

SENATE BILL No. 223

February 27, 2013, Introduced by Senators WARREN, WHITMER, HOOD, YOUNG, GREGORY, BIEDA, JOHNSON, HOPGOOD, SMITH and HUNTER and referred to the Committee on Appropriations.

A bill to establish an educational grant program for eligible resident students who attend public community colleges and universities in this state; to provide for the administration of the program; to create the Michigan higher education grant trust fund; and to provide for the powers and duties of certain state governmental officers and entities.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "Michigan higher education grant act".

3 Sec. 3. As used in this act:

4 (a) "Academic year" means the period from September 1 of a
5 calendar year to August 31 of the next calendar year.

6 (b) "Authority" means the Michigan higher education assistance
7 authority created by 1960 PA 77, MCL 390.951 to 390.961.

1 (c) "Community college" means a community college organized
2 under the community college act of 1966, 1966 PA 331, MCL 389.1 to
3 389.195, or a federal tribally controlled community college that is
4 recognized under the tribally controlled colleges and universities
5 assistance act of 1978, 25 USC 1801 to 1864, and is determined by
6 the department of education to meet the requirements for
7 accreditation by a recognized regional accrediting body.

8 (d) "Eligible expenses" means all of the following:

9 (i) Tuition and fees charged by a state educational
10 institution.

11 (ii) A student's cost of attendance, expenses for books,
12 supplies, transportation, and miscellaneous personal expenses,
13 including a reasonable allowance for the documented rental or
14 purchase of a personal computer, as described in 20 USC 1087II(2),
15 as determined by the authority.

16 (e) "FAFSA" means the free application for federal student aid
17 developed under 20 USC 1082.

18 (f) "Fiscal year" means the fiscal year of this state.

19 (g) "Michigan higher education grant" means a grant awarded by
20 the authority under section 7.

21 (h) "Public university" means a university described in
22 section 4, 5, or 6 of article VIII of the state constitution of
23 1963.

24 (i) "Qualified program" means a bachelor's degree, associate's
25 degree, or postsecondary vocational training program at a state
26 educational institution.

27 (j) "State educational institution" means a degree- or

1 certificate-granting public university or community college in this
2 state.

3 (k) "Trust fund" means the Michigan higher education grant
4 trust fund established in section 11.

5 Sec. 5. (1) The Michigan higher education grant program is
6 established. The authority shall administer the Michigan higher
7 education grant program.

8 (2) The authority shall do all of the following:

9 (a) Award grants to eligible students under this act.

10 (b) Develop a grant agreement to be entered into by a grant
11 recipient and the authority that contains the terms of a grant made
12 under this act and the rights and obligations of the grant
13 recipient and the authority.

14 (c) Conduct periodic audits of grant recipients to ensure
15 compliance with the terms of the grant agreement and take necessary
16 steps to enforce the terms of the grant agreement.

17 (d) Promulgate any rules that it determines are necessary to
18 implement and administer this act under the administrative
19 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

20 Sec. 7. Beginning in the 2013-2014 academic year, the
21 authority shall award a grant under this act to an individual if
22 the authority determines that he or she meets all of the following
23 eligibility criteria:

24 (a) Continuously resided in this state for the 12 months
25 immediately preceding the date of his or her application and is not
26 a resident of any other state.

27 (b) Received a high school diploma from a school district,

1 nonpublic school, or home school located in this state or
2 successfully completed the general educational development (GED)
3 test and received a GED certificate from this state.

4 (c) Received the diploma or GED certificate described in
5 subdivision (b) in the 2-year period preceding the date of the
6 student's application to receive Michigan higher education grant
7 money. If the student became a member of the United States armed
8 forces or peace corps during this 2-year period and served for 4
9 years or less, the authority shall extend the 2-year period by a
10 period equal to the number of days the student served as a member
11 of the United States armed forces or peace corps. The authority may
12 also extend the 2-year period if the authority determines that an
13 extension is warranted because of an illness, disability, or other
14 family emergency of the student or in the student's immediate
15 family.

16 (d) Is enrolled or has been accepted into a qualified program.

17 (e) Signs a written grant agreement with the authority.

18 (f) Provides proof satisfactory to the authority that he or
19 she has done both of the following:

20 (i) Submitted a FAFSA to the United States department of
21 education to determine his or her eligibility for federal grants or
22 scholarships.

23 (ii) Applied for any grants or scholarships offered by this
24 state for which he or she is eligible.

25 (g) If the student received a Michigan higher education grant
26 in the preceding academic year, the student made satisfactory
27 academic progress, as defined by the state educational institution

1 in which the student is enrolled, since receiving the previous
2 Michigan higher education grant.

3 (h) Is in compliance with this act and the rules promulgated
4 under this act.

5 (i) Meets any other eligibility criteria established in rules
6 promulgated by the authority under section 5.

