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## MICHIGAN MERIT AWARD SCHOLARSHIP PROGRAM

**House Bill 4666**  
**Sponsor: Rep. Charles Perricone**  
**Committee: Education**

**Complete to 5-11-99**

### **A SUMMARY OF HOUSE BILL 4666 AS INTRODUCED 5-11-99**

House Bill 4666 would create the Michigan Merit Award Scholarship Trust Fund Act. The bill would establish the Michigan merit award scholarship program; set eligibility requirements and qualifying results for students; create a merit award trust fund and a commission within the Department of Treasury to administer it; and provide definitions for, among other terms, "qualifying results", "approved post secondary educational institution," "eligible costs," and "tobacco settlement revenue."

Scholarship qualifying results. The bill specifies that each student enrolled in grade 11 in or after the 1998-99 school year, would be eligible for a \$2,500 Michigan merit award scholarship, if the student had taken the Michigan education assessment program (MEAP) test in each of the subject areas and had met one of the following requirements:

- received qualifying results in each of the subject areas;
- did not receive qualifying results in one or two of the subject areas but received an overall score in the top 25 percent of a nationally recognized college admission examination; or
- did not receive qualifying results in one or two of the subject areas of the assessment test, but received a qualifying score or scores as determined on a nationally recognized job skills assessment test designated by the commission.

The bill also specifies that a student enrolled in grade 7 in or after the 1999-2000 school year would be eligible for an additional \$500 Michigan merit award scholarship, if the student while in grades 7 and 8 had taken the Michigan education assessment program (MEAP) assessment test and received qualifying results in each of the subject areas.

Scholarship eligibility requirements. In addition to the qualifying results, to be eligible for one or both of the awards, a student would be required to meet all of the following standards:

- graduate from high school or pass the general educational development (GED) test or an equivalent examination approved by the State Board of Education;
- graduate from high school or pass the GED or other equivalent exam within the seven-year period preceding the student's application to receive the scholarship money;
- enroll in an approved postsecondary educational institution, or a vocation or technical education program at an approved postsecondary educational institution;
- never have been convicted of a felony;
- satisfy additional requirements set by the commission that would administer the program.

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Merit Award Trust Fund. House Bill 4666 would establish the Michigan merit award trust fund in the Department of Treasury. The trust fund would consist of interest and earnings from trust fund investments, donations from any source, and the following percentages of the tobacco settlement revenue: 30 percent of the tobacco settlement revenue received in the 1999-2000 fiscal year; 50 percent in the 2000-2001 fiscal year; and, 75 percent in the 2001-2002 and subsequent fiscal years.

Trust Fund Disbursements. The commission could authorize disbursements of funds from the trust for the following purposes:

- Michigan merit award scholarships;
- Expenses incurred by the commission in carrying out its powers and duties;
- Costs associated with the development, preparation, distribution, scoring, and dissemination of results of the assessment test;
- Funding of the tuition incentive program or its successor.

Merit Award Trust Fund Commission. The bill would create the Michigan merit trust fund commission within the Department of Treasury, whose goal it would be to increase access to postsecondary education, and to reward Michigan high school graduates who have demonstrated academic achievement.

The seven-member commission would undertake its duties under the direction of the state treasurer who would serve as its chairperson. In addition, its members would include the superintendent of public instruction, the director of the Department of Career Development, and four members appointed by the governor with the advice and consent of the Senate. Generally, a term would last four years, and a vacancy would be filled for the balance of any unexpired term in the same manner as the original appointment. Under the bill, the commission could incur expenses, and would be required to compensate its members for reasonable expenses incurred in carrying out their official duties.

Under the bill, the commission could adjust the amount of the scholarship based on its determination of available resources and amounts appropriated, but the commission would be prohibited from increasing the scholarship by more than five percent in any fiscal year. The commission would be required to provide each student with written notice of eligibility for one or both of the merit award scholarships, and if eligible, the scholarship amount, how the student applies for payment of the scholarship, and other necessary information regarding qualification requirements or conditions.

House Bill 4666 also specifies that it is the intent of the legislature that the level of student performance required to achieve qualifying results in a subject area of an assessment test remains approximately the same from year to year, and that the commission not reduce the required level of student performance as a means of increasing the number of scholarships awarded.

In addition, the commission would be allowed to promulgate rules to establish its administrative procedures; the qualification requirements; an appeals process from a determination of ineligibility; information or reports that a student or postsecondary educational institution must provide to establish eligibility; and, reports to be made by a student awarded one or both

scholarships, and by a postsecondary educational institution to which the merit award scholarship is paid.

Finally, under the bill, money in the trust fund at the close of a fiscal year would remain in the fund and not revert to the general fund, and the state treasurer would direct the investment of the trust fund.

Payment Procedure to Student or Approved Postsecondary Educational Institution. The bill would require that a Michigan merit award scholarship be used only for eligible costs. It would require the commission to determine the manner and form of application for payment of a scholarship by an eligible student, and the procedure for payment to the student or to the approved postsecondary education institution on the student's behalf. As determined by the commission, upon the request of a student or parent (or legal guardian) of a minor student, the commission could pay a scholarship in two consecutive annual installments rather than one lump sum.

The bill would prohibit an approved postsecondary educational institution from considering the scholarship when it determines a student's eligibility for a financial aid program administered by the state.

Before payment of a merit award scholarship, the student would be required to certify or affirm in writing to the commission each of the following:

- enrollment at an approved postsecondary educational institution;
- the name of the institution;
- use of the scholarship only for eligible costs;
- never having been convicted of a felony; and,
- graduation from high school or a GED within the seven-years before application to receive the scholarship.

Report to Governor and Legislature. The bill would require that by December 1 of each year, the commission submit a report about its activities to the governor and legislature. The report would contain a) a list of approved postsecondary educational institutions for the current and preceding fiscal years; b) the number of Michigan merit award scholarships awarded and the total amount of money paid in the preceding year; c) a 10-year projection of revenues and expenditures; d) the dollar amount of the Michigan merit award scholarships in the current fiscal year, the amount of any adjustments to the dollar amount from the beginning of the preceding fiscal year, and any adjustments to the dollar amount projected for the remainder of the current fiscal year or for the next fiscal year; e) all the results, scores, or ranges of scores used as qualifying results (in the preceding fiscal year, in the current fiscal year, and projected for the next fiscal year); f) for the preceding year, the number of students who took the assessment tests, the number of students by subject area who received qualifying results, and the number who met the requirements for a scholarship; and finally, g) the number of people participating and the amount awarded in the preceding fiscal year under the tuition incentive program.

Definitions. House Bill 4666 would define "qualifying results" to mean assessment test results, scores, or ranges of scores determined by the commission that qualify a student for a Michigan merit award scholarship.

The bill would define "approved postsecondary educational institution" to mean a degree or certificate granting public or private college or university, junior college, or community college located in this state, or other educational institution granting degrees, certificates, or other recognized credentials in this state and designated by the commission as an approved postsecondary educational institution.

House Bill 4666 would define "eligible costs" to mean tuition and fees charged by an approved postsecondary education institution; related costs for room, board, books, supplies, transportation, or day care; and other costs determined by the commission.

Finally, the bill would define "tobacco settlement revenue" to mean money received by this state that is attributable to the master settlement agreement incorporated into a consent decree and final judgment entered on December 7, 1998 in Kelly Ex Rel. Michigan v. Philip Morris Incorporated, et al., Ingham county circuit court, docket no. 96-84281cz.

Analyst: J. Hunault

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.