

# SENATE BILL No. 1078

September 18, 2014, Introduced by Senator CASWELL and referred to the Committee on Appropriations.

A bill to amend 2008 PA 549, entitled  
"Michigan promise zone authority act,"  
by amending sections 7 and 15 (MCL 390.1667 and 390.1675), as  
amended by 2013 PA 210.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 7. (1) A promise zone authority created under section 5  
2 shall prepare a promise zone development plan.

3           (2) A promise zone development plan shall include, but is not  
4 limited to, all of the following:

5           (a) A complete description of the proposed promise of  
6 financial assistance. ~~The~~ **ALL OF THE FOLLOWING APPLY TO A** proposed  
7 promise of financial assistance:

1           (i) IT shall include, but is not limited to, a promise of  
2 financial assistance to all eligible students ~~residing within~~ **WHO**  
3 **RESIDE IN** the promise zone and who graduate from a public high  
4 school or nonpublic high school located within that promise zone. 7  
5 ~~in an~~

6           (ii) **SUBJECT TO SUBSECTION (3) (B), THE** amount **OF THE PROPOSED**  
7 **PROMISE OF FINANCIAL ASSISTANCE SHALL BE** established by the board  
8 to reflect the amount available for disbursement to eligible  
9 students and included in the annual budget under section 15. ~~The~~

10           (iii) **SUBJECT TO SUBSECTION (3) (B), THE** amount of **THE** proposed  
11 promise of financial assistance **TO AN ELIGIBLE STUDENT** shall, at a  
12 minimum, equal or exceed the amount the board determines is  
13 sufficient to pay for the qualified educational expenses for ~~an~~ **THE**  
14 eligible student to obtain an associate degree at a community or  
15 junior college in this state, and shall not exceed the amount the  
16 board determines is sufficient to pay for the qualified educational  
17 expenses for ~~an~~ **THE** eligible student to obtain a bachelor's degree  
18 or its equivalent at a public postsecondary institution in this  
19 state or combination of public postsecondary institutions in this  
20 state, subject to any limitations authorized under this section.  
21 The proposed promise of financial assistance may also, at most,  
22 provide funding for an eligible student to attend a private college  
23 in this state in an amount that does not exceed the average amount  
24 of qualified educational expenses to obtain a bachelor's degree at  
25 all public universities in this state.

26           (iv) The proposed promise of financial assistance may ~~also~~  
27 authorize the expenditure of funds for educational improvement

1 activities designed to increase readiness for postsecondary  
2 education at public schools located in the promise zone.

3 (b) A complete description of any limitation on the promise of  
4 financial assistance, including, but not limited to, any of the  
5 following:

6 (i) If the promise of financial assistance will be prorated  
7 based on the number of years the student has resided within the  
8 promise zone.

9 (ii) If the promise of financial assistance will be restricted  
10 to students who have resided within or attended a public high  
11 school or nonpublic high school within the promise zone for a  
12 minimum number of years.

13 (iii) If the promise of financial assistance is predicated on  
14 the student maintaining a minimum college grade point average and  
15 carrying a minimum college credit hour classload.

16 (iv) If the promise of financial assistance is restricted to  
17 attendance at 1 or more public or private postsecondary  
18 institutions in this state.

19 (v) If the promise of financial assistance is limited to  
20 students whose cumulative high school grade point average exceeds a  
21 specified minimum. However, a board may revise, establish, or  
22 eliminate a high school grade point average requirement for  
23 students after it submits a promise zone development plan to the  
24 department of treasury and is not required to amend the plan or  
25 obtain approval from the department of treasury for that change.

26 (vi) If the promise of financial assistance is limited to  
27 students who comply with requirements established by the board in

1 order to improve student progress toward degree completion.

2 (vii) If the promise of financial assistance in a promise zone  
3 that encompasses more than 2 school districts is limited to  
4 students who reside in and graduate from high schools located  
5 within the boundaries of fewer than all of its constituent school  
6 districts.

7 (c) A requirement that graduates of a public high school or  
8 nonpublic high school exhaust all other known and available  
9 restricted grants for qualified educational expenses for  
10 postsecondary education provided by a federal, state, or local  
11 governmental entity, as determined by the board.

