

HOUSE BILL No. 6594

November 9, 2006, Introduced by Reps. Dillon, Sheltroun, Jones and Tobocman and referred to the Committee on Appropriations.

A bill to amend 1999 PA 94, entitled "Michigan merit award scholarship act," by amending the title and sections 1, 2, 4, 6, 7, 7a, 7b, 8, and 9 (MCL 390.1451, 390.1452, 390.1454, 390.1456, 390.1457, 390.1457a, 390.1457b, 390.1458, and 390.1459), sections 2, 6, 8, and 9 as amended and sections 7a and 7b as added by 2004 PA 595 and section 7 as amended by 2006 PA 241, and by adding sections 7c, 7d, 7e, and 7f.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1

TITLE

2

An act to ~~create the Michigan merit award scholarship trust~~
3 ~~fund; to create the Michigan merit award scholarship board and~~
4 ~~prescribe the powers and duties of the board; and to provide for~~

1 the ~~Michigan~~ merit award scholarship program, **A MERIT AWARD LOAN**
2 **PROGRAM, AND A MERIT AWARD LOAN FORGIVENESS GRANT PROGRAM; AND TO**
3 **PROVIDE FOR THE POWERS AND DUTIES OF CERTAIN STATE GOVERNMENTAL**
4 **OFFICERS AND ENTITIES.**

5 Sec. 1. This act shall be known and may be cited as the
6 "~~Michigan~~ "merit award ~~scholarship~~ act".

7 Sec. 2. As used in this act:

8 (a) "Approved postsecondary educational institution" means any
9 of the following:

10 (i) A degree or certificate granting public or private college
11 or university, junior college, or community college.

12 (ii) A service academy.

13 (iii) An educational institution, other than an educational
14 institution described in subparagraph (i) or (ii), granting degrees,
15 certificates, or other recognized credentials and designated by the
16 board as an approved postsecondary educational institution.

17 (iv) A program of an educational institution, other than an
18 educational institution described in subparagraph (i) or (ii),
19 granting degrees, certificates, or other recognized credentials and
20 designated by the board as an approved postsecondary educational
21 institution.

22 (b) "Assessment test" means the middle school assessment test,
23 the high school assessment test, or the ~~Michigan~~ merit
24 examination.

25 (c) "Board" means the ~~Michigan~~ merit award board established
26 in this act.

27 (d) "Department of career development" means the department of

1 career development created in Executive Order No. 1999-1.

2 (e) "Eligible costs" means tuition and fees charged by an
3 approved postsecondary educational institution; related costs for
4 room, board, books, supplies, transportation, or day care; and
5 other costs determined by the board.

6 (F) **"ELIGIBLE DEBT" MEANS THE TOTAL UNPAID AMOUNT OF ALL OF AN**
7 **INDIVIDUAL'S UNPAID MERIT AWARD LOANS, CALCULATED AT THE TIME THE**
8 **INDIVIDUAL FIRST APPLIES FOR A GRANT UNDER SECTION 7F.**

9 (G) ~~—(f)—~~ "Fiscal year" means the fiscal year of this state.

10 (H) ~~—(g)—~~ "High school assessment test" means the state
11 assessments described in section 1279 of the revised school code,
12 1976 PA 451, MCL 380.1279, and section 104a of the state school aid
13 act, 1979 PA 94, MCL 388.1704a.

14 (I) ~~—(h)—"Michigan merit"~~ **"MERIT** award scholarship" means a
15 scholarship awarded by the board under section 7 or 7a.

16 (J) **"MERIT AWARD LOAN" MEANS A LOAN MADE BY THE BOARD UNDER**
17 **SECTION 7C OR 7D.**

18 (K) ~~—(i)—"Michigan merit"~~ **"MERIT** examination" means the
19 Michigan merit examination described in section 1279g of the
20 revised school code, 1976 PA 451, MCL 380.1279g, and section 104b
21 of the state school aid act of 1979, 1979 PA 94, MCL 388.1704b.

22 (L) ~~—(j)—~~ "Middle school assessment test" means the Michigan
23 education assessment program (MEAP) subject area assessments given
24 in grades 7 and 8 or any successor assessment test designated by
25 the board.

