

**SUBSTITUTE FOR
HOUSE BILL NO. 4038**

A bill to amend 1939 PA 280, entitled
"The social welfare act,"
(MCL 400.1 to 400.119b) by adding section 57i.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 57I. (1) THE DEPARTMENT SHALL OPERATE A PROGRAM ALLOW-
2 ING AN INDIVIDUAL ELIGIBLE FOR FAMILY INDEPENDENCE ASSISTANCE TO
3 ESTABLISH AN INDIVIDUAL DEVELOPMENT ACCOUNT FOR THE PAYMENT OF
4 POSTSECONDARY EDUCATION EXPENSES IN ACCORDANCE WITH THIS
5 SECTION. THE DEPARTMENT SHALL DISREGARD FUNDS, INCLUDING ACCRUED
6 INTEREST, IN AN INDIVIDUAL DEVELOPMENT ACCOUNT IN DETERMINING THE
7 INDIVIDUAL'S ELIGIBILITY FOR FAMILY INDEPENDENCE ASSISTANCE AND
8 THE AMOUNT OF THE GRANT THE INDIVIDUAL RECEIVES.

9 (2) AN INDIVIDUAL WHO IS ELIGIBLE TO RECEIVE FAMILY
10 INDEPENDENCE ASSISTANCE, OR ANOTHER PERSON ON BEHALF OF THAT
11 INDIVIDUAL, MAY ESTABLISH AN INDIVIDUAL DEVELOPMENT ACCOUNT FOR

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1 THE PURPOSE OF ACCUMULATING FUNDS FOR A QUALIFIED PURPOSE
2 DESCRIBED IN SUBSECTION (3). AN INDIVIDUAL SHALL ONLY CONTRIBUTE
3 MONEY TO THE INDIVIDUAL DEVELOPMENT ACCOUNT THAT IS DERIVED FROM
4 EARNED INCOME, AS THAT TERM IS DEFINED IN SECTION 911(d)(2) OF
5 THE INTERNAL REVENUE CODE OF 1986. THE INDIVIDUAL SHALL WITHDRAW
6 MONEY FROM THE INDIVIDUAL DEVELOPMENT ACCOUNT ONLY FOR A QUALI-
7 FIED PURPOSE DESCRIBED IN SUBSECTION (3).

8 (3) AN INDIVIDUAL WHO HAS ESTABLISHED AN INDIVIDUAL DEVELOP-
9 MENT ACCOUNT UNDER THIS SECTION MAY WITHDRAW AND EXPEND FUNDS
10 FROM THE INDIVIDUAL DEVELOPMENT ACCOUNT ONLY FOR PAYMENT OF POST-
11 SECONDARY EDUCATIONAL EXPENSES, IF PAID FROM THE INDIVIDUAL
12 DEVELOPMENT ACCOUNT DIRECTLY TO AN ELIGIBLE EDUCATIONAL
13 INSTITUTION.

14 (4) AS USED IN THIS SECTION:

15 (A) "ELIGIBLE EDUCATIONAL INSTITUTION" MEANS A COLLEGE, UNI-
16 VERSITY, COMMUNITY COLLEGE, STATE-LICENSED VOCATIONAL OR TECHNI-
17 CAL EDUCATION PROGRAM, OR STATE-LICENSED PROPRIETARY SCHOOL.

18 (B) "INDIVIDUAL DEVELOPMENT ACCOUNT" MEANS A TRUST CREATED
19 OR ORGANIZED IN THE UNITED STATES THAT IS FUNDED THROUGH PERIODIC
20 CONTRIBUTIONS BY THE ESTABLISHING INDIVIDUAL IN ACCORDANCE WITH
21 THIS SECTION AND THAT MAY BE MATCHED BY OR THROUGH A QUALIFIED
22 ENTITY FOR A QUALIFIED PURPOSE DESCRIBED IN SUBSECTION (3).

23 (C) "POSTSECONDARY EDUCATIONAL EXPENSES" MEANS TUITION AND
24 FEES REQUIRED FOR THE ENROLLMENT OR ATTENDANCE OF A STUDENT AT AN
25 ELIGIBLE EDUCATIONAL INSTITUTION AND FEES, BOOKS, SUPPLIES, AND
26 EQUIPMENT REQUIRED FOR COURSES OF INSTRUCTION AT AN ELIGIBLE
27 EDUCATIONAL INSTITUTION.

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1 (D) "QUALIFIED ENTITY" MEANS EITHER OF THE FOLLOWING:

2 (i) A NOT-FOR-PROFIT ORGANIZATION DESCRIBED IN SECTION
3 501(c)(3) OF THE INTERNAL REVENUE CODE OF 1986 AND EXEMPT FROM
4 TAXATION UNDER SECTION 501(a) OF THAT CODE.

5 (ii) A STATE OR LOCAL GOVERNMENTAL AGENCY ACTING IN COOPERA-
6 TION WITH AN ORGANIZATION DESCRIBED IN SUBPARAGRAPH (i).