12 (d) How the funds necessary to accomplish the promise of  
13 financial assistance will be raised. Any amount received under the  
14 state school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1896,  
15 shall not be included as a method of raising the necessary funds.  
16 The promise zone development plan shall be financed from 1 or more  
17 of the following sources:

18 (i) Donations.

19 (ii) Revenues.

20 (iii) Money obtained from other sources approved by the  
21 governing body or otherwise authorized by law.

22 (e) An actuarial model of how much the proposed plan is  
23 estimated to cost, based on actuarial formulas developed by the  
24 department of treasury.

25 (3) ~~The~~ **ALL OF THE FOLLOWING APPLY TO A** proposed promise of  
26 financial assistance under subsection (2):

27 **(A) THE PROPOSED PROMISE OF FINANCIAL ASSISTANCE** shall not

1 include funding for ~~attendance at~~ **ATTENDING** a public or private  
2 postsecondary institution **THAT IS** not located in this state.

3 **(B) THE AMOUNT ESTABLISHED BY THE BOARD FOR DISBURSEMENT TO**  
4 **ELIGIBLE STUDENTS IN A FISCAL YEAR, AND THE AMOUNT ACTUALLY**  
5 **DISBURSED, SHALL NOT EXCEED \$500,000.00. IF NECESSARY, THE BOARD**  
6 **MAY REDUCE THE AMOUNT OF DISBURSEMENTS TO ELIGIBLE STUDENTS IN A**  
7 **FISCAL YEAR UNDER SUBSECTION (2) ON A PRO RATA BASIS TO REFLECT THE**  
8 **AMOUNT AVAILABLE UNDER THIS SUBDIVISION.**

9 (4) The board shall submit the promise zone development plan  
10 to the department of treasury promptly after its adoption. The  
11 promise zone development plan shall be published on the website of  
12 the eligible entity that established the promise zone.

13 (5) The department of treasury shall review the promise zone  
14 development plan submitted under subsection (4). Not more than 60  
15 days after ~~receipt of~~ **RECEIVING** a promise zone development plan  
16 submitted under subsection (4), the department of treasury shall  
17 either approve the promise zone development plan or provide a  
18 written notice of deficiencies. If the department of treasury does  
19 not approve a promise zone development plan submitted under  
20 subsection (4) or provide a written notice of deficiencies within  
21 60 days, the promise zone development plan ~~shall be~~ **IS** considered  
22 approved. If a promise zone development plan is approved, the  
23 department of treasury shall certify that the promise zone  
24 development plan meets all requirements under this act and is  
25 sustainable.

26 (6) The department of treasury shall review any proposed  
27 amendments to a promise zone development plan. Not more than 60

1 days after ~~receipt of~~ **RECEIVING** proposed amendments to a promise  
2 zone development plan, the department of treasury shall either  
3 approve the proposed amendments or provide a written notice of  
4 deficiencies. If the department of treasury does not approve  
5 proposed amendments or provide a written notice of deficiencies  
6 within 60 days, the proposed amendments ~~shall be~~ **IS** considered  
7 approved. If proposed amendments are approved, the department of  
8 treasury shall certify that the amendments meet all requirements  
9 under this act.

10       Sec. 15. (1) The board shall adopt a budget for the operation  
11 of the authority for each fiscal year, before the beginning of that  
12 fiscal year, based on a budget submitted to it by the director. The  
13 budget shall be prepared in the manner and contain the information  
14 required of municipal departments. Unless authorized by the  
15 governing body, the budget of an authority shall not include any  
16 money of the eligible entity.

17       (2) The budget described in subsection (1) shall include the  
18 amount the authority intends to disburse to each eligible student  
19 in the fiscal year covered by the budget. Subject to the maximum  
20 amounts described in section 7(2)(a) **AND (3)(B)**, the board shall  
21 establish the amount of the annual payment to eligible students  
22 and, in making that determination, shall consider the financial  
23 resources available to the authority for disbursement to those  
24 students.