

SENATE BILL No. 664

December 10, 2015, Introduced by Senator YOUNG and referred to the Committee on Appropriations.

A bill to require the department of education to consider submitting to the legislature of this state a proposed pilot educational grant program for resident students attending certain public institutions of higher education in this state.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the "pay
2 forward, pay back educational grant act".

3 Sec. 2. The legislature finds and declares all of the
4 following:

5 (a) Higher education has expanded opportunities for residents
6 of this state to qualify for high-quality jobs and entry into the

1 middle class, providing clear benefits to this state's economy.

2 (b) There exists in this state a continuing rise in tuition
3 and fees charged by institutions of higher education.

4 (c) Financial aid programs for higher education are inadequate
5 to reach all students with financial need in this state.

6 (d) The increasing unaffordability of a higher education has
7 forced students to borrow more money to pay for higher education,
8 causing many to be left with significant amounts of student debt.

9 (e) High levels of student debt are not only damaging to the
10 individual student's ability to succeed financially but also will
11 have grave consequences for the future economy of this state.

12 (f) This state must increase its contribution to the funding
13 of public higher education.

14 (g) There is an immediate need to seek another approach to
15 financing the student's share of the cost of public higher
16 education in this state that will not result in students graduating
17 from this state's public institutions of higher education burdened
18 with debt.

19 (h) There is a growing interest in a new financing strategy
20 known as pay forward, pay back.

21 (i) It is in this state's best interest to study and recommend
22 a potential pay forward, pay back program.

23 Sec. 3. As used in this act:

24 (a) "Department" means the department of education.

25 (b) "Public institutions of higher education" means both of
26 the following:

27 (i) A community college organized under the community college

1 act of 1966, 1966 PA 331, MCL 389.1 to 389.195, or under part 25 of
2 the revised school code, 1976 PA 451, MCL 380.1601 to 380.1607.

3 (ii) A university described in section 4, 5, or 6 of article
4 VIII of the state constitution of 1963.

5 Sec. 4. (1) The department shall consider the creation of a
6 proposed pilot program, called pay forward, pay back, that would do
7 the following:

8 (a) Identify 1 or more public institutions of higher education
9 that have agreed to participate in the pilot program.

10 (b) At those identified institutions, replace the current
11 practice of resident student borrowing to pay for tuition and fees
12 with the financing strategy outlined in subsections (3) and (4).

13 (2) If the department determines that a pilot program is
14 warranted, the department shall submit a proposed pilot program to
15 the legislature of this state by no later than June 30, 2016.

16 (3) If submitted, the proposal shall describe the details of a
17 pilot program that will accomplish the following:

18 (a) Allow students who are residents of this state, as defined
19 by the institution of higher education, and who qualify for
20 admission to the institution to enroll in the institution without
21 paying tuition or fees.

22 (b) Establish a process by which this state disburses grant
23 money to the institution of higher education to pay for those
24 tuition and fees on behalf of those students.

25 (c) Provide that, in lieu of paying tuition or fees, each
26 student must sign a binding contract to pay to this state a certain
27 percentage of the student's annual adjusted gross income upon

1 graduation from the institution for a specified number of years.

2 (d) Specify the number of years and the percentage of annual
3 adjusted gross income for contracts applicable to each
4 participating institution of higher education and base the
5 specifications on research to date.

6 (e) Establish an immediate funding source for the first 15 to
7 20 years of the pilot program and include the establishment of a
8 revolving fund to deposit payments made under the pilot program.

9 (4) A proposed pilot program may vary by institution of higher
10 education depending on the following:

11 (a) The total cost of education at the institution.

12 (b) The portion of the cost that is paid by this state.

13 (c) The number of years specified in the contract.

14 (d) The percentage of annual adjusted gross income specified
15 in the contract.