26 (M) **"PROOF OF RESIDENCY" MEANS A FILED MICHIGAN INDIVIDUAL**
27 **INCOME TAX RETURN THAT INCLUDES THE TAXPAYER'S CERTIFICATION THAT**

1 HE OR SHE IS A RESIDENT, A SIGNED AFFIDAVIT OF MICHIGAN RESIDENCY,
2 OR OTHER PROOF OF RESIDENCY ACCEPTABLE TO THE BOARD.

3 (N) ~~—(k)—~~ "Qualifying results" means assessment test results,
4 scores, or ranges of scores determined by the board that qualify a
5 pupil for a ~~Michigan~~ merit award scholarship under section 7 or
6 7a OR A MERIT AWARD LOAN UNDER SECTION 7C OR 7D.

7 (O) ~~—(l)—~~ "Service academy" means the United States military
8 academy, United States naval academy, United States air force
9 academy, United States coast guard academy, or United States
10 merchant marine academy.

11 (P) ~~—(m)—~~ "State board" means the state board of education.

12 (Q) ~~—(n)—~~ "Superintendent" means the superintendent of public
13 instruction.

14 ~~—(o)— "Tobacco settlement revenue" means money received by this~~
15 ~~state that is attributable to the master settlement agreement~~
16 ~~incorporated into a consent decree and final judgment entered on~~
17 ~~December 7, 1998 in Kelley Ex Rel. Michigan v Philip Morris~~
18 ~~Incorporated, et al., Ingham county circuit court, docket no. 96-~~
19 ~~84281CZ.~~

20 (R) ~~—(p)—~~ "Trust fund" means the Michigan merit award trust
21 fund established in section ~~3~~ 9 OF THE MICHIGAN TRUST FUND ACT,
22 2000 PA 489, MCL 12.259.

23 Sec. 4. (1) The ~~Michigan~~ merit award board is established
24 within the department of treasury. The goal of the board is to
25 increase access to postsecondary education and reward Michigan high
26 school graduates who have demonstrated academic achievement.

27 (2) The board shall exercise its authority, powers, duties,

1 and responsibilities independent of the state treasurer. However,
2 all administrative functions, including budgeting, procurement, and
3 personnel functions, shall be performed under the direction and
4 supervision of the state treasurer.

5 (3) The board shall consist of 7 members. The members shall
6 include the state treasurer or his or her designee, the
7 superintendent or his or her designee, the director of the
8 department of career development or his or her designee, and 4
9 members appointed by the governor with the advice and consent of
10 the senate. The state treasurer or his or her designee shall serve
11 as the chairperson of the board.

12 (4) The term of a member appointed by the governor shall be 4
13 years. Of the members first appointed by the governor, 2 shall be
14 appointed for 2-year terms and 2 shall be appointed for 4-year
15 terms.

16 (5) A member appointed by the governor may be removed by the
17 governor for neglect of duty or malfeasance in office.

18 (6) A vacancy on the board shall be filled for the balance of
19 the unexpired term in the same manner as the original appointment.

20 (7) The board may incur expenses necessary to carry out its
21 powers and duties under this act and shall compensate its members
22 for reasonable expenses incurred in carrying out their official
23 duties.

24 (8) The board shall establish a statewide toll-free telephone
25 line and internet access to receive questions, comments, and
26 complaints concerning the assessment test, including, but not
27 limited to, complaints of student cheating on the assessment test,

1 complaints or comments about specific assessment test questions or
2 testing conditions, or other questions, comments, or complaints
3 relating to the development, preparation, distribution, scoring, or
4 dissemination of results of the assessment test.

5 Sec. 6. (1) The board shall conduct business in compliance
6 with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. The
7 board shall give public notice of the time, date, and place of
8 meetings of the board in the manner required by the open meetings
9 act, 1976 PA 267, MCL 15.261 to 15.275.

10 (2) The board shall meet not less than annually and shall keep
11 a record of its proceedings. The board shall make any writing
12 prepared, owned, used, in the possession of, or retained by the
13 board in the performance of an official function available to the
14 public in compliance with the freedom of information act, 1976 PA
15 442, MCL 15.231 to 15.246.

