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BILL ANALYSIS



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Senate Bill 942 (as enacted)
Sponsor: Senator Goeff Hansen
Senate Committee: Appropriations
House Committee: Appropriations

PUBLIC ACT 228 of 2018

Date Completed: 7-10-18

CONTENT

The bill would amend the Higher Education Loan Authority Act to create the Talent Investment Fund, and to provide the Higher Education Student Loan Authority with the power to pay \$100.0 million to the Fund in fiscal year (FY) 2017-18.

The Talent Investment Fund would be created within the State Treasury, and the State Treasurer could receive money or other assets from any source for deposit into the Fund. The Treasurer would direct the investment of the Fund, and credit interest to it. Money in the Fund at the close of a fiscal year would remain there and not lapse to the General Fund. The Department of Treasury would be the administrator of the Talent Investment Fund for auditing purposes.

The bill would authorize the Department to spend money from the Fund, upon appropriation, for the purpose of enhancing the economic talent of Michigan residents, increasing access to academic and technical credentials or certifications, improving educational opportunities, or other purposes as provided by law.

MCL 390.1152 et al.

FISCAL IMPACT

The bill would create the Talent Investment Fund and provide for the payment of \$100.0 million to the Fund. The \$100.0 million would come from the more than \$140.0 million balance in the Student Loan Operating Fund.

Prior to 2010, the Michigan Higher Education Student Loan Authority issued long-term debt bonds to provide direct loans to college students. Over the past several years, the Department of Treasury has refinanced those outstanding bonds with obligations that have lower interest rates. Currently, State debt service on the bonds is less than the amount of money being repaid by students for their loans, generating a balance in the existing Fund. The bill would, in effect, deposit \$100.0 million of that outstanding balance into the Talent Investment Fund.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.