

# HOUSE BILL No. 5315

February 12, 2014, Introduced by Reps. Knezek and Abed and referred to the Committee on Michigan Competitiveness.

A bill to amend 1979 PA 94, entitled  
"The state school aid act of 1979,"  
(MCL 388.1601 to 388.1896) by adding section 260.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           SEC. 260. (1) IN ADDITION TO THE AMOUNTS APPROPRIATED UNDER  
2 SECTION 236, \$2,000,000.00 IS APPROPRIATED FROM STATE GENERAL  
3 FUND/GENERAL PURPOSE MONEY FOR THE FISCAL YEAR ENDING SEPTEMBER 30,  
4 2015, FOR THE PILOT PROGRAM DESCRIBED IN THIS SECTION.

5           (2) IT IS THE INTENT OF THE LEGISLATURE THAT THE PILOT PROGRAM  
6 CONTINUE FOR AT LEAST 5 YEARS. THE DEPARTMENT SHALL SEEK FUNDING  
7 FOR THE PILOT PROGRAM FROM PRIVATE AND PUBLIC SOURCES. THE  
8 LEGISLATURE SHALL APPROPRIATE MONEY FROM THESE SOURCES, AND FROM  
9 STATE GENERAL FUND/GENERAL PURPOSE MONEY, IN EACH STATE FISCAL YEAR  
10 THAT THE PILOT PROGRAM CONTINUES, IN AN AMOUNT SUFFICIENT TO  
11 OPERATE THE PILOT PROGRAM. HOWEVER, MONEY FROM THE STATE SCHOOL AID

1 FUND SHALL NOT BE APPROPRIATED FOR THE PILOT PROGRAM.

2 (3) THE DEPARTMENT SHALL CREATE AND IMPLEMENT A TUITION GRANT  
3 PILOT PROGRAM, TO BE KNOWN AS THE SMARTER MICHIGAN AND RETAINING  
4 TALENT (SMART) TUITION PROGRAM, THAT PAYS CERTAIN TUITION COSTS OF  
5 PARTICIPATING COMMUNITY COLLEGE AND PUBLIC UNIVERSITY STUDENTS IN  
6 EXCHANGE FOR THOSE STUDENTS' AGREEMENT TO PAY THE STATE A CERTAIN  
7 PERCENTAGE OF THEIR FUTURE INCOME. ALL OF THE FOLLOWING APPLY TO  
8 THIS PILOT PROGRAM:

9 (A) THE DEPARTMENT SHALL SELECT 100 STUDENTS WHO ARE ENROLLED  
10 IN A PUBLIC UNIVERSITY AND 100 STUDENTS WHO ARE ENROLLED IN A  
11 COMMUNITY COLLEGE TO PARTICIPATE IN THE PILOT PROGRAM.

12 (B) A STUDENT ENROLLED IN A COMMUNITY COLLEGE OR PUBLIC  
13 UNIVERSITY MAY SUBMIT AN APPLICATION TO THE DEPARTMENT TO  
14 PARTICIPATE IN THE PILOT PROGRAM IF HE OR SHE IS A RESIDENT OF THIS  
15 STATE, AS DETERMINED BY THE COMMUNITY COLLEGE OR PUBLIC UNIVERSITY.  
16 THE DEPARTMENT SHALL SELECT THE PARTICIPANTS IN THE PILOT PROGRAM  
17 FROM AMONG THOSE APPLICANTS. IF THERE ARE MORE THAN 100 APPLICANTS  
18 TO PARTICIPATE IN THE PILOT PROGRAM AS COMMUNITY COLLEGE STUDENTS  
19 OR MORE THAN 100 APPLICANTS TO PARTICIPATE IN THE PILOT PROGRAM AS  
20 PUBLIC UNIVERSITY STUDENTS, THE DEPARTMENT SHALL SELECT THE  
21 PARTICIPANTS FROM AMONG THE APPLICANTS USING A RANDOM SELECTION  
22 PROCESS.

