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SFA**BILL ANALYSIS**

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House Bill 4330 (Substitute H-4 as reported by the Committee of the Whole)
Sponsor: Representative Jerry Vander Roest
House Committee: Education

CONTENT

The bill would amend the Michigan Merit Award Scholarship Act to:

- a) Increase award amounts from \$1,000 to \$2,500 for students attending United States military service academies;
- b) Require that the \$2,500 payments made to in-State students be distributed in two consecutive annual installments, for students graduating from high school on or after March 1, 2003; and
- c) Extend, for academic year 2002-2003 only, the student certification deadline from September 30, 2002, to January 15, 2003, and change the certification deadline for future academic years to September 15.

MCL 390.1452 et al.

FISCAL IMPACT

The bill would result in a minimal increase in State costs for students attending military service academies, as well as approximately \$50 million in one-time State savings due to payment of in-State awards in two consecutive installments. Both the costs and the savings would occur within the Michigan Merit Award Trust Fund.

In each of the graduating classes of 2000 and 2001, there were 51 high school graduates who earned Merit awards and enrolled in military service academies. If the same number enroll in military academies from the class of 2003, there would be additional costs of approximately \$76,500.

From the class of 2002, approximately 40,256 students qualified for the Merit award and certified that they planned to attend a Michigan college or university. If all of those students had planned to take a lump sum of \$2,500 and instead were given half of that amount, there would have been one-time State savings of approximately \$50.3 million. Executive Order 2002-22, approved by the House and Senate Appropriations Committees on December 5, 2002, includes \$50 million in savings from this proposed change in the Merit award distribution.

Date Completed: 12-11-02

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