

Legislative Analysis



NATIONAL GUARD TUITION ASSISTANCE PROGRAM

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

House Bill 4199 as reported from committee

Sponsor: Rep. Jennifer Conlin

Committee: Military, Veterans and Homeland Security

Complete to 3-16-23

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 4199 would amend the Michigan National Guard Tuition Assistance Act to authorize the adjutant general to establish a policy that allows one or more of the following individuals who are family members of an eligible National Guard member to use the National Guard member's tuition assistance under the act in a manner prescribed by the adjutant general:

- A lawfully married spouse.
- A child, stepchild, or legally adopted child who is under 26 years of age.

The National Guard tuition assistance program helps eligible members of the Michigan National Guard pay for a course of study that is intended to culminate in vocational or technical training, a certificate, or the individual's first associate degree, bachelor's degree, or master's degree. To be eligible, a National Guard member must be in active service, not be absent without leave, not be under code of military justice charges, and meet other conditions established by the adjutant general. The adjutant general is the administrator of the program.¹

The bill also would increase the maximum balance of the National Guard Tuition Assistance Fund. The fund is now capped at \$10.0 million under the act, with any balance in excess of that amount lapsing to the general fund. The bill would increase this cap to \$15.0 million.

MCL 32.433 and 32.434

FISCAL IMPACT:

An extension of benefits would result in increased payments from the Tuition Assistance Fund. The Department of Military and Veterans Affairs (DMVA) has estimated that changes in the bill would add costs of approximately \$5.0 million. However, actual demand and costs are not yet known. The need for additional general fund/general purpose (GF/GP) appropriations to the fund would depend on participation and the amount of benefits paid to newly eligible spouses and dependents of eligible servicemembers.

The Tuition Assistance Fund may receive money from any source for deposit into the fund and has been supported annually through state GF/GP deposits appropriated to the DMVA's budget. Money remaining in the fund at the end of the fiscal year remains in the fund and does not lapse to the general fund. Currently, the balance in the fund must not exceed \$10.0 million. Any balance in excess of \$10.0 million will lapse to the general fund. A deposit into the fund to cover the costs of expanded eligibility that is in addition to the ongoing appropriation would result in a total balance more than \$10.0 million. By raising the maximum fund balance to

¹ For further information, see <https://www.michigan.gov/dmva/about/mingstap>

\$15.0 million, the bill would allow additional funding to remain in the fund and not lapse to the general fund. The fiscal year (FY) 2021-22 closing balance of the fund was \$5.9 million.

Program participation has increased each year, with numbers tapering in FY 2020-21. Despite increasing participation, the annual appropriation has remained largely steady at approximately \$6.5 million, with the exception of FY 2018-19, in which the program received an additional \$2.5 million supplemental appropriation.

The DMVA has previously reported that it has achieved efficiencies within the Michigan National Guard Tuition Assistance Program (MINGTAP), such as ensuring that payments are in accordance with statutory and policy grade point average (GPA) requirements and that federal tuition assistance (FTA) payments are utilized before MINGTAP payments, which has decreased payments for ineligible benefits. DMVA anticipates that this will add to the fund balance, and it is factored into their estimate of \$5.0 million required to cover benefits added under the bill. If an extension of benefits is not enacted, the annual GF/GP appropriation to the program may need to be decreased, or the fund balance may exceed \$10.0 million and any amount in excess of \$10.0 million will lapse to the general fund.

Tuition Assistance Fund Appropriations, Expenditures, Balances, and Participation

	<u>FY 2016-17</u>	<u>FY 2017-18</u>	<u>FY 2018-19</u>	<u>FY 2019-20</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>
Appropriations	\$3,505,000	\$6,507,000	\$9,006,700	\$6,509,900	\$6,516,600	\$6,521,900
<u>Expenditures</u>						
Tuition/Fees	\$5,649,560	\$5,771,804	\$4,700,313	\$4,989,981	\$4,509,544	\$5,082,858
Administrative	\$589,612	\$594,428	\$265,178	NA	\$459,808	\$615,437
Total	\$ 6,239,172	\$6,366,233	\$6,850,633	\$5,760,984	\$4,969,352	\$5,698,295
Fund Balance	NA	\$463,990	\$2,620,057	\$3,434,383	\$4,991,456	\$5,861,425
<u>Participation*</u>						
Air Guard	183	350	402	477	367	322
Army Guard	922	1,301	1,268	1,244	1,091	945
Total	1,105	1,651	1,670	1,721	1,458	1,267
Est. Avg. Per Student	\$5,646	\$3,856	\$3,981	\$3,379	\$3,408	\$4,497

*Note: Participation numbers represent total applications received and include applications that have been rejected or did not receive payment due to eligibility requirements.

POSITIONS:

The adjutant general of the Michigan National Guard testified in support of the bill. (3-14-23)

The following entities indicated support for the bill (3-14-23):

- Department of Military and Veterans Affairs
- American Legion
- Detroit Regional Chamber

Legislative Analyst: E. Best
 Fiscal Analyst: Michael Crossen

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.