

## NATIONAL GUARD TUITION ASSISTANCE PROGRAM

Phone: (517) 373-8080  
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**Senate Bill 104 as passed by the Senate**

**Sponsor: Sen. Adam Hollier**

**House Committee: Military, Veterans and Homeland Security**

**Senate Committee: Families, Seniors, and Veterans [Discharged]**

**Complete to 12-7-22**

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

### SUMMARY:

Senate Bill 104 would amend the Michigan National Guard Tuition Assistance Act to authorize the adjutant general to establish a policy under which tuition assistance can be used by the spouse or one or more dependents of a National Guard member who is eligible for assistance under the act.

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.<sup>1</sup>

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 changes in the bill would add costs of approximately \$5.0 million. However, actual demand and costs are not yet known. \$5.0 million was included in the FY 2022-23 Executive Recommended budget for this purpose but was not enacted. 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. 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. The fiscal year (FY) 2021-22 closing balance of the fund has not yet been determined as part of the currently ongoing year-end book closing process. The 2020-21 closing fund balance was \$5.0 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

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

\$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 2015-16</u>	<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>
Appropriations	\$3,741,600	\$3,505,000	\$6,507,000	\$9,006,700	\$6,509,900	\$6,516,600
<b>Expenditures</b>						
Tuition/Fees	\$3,241,446	\$5,649,560	\$5,771,804	\$4,700,313	\$4,989,981	\$4,509,544
Administrative	\$436,024	\$589,612	\$594,428	\$265,178	NA	459,808
<b>Total</b>	<b>\$3,677,470</b>	<b>\$ 6,239,172</b>	<b>\$6,366,233</b>	<b>\$6,850,633</b>	<b>\$5,760,984</b>	<b>\$4,969,352</b>
Fund Balance	NA	NA	\$463,990	\$2,620,057	\$3,434,383	\$4,991,465
<b>Participation*</b>						
Air Guard	174	183	350	402	477	367
Army Guard	503	922	1,301	1,268	1,244	1,091
<b>Total</b>	<b>677</b>	<b>1,105</b>	<b>1,651</b>	<b>1,670</b>	<b>1,721</b>	<b>1,458</b>
Est. Avg. Per Student	\$5,432	\$5,646	\$3,856	\$3,981	\$3,379	\$3,408

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

Legislative Analyst: Rick Yuille  
 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.