

**CREATE MICHIGAN OPPORTUNITY  
SCHOLARSHIP PROGRAM**

**House Bill 4550**  
**Sponsor: Rep. Aldo Vagnozzi**  
**Committee: Higher Education**

**Complete to 4-14-03**

**A SUMMARY OF HOUSE BILL 4550 AS INTRODUCED 4-9-03**

House Bill 4550 would create a new act, the “Michigan Opportunity Scholarship Act”, to provide need-based “Michigan Opportunity Scholarships” to students enrolled part-time or full-time in degree- or certificate-granting public or independent nonprofit colleges, universities, junior colleges, and community colleges in the state. To be eligible, students would have to graduate from high school or pass the GED test and take MEAP tests in reading, writing, mathematics, and science. The Michigan Higher Education Authority would determine the amount of individual awards and have general responsibility for administering the scholarship program. The bill would also repeal an act that authorizes the state to join the Midwestern Higher Education Compact as well as seven other acts that provide competitive scholarships and need-based financial aid in the form of tuition grants, state work-study funding, and other awards. Funding for specific competitive scholarships and tuition grants would continue for students who were eligible for such funds during the 2002-2003 academic year. A more detailed summary of the Michigan Opportunity Scholarship Program and the acts that the bill proposes to repeal follows below.

Eligibility. Beginning with the 2002-2003 school year, a student enrolled in the 12<sup>th</sup> grade would be eligible for a Michigan Opportunity Scholarship in an “academic year” (two semesters or three enrollment terms) if the student met all of the following requirements, in addition to any other requirements established by the authority:

- was a U.S. citizen, had resided continuously in the state for the preceding 12 months, was not considered a resident of any other state, and was not incarcerated;
- graduated from high school or passed the general educational development (GED) test or other graduate equivalency approved by the state board within the four-year period preceding the date of the student’s application to receive his or her scholarship money (with certain exceptions for students who joined the U.S. Armed Forces or the Peace Corps and students who warranted extensions because of an illness, disability, or emergency of the student or student’s immediate family);
- took the Michigan Education Assessment Program (MEAP) tests in the subject areas of reading, writing, mathematics, and science while in high school;
- was enrolled in a degree- or certificate-granting public or independent nonprofit college or university, junior college, or community college in Michigan (an “approved postsecondary educational institution”); and

- needed financial assistance, as determined by the authority.

A student would not be eligible for the Michigan Opportunity Scholarship if he or she received a competitive scholarship awarded under Public Act 208 of 1964 or a tuition grant awarded under Public Act 313 of 1966; the bill would repeal both of these acts (see below).

To remain eligible for the scholarship, a student would have to maintain satisfactory academic progress, as defined by his or her educational institution, and comply with any rules established by the authority. If a student had previously received a Michigan Opportunity Scholarship, the student must have maintained satisfactory academic progress, as defined by the approved postsecondary educational institution in which he or she was enrolled, since receiving the previous scholarship.

Limitations. A student attending an approved institution as a full-time student could not receive a scholarship under the act in more than five academic years. The authority would have to determine the maximum number of academic years for which a student who was attending less than full-time but at least half-time could receive a scholarship. A student attending an institution less than half-time could not receive the scholarship.

A student could use the scholarship only to pay for “eligible costs”—i.e., tuition and fees; costs for room, board, books, and supplies; and any other costs determined to be eligible by the authority.

Scholarship amount and appropriation. The authority would be responsible for determining the amount of a Michigan Opportunity Scholarship paid to a student in any academic year, based on an evaluation of the family’s financial resources described in the Free Application for Federal Student Aid (FAFSA) and the eligible costs at the educational institution in which the student was enrolled.

The annual cost of the total number of scholarships paid in a fiscal year could not exceed the amount appropriated by the legislature for the scholarship in that fiscal year. If the legislature did not appropriate enough funds to provide each student with a scholarship in the amount to which those students were eligible in an academic year, the authority would have to establish a maximum scholarship level for that academic year. In any fiscal year, the authority would have to adjust the amount of the scholarship available to eligible students, based upon its determination of available resources and amounts appropriated.

If the legislature appropriated money for the scholarship program in a fiscal year, the authority could use the funds for any of the following purposes:

- Michigan Opportunity Scholarships;
- funding scholarships to students who received a State Competitive Scholarship in the 2002-2003 academic year under Public Act 208 of 1964 and who met that act’s eligibility requirements at the time the scholarship was provided;
- funding grants to students who received a tuition grant in the 2002-2003 academic year under Public Act 313 of 1966 and who met that act’s eligibility requirements at the time the tuition grant was provided;

- payment of necessary expenses properly incurred by the authority in carrying out its powers and duties under the act; and
- other payments required by law.

Payment of scholarship. The authority would have to pay a Michigan Opportunity Scholarship in the fiscal year beginning October 1 in the “academic year” in which the student was eligible for the scholarship. (For this provision alone, “academic year” would be defined as the 12-month period beginning on August 1 of a given calendar year and ending on July 31 of the following calendar year.) The legislature would have to establish the payment schedule annually.

Written notice to eligible students. The authority would have to provide each student written notice indicating whether or not the student is eligible for the award of a Michigan Opportunity Scholarship. Written notice for an eligible student would have to contain all of the following: the scholarship amount for which the student was eligible; a description of the procedures for applying for payment of the scholarship; and any other information the authority considered necessary regarding qualification requirements or conditions relating to the use of the scholarship.

Report. By March 1 of each year, the authority would have to submit a report on its activities under the act to the Senate and the House Fiscal Agencies and the state budget director. The report would have to state for each type of scholarship and grant—Michigan Opportunity Scholarship, State Competitive Scholarship, and state tuition grant—the maximum amount paid or granted and the total amount paid out for the scholarships or grants.

Repealers. The bill would repeal eight acts, as of October 1, 2003. The public act numbers and a brief description of each act follows below.

Public Act 208 of 1964 provides for state competitive scholarships to resident high school students who show “promise of satisfactory completion of postsecondary study through competitive examinations and a continued satisfactory academic record in a course of study in an eligible postsecondary institution in this state”. (As noted above, scholarships for students who received a State Competitive Scholarship in the 2002-2003 academic year would continue to be funded under the new program.)

Public Act 313 of 1966 provides for need-based tuition grants to resident students enrolled in eligible independent nonprofit postsecondary educational institutions. (As noted above, tuition grants for students who received a grant under Public Act 313 during the 2002-2003 academic year would continue to be funded under the new program.)

Public Act 75 of 1974 provides for partial reimbursements to independent nonprofit postsecondary educational institutions for each earned associate, bachelor, master, doctor of dental surgery, doctor of dental medicine, juris doctor law, and allied health degree conferred upon a Michigan resident during the prior fiscal year.

Public Act 102 of 1986 provides for need-based grants to part-time, financially independent, undergraduate students who have been out of high school and have not been enrolled in a GED program or adult education program for at least two years.

Public Act 273 of 1986 provides for need-based grants to undergraduates of public, degree-granting postsecondary educational institutions in the state.

Public Act 288 of 1986 provides for a state work-study program for undergraduate students of degree-granting postsecondary educational institutions that participate in the federal work-study program.

Public Act 303 of 1986 provides for a state work-study program for graduate and professional students of degree-granting postsecondary educational institutions that participate in the federal work-study program.

Public Act 195 of 1990 provides for Michigan's entrance into and membership in the Midwestern Higher Education Compact, whose mission is to promote interstate cooperation and resource sharing in higher education.

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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.