

CHILDREN OF VETERANS TUITION ACT

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5865

Sponsor: Rep. Barb Vander Veen

House Bill 5866

Sponsor: Rep. Sandy Caul

Committee: Veterans Affairs and Homeland Security

Complete to 5-24-04

A SUMMARY OF HOUSE BILLS 5865 AND 5866 AS INTRODUCED 5-11-04

Public Act 245 of 1935 created a veterans tuition grant program to provide the children of veterans who were killed or are missing in action or who have died or are totally disabled as a result of service-related injuries with grants to attend the state's colleges and universities. The program was originally established within the Department of Education, and later moved to the Michigan Veterans Trust Fund Board of Trustees with the enactment of Public Act 371 of 1965. Responsibility for the program was later transferred to the Department of Military and Veterans Affairs by Executive Order 1995-15 (compiled at MCL 35.615). Between 1935 and 1968 the tuition grant program was funded from appropriations from the general fund. Since FY 1969-1970, the tuition grant program has been funded from the earnings of the Michigan Veterans Trust Fund (MVTFF), which was created by Public Act 9 of 1946 (First Extra Session) and funded by a \$50 million post-World War II reserve. The trust fund also provides emergency grants to veterans needing assistance.

House Bill 5865 - Veterans Trust Fund Act amendments

The bill would make no material change to the Michigan Veterans Trust Fund Act. It would simply delete outdated language related to the repayment of the balance of the trust fund and general fund appropriations for the continuation of the programs funded by the trust fund (including the tuition grant program) following the trust fund's liquidation in 1976.

House Bill 5866 - Children of Veterans Tuition Act

The bill would repeal Public Act 245 of 1935 and enact a new act to be known as the Children of Veterans Tuition Act, which would provide for a tuition waiver program that would be administered by the Michigan Higher Education Authority beginning in the 2004-2005 academic year. The bill generally rewrites and updates the provisions of Public Act 245.

Benefits - Under the provisions of the program, the institution would waive up to \$2,800 in tuition for the student. A student could not receive a tuition waiver under the bill and/or Public Act 245 for more than four academic years. The authority would be required to notify students receiving assistance under Public Act 245 of the repeal of that act and of the availability of assistance under the bill. *[Public Act 245 waives the first \$2,800 in tuition and fees for all eligible students at private and public institutions who entered the program after October 1, 1996. Students may receive aid under Public Act 245 for up to 36 months of full-time equivalent status. For students who entered the program before October 1, 1996, the program waived all tuition and fees for those attending a public institution and the first \$2,800 for those attending a private institution.] Public Act 245 waives all of the tuition and fees of students who enrolled in the program prior to October 1, 1996 who attend a “tax supported institution.”]*

Eligibility - The tuition waiver program would be open to a student who meets the following criteria: (1) is enrolled as a full-time undergraduate student at an eligible institution; (2) is between 17 and 25 years of age; (3) is the natural or adopted child of a “Michigan veteran” who was killed in action or died from another cause while serving in a war, is adjudged to have died from a service-related injury or be totally and permanently disabled as a result from a service-related injury, is deceased but, prior to death, was adjudged to be totally and permanently disabled from a service-related injury, or is officially listed as missing in action (MIA); (4) a resident of the state for the 12-months immediately prior to application; (5) maintains a cumulative grade point average of at least 2.25; (6) has signed a tuition waiver agreement with the institution; (7) has not been convicted of a felony involving assault, physical injury, or death; and (8) otherwise complies with the act and applicable rules. *[The first four criteria are currently in Public Act 245, and the GPA requirement is contained in the administrative rules. However, the bill requires the student to be a child of a veteran who is “totally and permanently disabled”, whereas current law provides that the veteran be “totally disabled”.]*

Reimbursement - To be reimbursed by the state for the amount of tuition waived under the program, a participating institution would have to submit an application for reimbursement to the authority within 60 days after the end of the academic year. The application would include (1) the total number of students receiving a waiver; (2) the amount of tuition waived; and (3) an itemized list of the name of each student receiving a waiver, the student’s GPA for the year and the cumulative GPA, the student’s transcript for the year, the amount of tuition waived for each student, and a certification that the student is eligible for the program. The authority would verify the amount of tuition waived and report that amount to the legislative appropriations subcommittees on higher education and community colleges. The legislature would appropriate the reimbursement directly to the institution and to the authority for distribution to the institutions that do not receive a state appropriation.

Authority responsibilities - The waiver program would be administered by the Michigan Higher Education Authority. In addition, the authority would develop a tuition waiver agreement to be entered into by the student and the eligible institution that contains the

terms of the tuition waiver and the rights and obligations of both parties. The authority would have the authority to promulgate administrative rules.

Eligible institution - The bill would define "eligible institution" to mean a degree- or certificate-granting public or independent nonprofit college or university, junior college, or community college in the state.

FISCAL IMPACT:

The transfer of the veterans survivor tuition waiver program from the Department of Military and Veterans Affairs to the Michigan Higher Education Assistance Authority that would be accomplished by House Bill 5866 would, by itself, have no net impact on state expenditures. Two provisions in the bill that differ slightly from the provisions under Public Act 245 of 1935 could, however, result in reduced state expenditures.

First, the existing act refers to veterans who are "totally disabled." The bill refers to veterans who are "permanently and totally disabled." Some veterans whose dependents are currently participating in the program may be totally, but not permanently, disabled.

Second, the current act allows for 36 months of full-time equated college undergraduate education under the program. The bill limits participation in the program to no more than four academic years. It is possible that some students are currently enrolling in 36 months of education that cross more than four fiscal years and receiving more than \$11,200 in total waivers (\$2,800 times four).

(Note: The 2.25 cumulative GPA requirement in the bill exists in the current administrative rules governing the program, so the addition of this requirement in the statute would have no impact on the number of eligible students.)

It is unknown how many students would fall into these two categories, so the amount of any reduction in state expenditures is indeterminate. In FY 2002-03, 484 students participated in the program, receiving waivers totaling \$1,025,524.

House Bill 5865 would have no fiscal impact on state or local government.

Legislative Analyst: Mark Wolf
Fiscal Analyst: Kyle Jen

■ 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.