23 (C) A STUDENT IS NOT ELIGIBLE TO PARTICIPATE IN THE PILOT  
24 PROGRAM IF THE ADJUSTED GROSS INCOME OF THE STUDENT AND HIS OR HER  
25 IMMEDIATE FAMILY IS \$250,000.00 OR MORE.

26 (D) EACH PARTICIPANT SHALL ENTER INTO A WRITTEN AGREEMENT THAT  
27 PROVIDES THAT, IN EXCHANGE FOR PAYMENT ON HIS OR HER BEHALF OF AN

1 AMOUNT EQUAL TO THE WEIGHTED AVERAGE TUITION COST TO THE PUBLIC  
2 UNIVERSITY OR COMMUNITY COLLEGE IN WHICH HE OR SHE IS ENROLLED, HE  
3 OR SHE AGREES TO PAY THE DEPARTMENT A PERCENTAGE OF HIS OR HER  
4 FUTURE EARNINGS. THE PARTICIPANT'S PAYMENT OBLIGATION UNDER THIS  
5 SUBDIVISION SHALL MEET THE REQUIREMENTS OF SUBSECTION (4).

6 (E) FOR AN ACADEMIC YEAR, THE AMOUNT OF A GRANT TO A  
7 PARTICIPANT SHALL NOT EXCEED THE WEIGHTED AVERAGE TUITION COST OF  
8 COMMUNITY COLLEGES IF THE PARTICIPANT IS ENROLLED IN A COMMUNITY  
9 COLLEGE, OR THE WEIGHTED AVERAGE TUITION COST OF PUBLIC  
10 UNIVERSITIES IF THE PARTICIPANT IS ENROLLED IN A PUBLIC UNIVERSITY.

11 (F) THE DEPARTMENT SHALL NOT AWARD A GRANT IN MORE THAN 3  
12 CONSECUTIVE ACADEMIC YEARS IF THE PARTICIPANT IS ENROLLED IN A  
13 COMMUNITY COLLEGE OR 5 CONSECUTIVE ACADEMIC YEARS IF THE  
14 PARTICIPANT IS ENROLLED IN A PUBLIC UNIVERSITY.

15 (G) AFTER COMPLETION OF THE FIRST FULL ACADEMIC YEAR IN WHICH  
16 HE OR SHE PARTICIPATES IN THE PILOT PROGRAM, A PARTICIPANT IS  
17 INELIGIBLE TO RECEIVE ADDITIONAL GRANTS IF HE OR SHE FAILS TO  
18 MAINTAIN A CUMULATIVE GRADE POINT AVERAGE OF AT LEAST 2.5 AT THE  
19 COMMUNITY COLLEGE OR PUBLIC UNIVERSITY IN WHICH HE OR SHE IS  
20 ENROLLED AND THAT FAILURE CONTINUES FOR MORE THAN 1 TERM OR  
21 SEMESTER.

22 (H) IT IS THE INTENT OF THE LEGISLATURE THAT THE DEPARTMENT'S  
23 ADMINISTRATIVE COSTS IN CONNECTION WITH THE PILOT PROGRAM SHALL NOT  
24 EXCEED 1%.

25 (4) IN EACH CALENDAR YEAR FOR WHICH A PARTICIPANT IN THE PILOT  
26 PROGRAM HAS A PAYMENT OBLIGATION DESCRIBED IN SUBSECTION (3) (D),  
27 THE PARTICIPANT SHALL PAY THE DEPARTMENT AN AMOUNT EQUAL TO 2% OF

