors, and Human Services

Date Completed: 11-12-14

CONTENT

The bill would amend the Foster Care Trust Fund Act, which it would rename the "Fostering Futures Scholarship Fund Act", to do the following:

- **Create the "Fostering Futures Scholarship Trust Fund".**
- **Provide that a foster care student would be eligible for a scholarship if he or she were enrolled at an institution of higher education in the State; had an unmet financial education need; had been in foster care after his or her 13th birthday due to abuse or neglect; and satisfied other criteria.**
- **Require money provided under the Act to be used only for tuition, fees, room, board, supplies, and equipment required for enrollment.**
- **Provide that Trust Fund money could not be disbursed to a foster care student until after he or she had exhausted all other known available restricted grants for postsecondary education provided by a governmental entity.**
- **Require the Department of Treasury to work with the Department of Human Services to provide an opportunity for individuals and organizations to make contributions toward scholarships.**
- **Require the Department of Treasury to collaborate with any institution of higher education in the State to assist foster care students who had unmet financial education needs.**
- **Provide that an expenditure or appropriation of Trust Fund money could not be made if it would reduce the balance to less than \$500,000.**
- **Limit administrative costs to 15% of the amount in the Trust Fund over \$500,000.**
- **Require the Department to report annually to the Senate and House Appropriations Committee chairs.**

The bill would delete provisions of the Act concerning the Foster Care Trust Fund, and would repeal sections providing for the State Foster Care Trust Fund Board.

Fostering Futures Scholarship Trust Fund

The bill would create the Fostering Futures Scholarship Trust Fund in the State Treasury. The Department of Treasury would have to exercise all powers, purposes, and duties of the Trust Fund, and would be the administrator of the Fund for auditing purposes.

The Department could accept Federal money granted for purposes of the Act, as well as gifts, grants, bequests, and donations from individuals, private organizations, or

foundations. The Department also could plan, manage, or conduct a campaign to solicit gifts, bequests, grants, or donations of money or property, or pledges.

All money contributed to the Trust Fund annually, plus 5% of the 12-quarter rolling average of the Fund, including unrealized gains and losses, would be available for disbursement upon the Department's authorization. No money could be spent or appropriated from the Trust Fund, however, until the date that the deposits credited to it equaled at least \$500,000. Also, no money could be spent or appropriated from the Fund if the amount in it were less than \$500,000 or if the expenditure would cause the balance to be less than \$500,000.

The Department could authorize the disbursement of available money from the Trust Fund, upon legislative appropriation, to fund actual and necessary operating expenses that the Department incurred in performing its duties under the Act. Administrative costs could not exceed 15% of the amount in the Fund over \$500,000.

Scholarship Eligibility

A foster care student would be eligible for a fostering futures scholarship if all of the following applied:

- The student was in foster care after his or her 13th birthday due to child abuse or neglect.
- The student was attending an institution of higher education in the State as determined by the Department of Treasury.
- The student had unmet financial education need.
- The student had completed an application and given the Department required documentation.
- The student maintained satisfactory academic progress as determined by the Department.

Trust Fund money could not be disbursed to a foster care student until after he or she had exhausted all other known available restricted grants for qualified educational expenses for postsecondary education provided by a Federal, State, or local governmental entity, as determined by the Department, except for funds provided under the Michigan Promise Zone Authority Act.

Money provided by the Department on behalf of a foster care student could not exceed the cost of his or her tuition, fees, room, board, books, supplies, and equipment required for enrollment at the institution of higher education.

Department of Treasury Responsibilities

The Department of Treasury would have to work with the Department of Human Services to provide an opportunity for individuals and organizations to make contributions to go toward providing scholarships to eligible current and former foster care students.

The Department of Treasury also would have to collaborate with any institution of higher education in the State as determined by the Department to assist current and former foster care students who had unmet financial education needs, and assist in the effort to create sustainable futures for them.

The Department could enter into contracts with public or private agencies to fulfill the requirements of the Act.

Annual Accounting & Report

The Department annually would have to prepare an accounting of revenue and expenditures from the Trust Fund in a manner that would provide detailed and itemized information. The accounting would have to be provided to the Senate and House of Representatives Appropriations Committees.

To the extent practical, the Department also would have to prepare an annual accounting of revenue and expenditures from the Trust Fund for people who donated to it. This accounting would not have to be as detailed as the accounting given to the Appropriations Committees.

In addition, the Department annually would have to provide a report to the chairs of the Appropriations Committees. The report would have to include the following information for the year in which it was prepared:

- The number of foster children who used the fostering futures scholarship program.
- The number of foster children who received money from the program and completed a college education.
- The amount of money provided annually from the program to each foster child.
- The administrative costs for the program.

MCL 722.1021 et al.

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would have a positive fiscal impact on the State, subject to appropriations, and no impact on local units of government. The FY 2014-15 enacted budget for the Department of Human Services included \$500,000 Gross and GF/GP in one-time funding for the proposed Trust Fund.

The Department of Treasury should not incur any additional costs as any administrative costs that exceeded the Department's appropriations would be covered by the proceeds from the Fostering Futures Scholarship Trust Fund. The bill would require any expenses authorized under the bill to be paid from Fund revenue. The bill also would cap administrative expenses at 15% of the amount in the Trust Fund above \$500,000.

Fiscal Analyst: Joe Carrasco
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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.