16 (3) Except as provided in subsection (4), the board shall
17 obtain and make available to the public all of the qualifying
18 questions and answers, along with the corresponding answer key, to
19 a high school assessment test or a middle school assessment test
20 administered at least 3 and not more than 5 years earlier. The
21 board shall obtain and make available to the public preparatory
22 materials for the ~~Michigan~~ merit examination that contain sample
23 test questions and correct answers.

24 (4) If any question is designated by the state board of
25 education for use in a future high school assessment test or middle
26 school assessment test for validity purposes, the board may elect
27 not to make that question and the answer available to the public

1 under subsection (3) for a period of up to 2 years from the date
2 the assessment test that first includes the question is
3 administered.

4 (5) By December 1 of each year, the board shall submit a
5 report on its activities to the governor and to the legislature.
6 The report shall contain all of the following information:

7 (a) A list of approved postsecondary educational institutions
8 for the current and immediately preceding fiscal years.

9 (b) The number of Michigan merit award scholarships awarded
10 and the total amount of Michigan merit award scholarship money paid
11 in the immediately preceding fiscal year.

12 **(C) THE NUMBER OF MERIT AWARD LOANS MADE AND THE TOTAL AMOUNT**
13 **OF MERIT AWARD LOAN MONEY PAID IN THE IMMEDIATELY PRECEDING FISCAL**
14 **YEAR.**

15 **(D) —(e)—** A projection of revenues and expenditures from the
16 trust fund for the current fiscal year and the next 10 fiscal
17 years.

18 **(E) —(d)—** The dollar amount of the ~~Michigan~~ merit award
19 scholarships available under sections 7 and 7a in the current
20 fiscal year, the amount of any adjustments to the dollar amount
21 under sections 7(4) and 7a(2) from the beginning of the immediately
22 preceding fiscal year, and any adjustments to the dollar amount
23 projected for the remainder of the current fiscal year or for the
24 next fiscal year.

25 **(F) THE DOLLAR AMOUNT OF THE MERIT AWARD LOANS AVAILABLE UNDER**
26 **SECTIONS 7C AND 7D IN THE CURRENT FISCAL YEAR, THE AMOUNT OF ANY**
27 **ADJUSTMENTS TO THE DOLLAR AMOUNT OF THE LOANS UNDER THOSE SECTIONS**

1 FROM THE BEGINNING OF THE IMMEDIATELY PRECEDING FISCAL YEAR, AND
2 ANY ADJUSTMENTS TO THE DOLLAR AMOUNT OF THE LOANS PROJECTED FOR THE
3 REMAINDER OF THE CURRENT FISCAL YEAR OR FOR THE NEXT FISCAL YEAR.

4 (G) ~~—(e)—~~ All of the following results, scores, or ranges of
5 scores:

6 (i) Used as qualifying results in the immediately preceding
7 fiscal year.

8 (ii) Determined by the board as qualifying results in the
9 current fiscal year.

10 (iii) Projected by the board as qualifying results for the next
11 fiscal year.

12 (H) ~~—(f)—~~ For the immediately preceding fiscal year, the
13 number of pupils who took the assessment tests, the number of
14 pupils by subject area who received qualifying results, the number
15 of graduating high school seniors who met the requirements for a
16 Michigan merit award scholarship, and the total number of pupils
17 who met the requirements for a Michigan merit award scholarship.

18 (I) FOR THE IMMEDIATELY PRECEDING FISCAL YEAR, THE NUMBER OF
19 PUPILS WHO TOOK THE ASSESSMENT TESTS, THE NUMBER OF PUPILS BY
20 SUBJECT AREA WHO RECEIVED QUALIFYING RESULTS, THE NUMBER OF
21 GRADUATING HIGH SCHOOL SENIORS WHO MET THE REQUIREMENTS FOR A MERIT
22 AWARD LOAN, AND THE TOTAL NUMBER OF PUPILS WHO MET THE REQUIREMENTS
23 FOR A MERIT AWARD LOAN.