1 HIS OR HER ADJUSTED GROSS INCOME FOR THAT YEAR IF HE OR SHE  
2 ATTENDED A COMMUNITY COLLEGE OR 4% OF HIS OR HER ADJUSTED GROSS  
3 INCOME FOR THAT YEAR IF HE OR SHE ATTENDED A PUBLIC UNIVERSITY. THE  
4 PARTICIPANT'S PAYMENT OBLIGATION BEGINS IN THE FIRST CALENDAR YEAR  
5 IN WHICH HE OR SHE OBTAINS EMPLOYMENT AFTER HE OR SHE GRADUATED  
6 FROM OR STOPPED ATTENDING THE COMMUNITY COLLEGE OR PUBLIC  
7 UNIVERSITY IN WHICH HE OR SHE WAS ENROLLED AND HIS OR HER ADJUSTED  
8 GROSS INCOME FROM THAT EMPLOYMENT IN THAT YEAR EXCEEDS THE FEDERAL  
9 POVERTY LEVEL. THE PAYMENT OBLIGATION CONTINUES FOR THE FOLLOWING  
10 CONSECUTIVE NUMBER OF YEARS, AS APPLICABLE:

11 (A) IF TUITION PAYMENTS WERE MADE ON BEHALF OF THE PARTICIPANT  
12 BY THE DEPARTMENT FOR 1 ACADEMIC YEAR AT THE COMMUNITY COLLEGE OR  
13 PUBLIC UNIVERSITY, 5 YEARS OF PAYMENTS.

14 (B) IF TUITION PAYMENTS WERE MADE ON BEHALF OF THE PARTICIPANT  
15 BY THE DEPARTMENT FOR 2 ACADEMIC YEARS AT THE COMMUNITY COLLEGE OR  
16 PUBLIC UNIVERSITY, 10 YEARS OF PAYMENTS.

17 (C) IF TUITION PAYMENTS WERE MADE ON BEHALF OF THE PARTICIPANT  
18 BY THE DEPARTMENT FOR 3 ACADEMIC YEARS AT THE COMMUNITY COLLEGE OR  
19 PUBLIC UNIVERSITY, 15 YEARS OF PAYMENTS.

20 (D) IF TUITION PAYMENTS WERE MADE ON BEHALF OF THE PARTICIPANT  
21 BY THE DEPARTMENT FOR 4 ACADEMIC YEARS AT THE PUBLIC UNIVERSITY, 20  
22 YEARS OF PAYMENTS.

23 (E) IF TUITION PAYMENTS WERE MADE ON BEHALF OF THE PARTICIPANT  
24 BY THE DEPARTMENT FOR 5 ACADEMIC YEARS AT THE PUBLIC UNIVERSITY, 25  
25 YEARS OF PAYMENTS.

26 (5) BY JUNE 1 OF EACH YEAR, THE DEPARTMENT SHALL SUBMIT TO THE  
27 STATE BUDGET DIRECTOR, THE FINANCIAL AID RESTRUCTURING COMMISSION

1 CREATED IN SUBSECTION (6), THE HOUSE AND SENATE APPROPRIATIONS  
2 SUBCOMMITTEES ON HIGHER EDUCATION, THE HOUSE AND SENATE  
3 APPROPRIATIONS SUBCOMMITTEES ON COMMUNITY COLLEGES, AND THE HOUSE  
4 AND SENATE FISCAL AGENCIES A REPORT CONCERNING THE CREATION AND  
5 IMPLEMENTATION OF THE PILOT PROGRAM IN THE PRECEDING STATE FISCAL  
6 YEAR. THE REPORT SHALL INCLUDE ALL OF THE FOLLOWING FOR THE  
7 PRECEDING STATE FISCAL YEAR:

8 (A) THE NUMBER OF PARTICIPANTS WHO WERE ENROLLED IN COMMUNITY  
9 COLLEGES AND, FOR THOSE PARTICIPANTS, THE NUMBER THAT CONTINUED IN  
10 THE PILOT PROGRAM; THE NUMBER THAT DROPPED OUT OF THE PILOT  
11 PROGRAM; THE NUMBER THAT DROPPED OUT OF A COMMUNITY COLLEGE; AND  
12 THE NUMBER THAT GRADUATED FROM A COMMUNITY COLLEGE.