7 Sec. 9. All of the following apply to the award of a Michigan
8 higher education grant under this act:

9 (a) In the 2013-2014 academic year, the base amount of the
10 grant is an amount equal to the median cost of tuition for a full-
11 time student enrolled at a public university in the 2012-2013
12 academic year, as determined by the department. For each subsequent
13 academic year, the authority shall adjust the base amount of the
14 grant to reflect the cumulative annual percentage change in the
15 Detroit consumer price index in the preceding 1-year period, as
16 determined by the state treasurer. As used in this subdivision,
17 "Detroit consumer price index" means the most comprehensive index
18 of consumer prices available for the Detroit area by the bureau of
19 labor statistics of the United States department of labor.

20 (b) The authority shall determine the amount of a student's
21 grant for an academic year by subtracting the amount of any other
22 state or federal grants or scholarships he or she is eligible to
23 receive in that academic year from the base amount established
24 under subdivision (a).

25 (c) A student shall use the grant money he or she receives in
26 an academic year to pay for his or her tuition and fees at the
27 state educational institution. If the amount of his or her grant

1 exceeds the amount of his or her tuition and fees, the student may
2 use the grant money to pay other eligible expenses related to that
3 academic year. If the amount of his or her grant exceeds the amount
4 of his or her fees and other eligible expenses in an academic year,
5 the student shall return the remaining balance to the authority.

6 (d) A student attending a state educational institution as a
7 full-time student may not receive a grant in more than 5 academic
8 years. If a student is attending a state educational institution as
9 at least a half-time student but is not a full-time student, the
10 authority shall determine the number of academic years for which
11 the student may receive a grant. A student attending an state
12 educational institution less than half-time shall not receive a
13 grant.

14 (e) The authority shall disburse a student's grant money to
15 the state educational institution in which he or she is enrolled on
16 the student's behalf, according to a payment procedure established
17 by the authority by rule.

18 (f) The annual cost of the total number of grants paid in a
19 fiscal year shall not exceed the amount appropriated by the
20 legislature for Michigan higher education grants in that fiscal
21 year. If there are not sufficient funds appropriated by the
22 legislature to provide each student with a grant in the amount to
23 which those students are eligible in an academic year, the
24 authority shall establish a maximum grant level for that academic
25 year. In any fiscal year, the authority may adjust the amount of a
26 Michigan higher education grant available to eligible students,
27 based upon its determination of available resources and amounts

1 appropriated.

2 Sec. 11. (1) The Michigan higher education grant trust fund is
3 established in the department of treasury. The trust fund shall
4 consist of the following:

5 (a) Money allocated to the trust fund as provided by law.

6 (b) Money appropriated to the trust fund.

7 (c) Donations of money made to the trust fund from any source.

8 (d) Interest and earnings from trust fund investments.

9 (2) Money in the trust fund at the close of a fiscal year
10 shall remain in the trust fund and shall not revert to the general
11 fund.

12 (3) The state treasurer shall direct the investment of the
13 trust fund.

14 (4) The department of treasury is the administrator of the
15 trust fund for auditing purposes.

16 Sec. 13. The department of treasury shall establish and
17 administer a restricted account in the general fund for the
18 Michigan higher education grant program. All of the following apply
19 to the account:

20 (a) The department of treasury shall credit to the account
21 money appropriated from the trust fund or received from any other
22 source, including, but not limited to, interest and earnings from
23 account investments and any money returned to the authority under
24 section 9(c).

25 (b) The department of treasury shall use the money in the
26 account only to provide money to the authority for grants awarded
27 under this act.

1 (c) Money in the account at the end of a fiscal year shall not
2 revert to the general fund but shall be carried over in the account
3 to the next fiscal year.

4 (d) The state treasurer shall direct the investment of the
5 account.

6 (e) The department of treasury is the administrator of the
7 account for auditing purposes.

8 Sec. 15. By November 1 of each year, the authority shall
9 submit a report on its activities under this act to the senate and
10 house fiscal agencies and the state budget director. The report
11 shall contain at least the number of Michigan higher education
12 grants awarded, the maximum amount of a Michigan higher education
13 grant paid, and the total amount paid out for Michigan higher
14 education grants in the immediately preceding fiscal year.

15 Enacting section 1. It is the intent of the legislature that
16 the first \$1,800,000,000.00 savings realized from the elimination
17 of tax expenditures identified by the legislative tax expenditure
18 review commission described in chapter 7C of the legislative
19 council act, 1986 PA 268, MCL 4.1771 to 4.1772, shall be used to
20 fund the Michigan higher education grant trust fund created in
21 section 11 of this act.

22 Enacting section 2. This act does not take effect unless
23 Senate Bill No. 224 of
24 the 97th Legislature is enacted into law.