

DATE: January 20, 2017
TO: Interested Parties
FROM: Kent Dell, Fiscal Analyst
RE: Michigan National Guard Tuition Assistance Program and Tuition Assistance Fund

Background

The Michigan National Guard Tuition Assistance Program and Tuition Assistance Fund were created by the Michigan National Guard Tuition Assistance Act, 2014 PA 259. State Tuition Assistance can be used by eligible Michigan Army National Guard and Michigan Air National Guard service members in order to defray the costs of obtaining an associate, bachelor's, or master's degree, or the completion of a training or certificate program.

The benefits and requirements of this state program are similar to the federal tuition assistance program for active duty and reserve service members.¹ Members of the Michigan National Guard may utilize the federal tuition assistance program, or other federal education benefits, in conjunction with the state program. However, federal funds are applied toward tuition and fees first.

In FY 2015-16, of the approximately 10,000 members of the Michigan National Guard, nearly 1,700 service members utilized the National Guard Tuition Assistance Program.

Eligibility and Benefits

In order to be eligible for Tuition Assistance Program funds, Michigan National Guard service members must meet the following criteria:

- Members cannot enroll in classes that begin before enlistment date or end after enlistment contract expires.
- All courses for which members use Tuition Assistance Program funds must be part of an approved degree plan (an approved degree plan is one in which all course credits can be applied toward the completion of a degree).
- Members cannot use Tuition Assistance Program funds for a second equivalent degree (e.g., a second bachelor's degree).
- Members must be active in the Michigan National Guard and in good standing.
- Members cannot be absent without official leave or subject to charges under the Uniform Code of Military Justice.

Pursuant to 2014 PA 259, the Adjutant General of the Michigan National Guard determines the extent of the benefits Michigan National Guard service members have access to through the Tuition

¹ Source: https://www.goarmyed.com/public/public_tuition_assistance_policies.aspx; accessed October 31, 2016.

Assistance Program. For FY 2016-17, National Guard service members who meet the eligibility criteria are able to receive the following Tuition Assistance Program benefits:²

- The Tuition Assistance Program will pay up to \$600 per credit hour (up to \$6,000 per academic year) for up to 144 undergraduate credits or 42 graduate credits (for reference, resident students at Michigan State University pay core undergraduate tuition rates that range from \$469 to \$523 per credit-hour and a core graduate tuition rate of \$699 per credit-hour³).
- Funds can be used at public or private colleges, universities, vocational schools, technical schools, and trade schools located in Michigan.
- Funds can be applied toward tuition and fees, which include instructional fees, laboratory fees, computer fees, and other fees related to the course of study (Tuition Assistance Program funds cannot be used for the costs of books or study materials).

Service members who utilize Tuition Assistance Program benefits must also report the completion of their academic program as well as maintain a cumulative grade point average of 2.0 or above (on a 4.0 scale). Service members who receive a grade point average below 2.0 for two consecutive grading periods are not eligible for additional Tuition Assistance Program benefits. Pursuant to 2014 PA 259, the Adjutant General has the authority to determine the reporting methods.

Appropriations and Expenditures

National Guard Tuition Assistance Program Appropriations and Expenditures (Not Adjusted for Inflation)			
	<u>FY 2014-15</u>	<u>FY 2015-16</u>	<u>FY 2016-17</u>
Adjusted Appropriations	\$3,542,100	\$3,741,600	\$3,505,000
Encumbrances & Expenditures	\$1,799,200	\$3,677,500	\$1,328,400*

**Note: FY 2016-17 encumbrances and expenditures are current through January 19, 2017.
Source: HFA records and the Michigan Administrative Information Network; accessed January 19, 2017..*

National Guard Tuition Assistance Fund Fiscal Year End Balance History (Not Adjusted for Inflation)			
	<u>FY 2014-15</u>	<u>FY 2015-16</u>	<u>FY 2016-17</u>
Beginning Balance	\$0	\$0	\$2,064,100
Revenues	\$0	\$2,000,000	\$60,000
End of FY Lapse	\$0	\$64,100	--
End of FY Balance	\$0	\$2,064,100	--

Source: HFA records and the Michigan Administrative Information Network; accessed October 31, 2016.

Beginning in FY 2014-15, the Michigan National Guard Tuition Assistance Program was originally a scheduled program within the larger Departmental and National Guard Operations line item in the Department of Military and Veterans Affairs (DMVA) budget. For FY 2016-17 appropriations, the

² Source: http://www.michigan.gov/dmva/0,4569,7-126-2360_68898---,00.html; accessed October 31, 2016.

³ Academic Year 2016-17: http://www.ctr.msu.edu/COSStudentAccounts/Tuition_Fees_MainMenu.aspx; accessed October 31, 2016.

National Guard Tuition Assistance Program and Tuition Assistance Fund each constitute their own separate line items within the Military appropriations unit.

For FY 2014-15, \$4.3 million GF/GP was included to support the Tuition Assistance Program. This amount was subsequently reduced by \$800,000 via Legislative Transfer 2015-6 to the Grand Rapids Home for Veterans. Of the remaining \$3.5 million, \$1.8 million was expended for the program, leaving \$1.7 million in unexpended funds.

In practice, the State Budget Office has historically treated GF/GP funds appropriated for the Tuition Assistance Program as regular GF/GP appropriations within the former Departmental and National Guard Operations line item. Therefore, the \$1.7 million in unexpended funds appropriated to the Tuition Assistance Program lapsed back into the General Fund at the end of FY 2014-15 rather than into the Tuition Assistance Fund. Pursuant to 2014 PA 259, any remaining appropriations to the Tuition Assistance Program from the Tuition Assistance Fund would lapse back into the fund at the end of the fiscal year. Effectively, any appropriations into the fund would become restricted funds. The Tuition Assistance Fund can maintain a balance of up to \$10 million. Any funds over \$10 million would lapse into the General Fund at the end of a fiscal year.

This problem was corrected via supplemental appropriations within the larger FY 2016-17 omnibus appropriations act, 2016 PA 268, which pulled FY 2015-16 GF/GP appropriations to the Tuition Assistance Program and appropriated the funds to the Tuition Assistance Fund, along with \$2.0 million additional GF/GP funds, and then re-appropriated the funds back to the Tuition Assistance Program. This action designated the FY 2015-16 appropriations to the Tuition Assistance Program as state restricted revenues and ensures that any unexpended funds revert back to the Tuition Assistance Fund and the end of a fiscal year. Additionally, any GF/GP funds appropriated directly to the Tuition Assistance Fund would become state restricted revenues and would only be able to be re-appropriated by the Legislature to support the Tuition Assistance Program.