13 (B) THE NUMBER OF PARTICIPANTS WHO WERE ENROLLED IN PUBLIC  
14 UNIVERSITIES AND, FOR THOSE PARTICIPANTS, THE NUMBER THAT CONTINUED  
15 IN THE PILOT PROGRAM; THE NUMBER THAT DROPPED OUT OF THE PILOT  
16 PROGRAM; THE NUMBER THAT DROPPED OUT OF A PUBLIC UNIVERSITY; AND  
17 THE NUMBER THAT GRADUATED FROM A PUBLIC UNIVERSITY.

18 (C) AN ANALYSIS OF THE PAYMENTS DESCRIBED IN SUBSECTION (3) (D)  
19 THAT THE DEPARTMENT HAD RECEIVED FROM PARTICIPANTS, INCLUDING, BUT  
20 NOT LIMITED TO, HOW MANY PAYMENTS WERE MADE ON TIME, HOW MANY  
21 PAYMENTS WERE LATE, HOW MUCH EACH RECIPIENT HAD RECEIVED FROM THE  
22 DEPARTMENT UNDER THIS SECTION, AND HOW MUCH EACH PARTICIPANT HAD  
23 REPAID TO THE DEPARTMENT.

24 (D) THE NUMBER OF PARTICIPANTS WHO HAD FOUND EMPLOYMENT.

25 (E) THE NUMBER OF STUDENTS WHO WERE THEN UNEMPLOYED.

26 (F) A GENERAL SUMMARY OF THE PILOT PROGRAM, INCLUDING, BUT NOT  
27 LIMITED TO, HOW MUCH THE DEPARTMENT HAD PAID ON BEHALF OF

1 PARTICIPANTS, THE TOTAL AMOUNT REPAID TO THE DEPARTMENT BY  
2 PARTICIPANTS, AND A PROJECTION OF FUTURE PAYMENTS THE DEPARTMENT  
3 ESTIMATED IT WOULD RECEIVE FROM PARTICIPANTS.

4 (6) THE FINANCIAL AID RESTRUCTURING COMMISSION IS ESTABLISHED  
5 IN THE DEPARTMENT. ALL OF THE FOLLOWING APPLY TO THE COMMISSION:

6 (A) THE COMMISSION SHALL CONSIST OF 6 MEMBERS, AS FOLLOWS:

7 (i) FIVE VOTING MEMBERS WHO ARE RESIDENTS OF THIS STATE AND ARE  
8 APPOINTED BY THE GOVERNOR, AS FOLLOWS:

9 (A) ONE INDIVIDUAL REPRESENTING STATE UNIVERSITIES.

10 (B) ONE INDIVIDUAL REPRESENTING COMMUNITY COLLEGES.

11 (C) ONE INDIVIDUAL SELECTED FROM 1 OR MORE INDIVIDUALS  
12 NOMINATED BY THE SENATE MAJORITY LEADER.

13 (D) ONE INDIVIDUAL SELECTED FROM 1 OR MORE INDIVIDUALS  
14 NOMINATED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

15 (E) ONE INDIVIDUAL REPRESENTING THE PUBLIC.

16 (ii) THE STATE TREASURER, OR HIS OR HER DESIGNEE, WHO IS A  
17 NONVOTING MEMBER OF THE COMMISSION AND SHALL SERVE AS CHAIR OF THE  
18 COMMISSION.

19 (B) THE TERM OF OFFICE OF THE APPOINTED MEMBERS IS 2 YEARS AND  
20 UNTIL A SUCCESSOR IS APPOINTED AND QUALIFIED. A MEMBER MAY BE  
21 REMOVED IN THE MANNER PROVIDED FOR BY LAW FOR REMOVAL OF PUBLIC  
22 OFFICERS. A VACANCY SHALL BE FILLED FOR THE UNEXPIRED TERM IN THE  
23 SAME MANNER AND FOR THE SAME CLASS AS THE ORIGINAL APPOINTMENT.

