

# Legislative Analysis



## MICHIGAN NATIONAL GUARD MEMBER BENEFIT FUND

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

**Senate Bills 540 and 541 as passed by the Senate**  
**Sponsor: Sen. Kevin Hertel**

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

**Senate Bill 542 (S-1) as passed by the Senate**  
**Sponsor: Sen. Veronica Klinefelt**

**House Committee: Appropriations**  
**Senate Committee: Appropriations [Discharged]**  
**Complete to 10-1-25**

### SUMMARY:

Taken together, the bills would create a child care assistance program for eligible National Guard members, create a fund to support both that program and a current program that provides tuition assistance for eligible National Guard members, and shift funding for tuition assistance from its current fund to the new fund proposed by the bills.

**Senate Bill 541** would create a new act, the Michigan National Guard Member Benefit Fund Act, to establish the Michigan National Guard Member Benefit Fund in the state treasury.

The Department of Treasury would have to expend money from the fund, upon appropriation, to support the implementation and administration of both the Michigan National Guard Child Care Assistance Act (see Senate Bill 540, below) and the Michigan National Guard Tuition Assistance Act (see Senate Bill 542, below).

The state treasurer would be responsible for depositing in the fund money and other assets received from any source, directing the investment of money in the fund, and crediting to the fund interest and earnings from those investments. Money in the fund at the close of a fiscal year would remain in the fund and not lapse to the general fund. The Department of Treasury would be the fund administrator for audit purposes.

**Senate Bill 540** would create a new act, the Michigan National Guard Child Care Assistance Act, to provide child care assistance to eligible members of the Michigan National Guard.

The bill would create the Michigan National Guard Child Care Assistance Program in the Department of Military and Veterans Affairs (DMVA). The adjutant general would have to administer the program and prescribe forms and procedures to effectively do so.

An ***eligible member*** could apply for child care assistance from the program, and the adjutant general would have to approve the application if both of the following apply:

- There is enough money in the Michigan National Guard Member Benefit Fund proposed by Senate Bill 541 to cover the amount of assistance applied for.
- Either of the following:
  - The applicant is a single parent.
  - The applicant's spouse is also an eligible member.

***Eligible member*** would mean a member of the Michigan National Guard who meets the following requirements:

- The member is in ***active service***.
- The member is not absent without leave (AWOL) or under charges described in the Michigan Code of Military Justice.<sup>1</sup>
- Any other criteria determined by the adjutant general consistent with Michigan National Guard recruiting and retention requirements.

***Active service*** would mean service, including active state service and special duty required by law, regulation, or pursuant to order of the governor. Active service would include continuing service of an active member of the National Guard and the defense force in fulfilling that active member's commission, appointment, or enlistment.

An eligible member approved for child care assistance would receive a stipend at a rate established annually by the adjutant general. The amount determined by the adjutant general would apply to all eligible members. Assistance would have to be provided for not more than 12 hours a day for weekend drills and annual training, up to a maximum of 39 days a year.

The adjutant general could develop and issue rules to implement the bill.

**Senate Bill 542** would amend the Michigan National Guard Tuition Assistance Act to require the unencumbered balance remaining in the Michigan National Guard Tuition Assistance Fund at the end of the 2024-25 fiscal year to be transferred to the Michigan National Guard Member Benefit Fund proposed by Senate Bill 541.

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. The adjutant general is the administrator of the program.<sup>2</sup>

In determining whether to approve an application for assistance under the program, the adjutant general must consider, among other things, whether there is sufficient money in the Michigan National Guard Tuition Assistance Fund to cover the amount of tuition assistance determined to be available by the adjutant general in that academic year. The bill would retain this provision, but would change the applicable fund to the Michigan National Guard Member Benefit Fund proposed by Senate Bill 541.

MCL 32.433 and 32.434

Each bill will take effect only if all three bills are enacted.

## **FISCAL IMPACT:**

**Senate Bill 540** could create new costs for the state by requiring DMVA to operate and administer a new child care assistance program. The bill would require the department to fund the program using funds in the Michigan National Guard Member Benefit Fund that would be created by Senate Bill 541. However, because Senate Bill 541 does not require a deposit into

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<sup>1</sup> <https://www.legislature.mi.gov/Laws/MCL?objectName=mcl-Act-523-of-1980>

<sup>2</sup> See <https://www.michigan.gov/dmva/about/mingstap>

the new fund, DMVA's capacity to fund the child care program would be subject to appropriation for the Michigan National Guard Member Benefit Fund. DMVA has estimated that 4.0 FTE positions would be required to administer the program and that the program would create approximately \$2.3 million in ongoing costs for the department.

**Senate Bill 541** would not have a direct fiscal impact on the state. The bill would create the Michigan National Guard Member Benefit Fund in the Treasury, which could receive money and assets from any source, but would *not* require an initial deposit into the fund. The bill would authorize, but not require, DMVA to support the child care assistance program (Senate Bill 540) and the tuition assistance program (Senate Bill 542) using the fund.

**Senate Bill 542** would have a net-zero fiscal impact on the state. DMVA currently operates and administers a tuition assistance program for eligible Michigan National Guard members (MINGSTAP) using funds in the Michigan National Guard Tuition Assistance Fund. As currently written, the bill would require the unencumbered balance of that fund to be transferred to the Michigan National Guard Member Benefit Fund that would be created by Senate Bill 541 at the end of FY 2024-25. The bill would then require future MINGSTAP expenditures to be drawn from the Michigan National Guard Member Benefit Fund, subject to appropriation by the legislature. Between FY 2019-20 and FY 2023-24, expenditures for MINGSTAP averaged approximately \$5.6 million.

The bills would have no fiscal impact on local units of government.

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■ 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.