

DATE: October 27, 2015
TO: House Appropriations Subcommittee on Military and Veterans Affairs
FROM: Kent Dell, Fiscal Analyst
RE: National Guard Tuition Assistance Program and Tuition Assistance Fund

Background

The Michigan National Guard Tuition Assistance Program and Tuition Assistance Fund were created by Public Act 259 of 2014. Tuition Assistance can be used by Michigan Army National Guard and Michigan Air National Guard service members in order to defray the costs of obtaining an undergraduate degree or graduate degree, or the completion of a training or certificate program.

The benefits and requirements of this program are similar to the federal Tuition Assistance program for active duty and reserve service members¹. Members of the Michigan National Guard may utilize the federal Tuition Assistance program in conjunction with the state program, however federal Tuition Assistance funds are applied to tuition and fees first.

In FY 2014-15, nearly one thousand Michigan National Guard Service Members applied for the state Tuition Assistance Program.

Eligibility and Benefits

In order to be eligible, National Guard service members must meet the following criteria:

- Must have at least one year of time in service after the completion of Advanced Individual Training (AIT), Officer Candidate School (OCS), or Basic Officer Leaders Course (BOLC).
- Must have at least ten years in service in order to apply Tuition Assistance benefits to the completion of a graduate degree, unless Tuition Assistance was not used in the completion of an undergraduate degree.
- All courses for which Tuition Assistance is being applied must be a 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.
- Cannot use Tuition Assistance for a second equivalent degree (e.g., a second bachelor's degree) or for first professional degrees (e.g., Ph.D.).
- Must meet physical fitness and height/weight standards (i.e., cannot be flagged for being out of regulations).
- Cannot be absent without leave or under charges in the Michigan Code of Military Justice.

National Guard service members who meet the eligibility criteria are able to receive the following Tuition Assistance benefits:

- Tuition Assistance will pay up to \$250 per credit hour (up to \$4,500 per fiscal year) for up to 130 credits (undergraduate) or 39 credits (graduate). For reference, resident students at Michigan State

¹ https://www.goarmyed.com/public/public_tuition_assistance_policies.aspx

University pay core undergraduate tuition rates that range from \$452 to \$503.50 per credit-hour and a core graduate tuition rate of \$671.75 per credit-hour².

- Can be used at public or private colleges, universities, vocational schools, technical schools, and trade schools located in Michigan.
- Applies toward tuition and fees, which include instructional fees, laboratory fees, computer fees, and other fees related to the course of study. Tuition Assistance cannot be used for the costs of books or study materials.

Service members who utilize Tuition Assistance must also report the completion of their program as well as maintain a grade point average of 2.0 or above (on a 4.0 scale). The statute specifies that the Adjutant General has the authority to determine the reporting methods.

Appropriations and Expenditures

The Michigan National Guard Tuition Assistance Program is a scheduled program within the Departmental and National Guard Operations line item in the DMVA budget. For FY 2014-15, \$4.3 million GF/GP was initially included for this purpose. This amount was subsequently reduced by \$800,000 via Legislative Transfer 2015-6 to the Grand Rapids Veterans Home. Of the remaining \$3.5 million, \$1.6 million has actually been expended for the program, leaving \$2.0 million in unexpended funds.

Table I

Fiscal Year	Original Appropriations	EOs and Adjustments	Expenditures	Encumbrances	Remaining Balance
2014-15	\$4,342,100	-\$800,000	\$1,573,968.27	\$292.50	\$1,967,839.23

PA 259 of 2014 provided for the establishment of the Michigan National Guard Tuition Assistance Fund from which Tuition Assistance Program funds can be drawn. Any remaining appropriations to Tuition Assistance 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.

In practice, the State Budget Office has treated GF/GP funds appropriated for the Tuition Assistance Program as regular GF/GP appropriations within the larger Departmental and National Guard Operations line item. Therefore, the \$2.0 million in unexpended funds appropriated to the Tuition Assistance Program will lapse back into the General Fund at the end of the fiscal year rather than into the Tuition Assistance Fund (which has a balance of zero).

For FY 2015-16, \$3.7 million GF/GP is allocated for the program. It remains to be seen whether Tuition Assistance Program expenditures will increase from the FY 2014-15 level.

² Academic Year 2015-16: http://www.ctr.msu.edu/COSStudentAccounts/Tuition_Fees_MainMenu.aspx