24 (J) THE NUMBER OF MERIT AWARD LOANS FORGIVEN AND THE TOTAL
25 AMOUNT FORGIVEN UNDER SECTION 8B IN THE IMMEDIATELY PRECEDING
26 FISCAL YEAR.

27 (K) ~~—(g)—~~ The number of persons participating in and the

1 amount awarded in the immediately preceding fiscal year under the
2 tuition incentive program described in section 310 of 2003 PA 144
3 or a successor to that program.

4 (6) At least 60 days before changing the results, scores, or
5 ranges of scores used as qualifying results, the board shall
6 provide written notice of its intent to change the results, scores,
7 or ranges of scores used as qualifying results, and a report
8 explaining the board's decision to change the results, scores, or
9 ranges of scores used as qualifying results, to the standing
10 committees of the senate and the house of representatives that have
11 primary jurisdiction over legislation pertaining to education. The
12 standing committees shall review the board's report and may hold
13 hearings on the board's decision.

14 Sec. 7. (1) The ~~Michigan~~ merit award scholarship program is
15 established. The board shall administer the ~~Michigan~~ merit award
16 scholarship program.

17 (2) Subject to subsection (6) and section 7b(2) and (5), and
18 to adjustment under subsection (4), each student enrolled in grade
19 11 in or after the 1998-1999 school year and before the 2006-2007
20 school year who meets the eligibility requirements of this
21 subsection and section 7b(1) is eligible for the award of a
22 \$2,500.00 ~~Michigan~~ merit award scholarship if the student is
23 enrolled in an approved postsecondary educational institution in
24 this state or in a service academy. Subject to subsection (6) and
25 section 7b(2) and (5), and to adjustment under subsection (4), each
26 student enrolled in grade 11 in or after the 1998-1999 school year
27 who graduated from high school before the 2006-2007 school year and

1 who meets the eligibility requirements of this subsection and
2 section 7b(1) is eligible for the award of a \$1,000.00 ~~Michigan~~
3 merit award scholarship if the student is enrolled in an approved
4 postsecondary educational institution outside this state other than
5 a service academy. A student is eligible under this subsection if
6 the board finds that the student while in high school had taken the
7 high school assessment test in the subject areas of reading,
8 writing, mathematics, and science and met 1 of the following:

9 (a) Received qualifying results in each of the subject areas
10 of reading, writing, mathematics, and science.

11 (b) Did not receive qualifying results in 1 or 2 of the
12 subject areas of reading, writing, mathematics, and science, but
13 received an overall score in the top 25% of a nationally recognized
14 college admission examination.

15 (c) Did not receive qualifying results in 1 or 2 of the
16 subject areas of reading, writing, mathematics, and science, but
17 received a qualifying score or scores as determined by the board on
18 a nationally recognized job skills assessment test designated by
19 the board.

20 (3) Subject to subsection (6) and section 7b(5) and to
21 adjustment under subsection (4), each student enrolled in grade 11
22 in or after the 2006-2007 school year **AND BEFORE THE 2008-2009**
23 **SCHOOL YEAR** who meets the requirements of section 7b(1) is eligible
24 for the award of a \$2,500.00 ~~Michigan~~ merit award scholarship if
25 the student is enrolled in an approved postsecondary educational
26 institution in this state or in a service academy, if the board
27 finds that the student while in high school had taken the ~~Michigan~~

1 merit examination and met 1 of the following:

2 (a) Received qualifying results in each of the subject area
3 components of the ~~Michigan~~ merit examination.

4 (b) Did not receive qualifying results in each of the subject
5 area components of the ~~Michigan~~ merit examination, but received
6 an overall score in the top 25% of a nationally recognized college
7 admission examination.

8 (c) Did not receive qualifying results in each of the subject
9 area components of the ~~Michigan~~ merit examination, but received a
10 qualifying score or scores as determined by the board on a
11 nationally recognized job skills assessment test designated by the
12 board.

13 (4) In any fiscal year, the board may adjust the amount of a
14 ~~Michigan~~ merit award scholarship available to students eligible
15 under 1 or more of subsections (2), (3), and (5), based upon its
16 determination of available resources and amounts appropriated, but
17 the board shall not increase an amount by more than 5% in any
18 fiscal year. The board shall notify the governor, the speaker of
19 the house of representatives, and the majority leader of the senate
20 in writing at least 30 days before an adjustment under this
21 subsection.

