

# Legislative Analysis

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## HIGHER ED PROMISE GRANT ASSIGNMENT

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### House Bill 6650

Sponsor: Rep. Tim Melton

Committee: Education

Complete to 12-1-08

## A SUMMARY OF HOUSE BILL 6650 AS INTRODUCED 11-13-08

House Bill 6650 would amend the Michigan Promise Grant Act (MCL 390.1628) to allow a student to assign the proceeds of a promise grant to a local promise zone authority or to a community foundation, under certain circumstances.

Currently under the act, the Michigan Department of Treasury disburses Michigan Promise Grant money to an approved postsecondary institution on a student's behalf. House Bill 6650 would extend this provision to allow disbursement to a local promise zone authority or to a community foundation. The bill specifies that a student who qualifies for a Michigan Promise Grant, or who qualifies for a grant installment, may assign the proceeds of that grant or grant installment to a local promise zone authority or to a community foundation. Under the bill, the Department of Treasury would determine the manner and form of an assignment, and if it received one, they would be required to disburse the student's grant money to the local authority or community foundation, and not to an approved postsecondary institution.

The bill defines "community foundation" to mean that term as defined in Section 261 of the Income Tax Act (MCL 206.261). There, the term means, among other things, a community organization that complies with regulations of the U. S. Department of Treasury, has an independent governing body representing the general public's interest, and which is subject to an annual independent financial audit if it has an endowment value of \$1 million or more.

The bill is tie-barred to Senate Bill 861 or House Bill 5375, so that it could not go into effect unless one those bills were enacted into law. [House Bill 5375 (H-3), which has passed the House and awaits action in the Senate Education Committee, would create the Michigan Promise Grant Zone Act. Senate Bill 861--a similar but not identical bill--also awaits action in the Senate Education Committee.]

## FISCAL IMPACT:

House Bill 6650 could increase revenue received by local promise zone authorities (established under the companion legislation) and/or community foundations. Absent a statutory or contractual requirement that a student remit his or her Promise Grant funds to such an authority or foundation, however, the number of students choosing to forfeit the funds would presumably be very small.

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