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Senate Bills 540 through 542 (as discharged)  
Sponsor: Senator Kevin Hertel (S.B. 540 & 541)  
Senator Veronica Klinefelft (S.B. 542)  
Committee: Appropriations (discharged)

## **CONTENT**

Senate Bill 540 would enact the "Michigan National Guard Child Care Assistance Act", which would create the Michigan National Guard Child Care Assistance Program within the Department of Military and Veterans Affairs. The Program would do the following:

- Allow eligible Michigan National Guard members to apply for costs related to child care when on weekend drills and annual training.
- Require the Adjutant General to approve an application of child care assistance if there were sufficient money in the National Guard Member Benefit Fund (created by SB 541), and if either of the following applied: the eligible member was a single parent, or the eligible member's spouse is an eligible member.

Senate Bill 541 would enact the "Michigan National Guard Member Benefit Fund Act, which would create the Michigan National Guard Member Benefit Fund in the State Treasury. The Department of Military and Veterans Affairs would have to spend money from the Fund, on appropriation, only to support implementation and administration of the Michigan National Guard Tuition Assistance Act and the proposed Michigan National Guard Child Care Assistance Act.

Senate Bill 542 would amend the Michigan National Guard Tuition Assistance Act to do the following:

- Require that the unencumbered balance remaining in the Michigan National Guard Tuition Assistance Fund at the end of the fiscal year (FY) 2024-25 be transferred by the State Treasurer to the Michigan National Guard Member Benefits Fund created in the Michigan National Guard Member Benefit Fund Act.
- Change a reference from the Michigan National Guard Tuition Assistance Fund to the Michigan National Guard Member Benefits Fund where the Act requires sufficient money in a fund to approve program applications.
- Require money to be spend from the Fund "on appropriation".

Senate Bills 540, 541, and 542 are tie-barred.

Senate Bills 540 and 541 are discussed in greater detail below.

## **Senate Bill 540**

The bill would create a Michigan National Guard Child Care Assistance Program within the Department of Military and Veterans Affairs to be administered by the Adjutant General. The bill specifies the following:

- Define "eligible member" as a member of the Michigan National Guard who is in active service, is not absent without leave or under charges described in the Michigan Code of Military Justice, and meets other criteria as determined by the Adjutant General.
- Require the Adjutant General to approve an application for child care assistance if there were sufficient money in the National Guard Member Benefit Fund, and if either of the following applied: the eligible member was a single parent, or the eligible member's spouse was an eligible member.
- Eligible members approved for assistance would receive a stipend at a rate established annually by the Adjutant General. Assistance would be provided for not more than 12 hours per day for weekend drills and annual training, up to a maximum of 39 days per year.
- The Adjutant General could promulgate rules to implement the bill's provisions.

### **Senate Bill 541**

The bill would create the Michigan National Guard Member Benefit Fund in the State Treasury and specify the following:

- The State Treasurer would have to deposit money received from any source and direct the investment of money in the fund and credit interest and investment earnings to the fund.
- Money in the fund would not lapse to the general fund at the close of the fiscal year and would remain in the fund.
- The department would be the administer of the fund for audits and would be required to expend money from the fund, on appropriation, only to support implementation and administration of the Michigan National Guard Tuition Assistance Act and the proposed Michigan National Guard Child Care Assistance Act.

MCL 32.433 & 32.434 (S.B. 542)

### **FISCAL IMPACT**

### **Senate Bill 540**

The bill would result in Department expenditures for reimbursements for child care costs for eligible National Guard members, but these costs should be covered by existing Department resources. Under the bills, these costs would be paid, along with possible additional administrative costs, from the Michigan National Guard Member Benefits Fund created under Senate Bill 541, which would receive the FY 2024-25 year-end balance of the Michigan National Guard Tuition Assistance Fund under Senate Bill 542. The Department of Military and Veterans Affairs reports that the Fund balance is currently \$15.0 million. In addition, the Governor's FY 2025-26 budget and the Senate-passed budget has additional appropriations of \$11.2 million General Fund/General Purpose (GF/GP) for the Fund and the House-passed FY 2025 budget bill included \$7.3 million GF/GP for the Michigan National Guard Tuition Assistance Fund and \$2.3 million GF/GP for the child care assistance program.

The Department estimates the potential population for this program would make up approximately 6% of the Michigan National Guard military force, an estimated 660 households involving children (aged 12 and under). The Department reports that the annual payouts for child care grants under the bill would cost approximately \$2.3 million out of the \$11.2 million currently appropriated, leaving more-than-sufficient funds remaining to fund the annual grant obligations of the continuing tuition assistance program, which have had an average cost of approximately \$6.0 million.

### **Senate Bill 541**

The bill would have no fiscal impact on the State, as it merely establishes a new fund, the National Guard Member Benefit Fund, which would receive the fund balance from the Michigan National Guard Tuition Assistance Fund. Money would be used to support both the existing tuition assistance program and child care program proposed under Senate Bill 540.

### **Senate Bill 542**

The bill would have no fiscal impact on the State, as it merely would require the shift of the balance of funds from the Michigan National Guard Tuition Assistance Fund to a new fund, the National Guard Member Benefits Program, at the end of FY 2024-25. That amount is estimated to be \$15.0 million.

Date Completed: 9-25-25

Fiscal Analyst: Bruce Baker

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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.