22 (5) If a student who has previously received a \$1,000.00
23 ~~Michigan~~ merit award scholarship under this section as a student
24 enrolled in an approved postsecondary educational institution
25 outside of this state other than a service academy enrolls in an
26 approved postsecondary educational institution in this state and
27 meets the requirements of section 7b(1), and subject to adjustment

1 under subsection (4), the student is eligible for the award of an
2 additional \$1,500.00 ~~Michigan~~ merit award scholarship.

3 (6) If the United States department of education has not
4 approved the use of the ~~Michigan~~ merit examination for the
5 purposes of the federal no child left behind act of 2001, Public
6 Law 107-110, by December 31, 2006, all of the following apply:

7 (a) Eligibility for a ~~Michigan~~ merit award scholarship under
8 this section shall be determined under subsection (2) until the
9 next calendar year that begins after that approval occurs.

10 (b) Eligibility for a ~~Michigan~~ merit award scholarship under
11 this section shall be determined under subsection (3) beginning in
12 the next calendar year that begins after that approval occurs.

13 Sec. 7a. (1) Subject to section 7b(2) and to adjustment under
14 subsection (2), a student who was enrolled in grade 7 in or after
15 the 1999-2000 school year **AND BEFORE THE 2005-2006 SCHOOL YEAR**, who
16 meets the requirements of section 7b(1), and who the board finds
17 has taken the middle school assessment test in each of the subject
18 areas while in grades 7 and 8 is eligible for 1 of the following
19 ~~Michigan~~ merit award scholarships:

20 (a) If the board finds that the student while in grades 7 and
21 8 received qualifying results in 2 of the subject areas of reading,
22 writing, mathematics, and science, a ~~Michigan~~ merit award
23 scholarship of \$250.00.

24 (b) If the board finds that the student while in grades 7 and
25 8 received qualifying results in 3 of the subject areas of reading,
26 writing, mathematics, and science, a ~~Michigan~~ merit award
27 scholarship of \$375.00.

1 (c) If the board finds that the student while in grades 7 and
2 8 received qualifying results in all of the subject areas of
3 reading, writing, mathematics, and science, a ~~Michigan~~ merit
4 award scholarship of \$500.00.

5 (2) In any fiscal year, the board may adjust the amount of a
6 ~~Michigan~~ merit award scholarship available to students eligible
7 under subsection (1) based upon its determination of available
8 resources and amounts appropriated, but the board shall not
9 increase an amount by more than 5% in any fiscal year. The board
10 shall notify the governor, the speaker of the house of
11 representatives, and the majority leader of the senate in writing
12 at least 30 days before an adjustment under this subsection.

13 Sec. 7b. (1) In addition to the requirements set forth in
14 section 7(2) or (3), ~~or~~ section 7a(1), **SECTION 7C(2), OR SECTION**
15 **7D(1)**, to be eligible for the award of a ~~Michigan~~ merit award
16 scholarship **OR MERIT AWARD LOAN** under this act, the board must find
17 that a student satisfies all of the following:

18 (a) The student has graduated from high school or passed the
19 general educational development (GED) test or other graduate
20 equivalency examination approved by the state board.

21 (b) The student graduated from high school or passed the
22 general educational development (GED) test or other graduate
23 equivalency examination approved by the state board within 1 of the
24 following time periods:

25 (i) If the student graduated from high school or passed the
26 test or examination before March 1, 2002, within the 7-year period
27 preceding the student's application to receive his or her ~~Michigan~~

1 merit award scholarship money.

2 (ii) If the student graduated on or after March 1, 2002, within
3 the 4-year period preceding the date of the student's application
4 to receive his or her ~~Michigan~~ merit award scholarship money **OR**
5 **MERIT AWARD LOAN MONEY**, or if the student becomes a member of the
6 United States armed forces or peace corps during this 4-year period
7 and serves for 4 years or less, the 4-year period is extended by a
8 period equal to the number of days the student served as a member
9 of the United States armed forces or peace corps. The board may
10 also extend the 4-year period if the board determines that an
11 extension is warranted because of an illness or disability of the
12 student or in the student's immediate family or another family
13 emergency.

