

MICHIGAN MERIT SCHOLARSHIP; SERVICE ACADEMIES



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FISCAL ANALYSIS

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HOUSE BILL 4330 (H-1)

Sponsor: Rep. Jerry Vander Roest

House Committee: Education

FLOOR ANALYSIS - 5/23/02

Analyst(s): Hank Prince

SUMMARY

HB4330 (H-1) proposes to amend the Michigan merit award scholarship act to increase the value of Merit awards used by students enrolling in one of five military service academies from \$1,000 to \$2,500. Those academies are located in West Point (NY), Annapolis (MD), Colorado Springs (CO), Kings Point (NY), and New London (CT),

Current law limits the value of a Merit Award to \$1,000 for enrollment in an out-of-state institution. If the student subsequently enrolls at an in-state postsecondary education institution within the current seven-year time limit, the student is eligible for an additional \$1,500 Merit Award scholarship.

Data from the Merit Award program staff indicate that 51 high school graduates from the Class of 2000 and 51 from the Class of 2001 earned Merit awards and enrolled in the U.S. Military Academy, the U.S. Naval Academy, the U.S. Air Force Academy, the U.S. Merchant Marine Academy, or the U.S. Coast Guard Academy. Had they been eligible for a \$2,500 out-of-state stipend, the state cost would have been about \$77,000 higher annually. Since these service academies are selective in admissions, it is unlikely that the cost of this proposed change will exceed \$100,000 annually through 2008, when the number of Michigan high school graduates will peak and begin to decline due to demographic factors.

HB 4330 (H-1) also proposes to permit Award recipients enrolled in military service academies to use the Award for reimbursement of application fees. The increase in future state costs is indeterminate, since the number of Award recipients enrolling in these military service academies in future academic years is unknowable at this time, and the time limit for usage of the Award is currently being considered for revision.

HB 4330 (H-1) amends sections 2 and 7 of the Merit Award scholarship act. The proposed amendments to section 2 differ from those contained in HB 5880 (H-3), reported by the House Education Committee and now on the House floor. The proposed amendments to section 7 differ from those contained in SB 926 (H-1), reported by the House Appropriations Committee, and they also differ from a different set of amendments to section 7 contained in HB 5880 (H-3).