24 (C) THE COMMISSION SHALL CONDUCT ITS ACTIVITIES IN COMPLIANCE  
25 WITH THE OPEN MEETINGS ACT, 1976 PA 267, MCL 15.261 TO 15.275. THE  
26 COMMISSION SHALL GIVE PUBLIC NOTICE OF THE TIME, DATE, AND PLACE OF  
27 MEETINGS OF THE COMMISSION IN THE MANNER REQUIRED BY THE OPEN

1 MEETINGS ACT, 1976 PA 267, MCL 15.261 TO 15.275.

2 (D) THE COMMISSION SHALL MAKE ANY WRITING PREPARED, OWNED,  
3 USED, IN THE POSSESSION OF, OR RETAINED BY THE COMMISSION IN THE  
4 PERFORMANCE OF AN OFFICIAL FUNCTION AVAILABLE TO THE PUBLIC IN  
5 COMPLIANCE WITH THE FREEDOM OF INFORMATION ACT, 1976 PA 442, MCL  
6 15.231 TO 15.246.

7 (E) THE COMMISSION SHALL ANALYZE THE REPORT DESCRIBED IN  
8 SUBSECTION (5) AND, WITHIN 6 MONTHS OF RECEIVING THE REPORT, SHALL  
9 MAKE RECOMMENDATIONS TO THE GOVERNOR AND LEGISLATURE CONCERNING THE  
10 LONG-TERM VIABILITY OF A FINANCIAL AID PROGRAM SIMILAR IN STRUCTURE  
11 TO THE PILOT PROGRAM.

12 (7) AS USED IN THIS SECTION:

13 (A) "ADJUSTED GROSS INCOME" MEANS THAT TERM AS DEFINED IN  
14 SECTION 62 OF THE INTERNAL REVENUE CODE OF 1986, 26 USC 62.

15 (B) "COMMUNITY COLLEGE" MEANS A COMMUNITY COLLEGE THAT  
16 RECEIVES AN APPROPRIATION IN SECTION 201.

17 (C) "DEPARTMENT" MEANS THE DEPARTMENT OF TREASURY.

18 (D) "PARTICIPANT" MEANS A STUDENT SELECTED BY THE DEPARTMENT  
19 TO PARTICIPATE IN THE PILOT PROGRAM.

20 (E) "PILOT PROGRAM" MEANS THE SMARTER MICHIGAN AND RETAINING  
21 TALENT (SMART) TUITION PROGRAM CREATED IN THIS SECTION.

22 (F) "PUBLIC UNIVERSITY" MEANS A PUBLIC UNIVERSITY THAT  
23 RECEIVES AN APPROPRIATION IN SECTION 236.

24 (G) "TUITION" MEANS THE QUARTER OR SEMESTER CHARGES IMPOSED TO  
25 ATTEND A COMMUNITY COLLEGE OR PUBLIC UNIVERSITY AND ALL MANDATORY  
26 FEES REQUIRED AS A CONDITION OF ENROLLMENT, AS DETERMINED BY THE  
27 DEPARTMENT.

1           (H) "WEIGHTED AVERAGE TUITION COST OF COMMUNITY COLLEGES"  
2 MEANS THE TUITION COST ARRIVED AT BY ADDING THE PRODUCTS OF THE  
3 ANNUAL TUITION COST AT EACH COMMUNITY COLLEGE AND ITS TOTAL NUMBER  
4 OF FISCAL YEAR EQUATED STUDENTS, THEN DIVIDING THE GROSS TOTAL OF  
5 THIS CUMULATION BY THE TOTAL NUMBER OF FISCAL YEAR EQUATED STUDENTS  
6 ATTENDING COMMUNITY COLLEGES.

7           (I) "WEIGHTED AVERAGE TUITION COST OF PUBLIC UNIVERSITIES"  
8 MEANS THE WEIGHTED AVERAGE TUITION COST OF STATE INSTITUTIONS OF  
9 HIGHER EDUCATION AS DEFINED IN SECTION 4 OF THE MICHIGAN EDUCATION  
10 TRUST ACT, 1986 PA 316, MCL 390.1424.

11           Enacting section 1. This amendatory act takes effect October  
12 1, 2014.