14 (c) The student is enrolled in an approved postsecondary
15 educational institution. For students who qualify under section
16 7(2)(c) **OR 7C(2)(C)**, the student is enrolled in a vocational or
17 technical education program at an approved postsecondary
18 educational institution.

19 (d) The student has not been convicted of a felony involving
20 an assault, physical injury, or death.

21 (e) The student satisfies any additional eligibility
22 requirements established by the board.

23 (2) For a middle school assessment test or high school
24 assessment test administered after January 1, 2000, the board shall
25 not use that assessment test to determine eligibility for a
26 ~~Michigan~~ merit award scholarship **OR MERIT AWARD LOAN** under this
27 section for a particular year unless the board has reviewed and

1 approved that assessment test before it was administered for that
2 year.

3 (3) The board shall provide each pupil written notice of
4 whether or not the pupil is eligible for the award of 1 or more
5 ~~Michigan~~ merit award scholarships **OR MERIT AWARD LOANS** described
6 in this act. If the pupil is eligible, the written notice shall
7 also contain the ~~Michigan~~ merit award scholarship **OR MERIT AWARD**
8 **LOAN** amount for which the pupil is eligible, how the pupil applies
9 for payment of ~~Michigan~~ **THE** merit award scholarship **OR MERIT**
10 **AWARD LOAN**, and any other information the board considers necessary
11 regarding qualification requirements or conditions relating to the
12 use of the ~~Michigan~~ merit award scholarship **OR MERIT AWARD LOAN**.

13 (4) It is the intent of the legislature that the level of
14 pupil performance required to achieve qualifying results in a
15 subject area of an assessment test remains approximately the same,
16 and that the board not reduce the required level of pupil
17 performance as a means of increasing the number of ~~Michigan~~ merit
18 award scholarships **OR MERIT AWARD LOANS** awarded.

19 (5) A pupil who does not initially receive qualifying results
20 shall be extended an opportunity to achieve the requisite
21 qualifying results by taking a subsequent assessment test. A pupil
22 described in this subsection who is enrolled in grade 12 in the
23 2006-2007 school year, or enrolled in grade 12 in the first
24 calendar year after the approval described in section 7(6) occurs
25 if that subsection applies, may elect either of the following:

26 (a) To take the high school assessment test for the purpose of
27 qualifying for a ~~Michigan~~ merit award scholarship under section

1 7(2).

2 (b) To take the ~~Michigan~~ merit examination for the purpose
3 of qualifying for a ~~Michigan~~ merit award scholarship under
4 section 7(3).

5 (6) A nonpublic school pupil or home school pupil may take,
6 and the board shall administer if requested, an assessment test at
7 a site designated by the board.

8 SEC. 7C. (1) THE MERIT AWARD LOAN PROGRAM IS ESTABLISHED. THE
9 BOARD SHALL ADMINISTER THE MERIT AWARD LOAN PROGRAM.

10 (2) SUBJECT TO SECTION 7B(5) AND TO ADJUSTMENT UNDER
11 SUBSECTION (3), EACH STUDENT ENROLLED IN GRADE 11 IN OR AFTER THE
12 2008-2009 SCHOOL YEAR WHO MEETS THE REQUIREMENTS OF SECTION 7E IS
13 ELIGIBLE FOR A \$2,500.00 MERIT AWARD LOAN IF THE STUDENT IS
14 ENROLLED IN AN APPROVED POSTSECONDARY EDUCATIONAL INSTITUTION IN
15 THIS STATE OR IN A SERVICE ACADEMY, IF THE BOARD FINDS THAT THE
16 STUDENT WHILE IN HIGH SCHOOL HAS TAKEN THE MERIT EXAMINATION AND
17 MEETS 1 OF THE FOLLOWING:

18 (A) HAS RECEIVED QUALIFYING RESULTS IN EACH OF THE SUBJECT
19 AREA COMPONENTS OF THE MERIT EXAMINATION.

20 (B) DID NOT RECEIVE QUALIFYING RESULTS IN EACH OF THE SUBJECT
21 AREA COMPONENTS OF THE MERIT EXAMINATION, BUT RECEIVED AN OVERALL
22 SCORE IN THE TOP 25% OF A NATIONALLY RECOGNIZED COLLEGE ADMISSION
23 EXAMINATION.

24 (C) DID NOT RECEIVE QUALIFYING RESULTS IN EACH OF THE SUBJECT
25 AREA COMPONENTS OF THE MERIT EXAMINATION, BUT RECEIVED A QUALIFYING
26 SCORE OR SCORES AS DETERMINED BY THE BOARD ON A NATIONALLY
27 RECOGNIZED JOB SKILLS ASSESSMENT TEST DESIGNATED BY THE BOARD.

1 (3) IN ANY FISCAL YEAR, THE BOARD MAY ADJUST THE AMOUNT OF A
2 MERIT AWARD LOAN AVAILABLE TO STUDENTS ELIGIBLE UNDER SUBSECTION
3 (2), BASED UPON ITS DETERMINATION OF AVAILABLE RESOURCES AND
4 AMOUNTS APPROPRIATED, BUT THE BOARD SHALL NOT INCREASE AN AMOUNT BY
5 MORE THAN 5% IN ANY FISCAL YEAR. THE BOARD SHALL NOTIFY THE
6 GOVERNOR, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES, AND THE
7 MAJORITY LEADER OF THE SENATE IN WRITING AT LEAST 30 DAYS BEFORE AN
8 ADJUSTMENT UNDER THIS SUBSECTION.

9 SEC. 7D. (1) SUBJECT TO SECTION 7B(2) AND TO ADJUSTMENT UNDER
10 SUBSECTION (2), A STUDENT WHO WAS ENROLLED IN GRADE 7 IN OR AFTER
11 THE 2005-2006 SCHOOL YEAR, WHO MEETS THE REQUIREMENTS OF SECTION
12 7B(1), AND WHO THE BOARD FINDS HAS TAKEN THE MIDDLE SCHOOL
13 ASSESSMENT TEST IN EACH OF THE SUBJECT AREAS WHILE IN GRADES 7 AND
14 8 IS ELIGIBLE FOR 1 OF THE FOLLOWING MERIT AWARD LOANS:

15 (A) IF THE BOARD FINDS THAT THE STUDENT WHILE IN GRADES 7 AND
16 8 RECEIVED QUALIFYING RESULTS IN 2 OF THE SUBJECT AREAS OF READING,
17 WRITING, MATHEMATICS, AND SCIENCE, A MERIT AWARD LOAN OF \$250.00.

18 (B) IF THE BOARD FINDS THAT THE STUDENT WHILE IN GRADES 7 AND
19 8 RECEIVED QUALIFYING RESULTS IN 3 OF THE SUBJECT AREAS OF READING,
20 WRITING, MATHEMATICS, AND SCIENCE, A MERIT AWARD LOAN OF \$375.00.

21 (C) IF THE BOARD FINDS THAT THE STUDENT WHILE IN GRADES 7 AND
22 8 RECEIVED QUALIFYING RESULTS IN ALL OF THE SUBJECT AREAS OF
23 READING, WRITING, MATHEMATICS, AND SCIENCE, A MERIT AWARD LOAN OF
24 \$500.00.

25 (2) IN ANY FISCAL YEAR, THE BOARD MAY ADJUST THE AMOUNT OF A
26 MERIT AWARD LOAN AVAILABLE TO STUDENTS ELIGIBLE UNDER SUBSECTION
27 (1) BASED UPON ITS DETERMINATION OF AVAILABLE RESOURCES AND AMOUNTS

1 APPROPRIATED, BUT THE BOARD SHALL NOT INCREASE AN AMOUNT BY MORE
2 THAN 5% IN ANY FISCAL YEAR. THE BOARD SHALL NOTIFY THE GOVERNOR,
3 THE SPEAKER OF THE HOUSE OF REPRESENTATIVES, AND THE MAJORITY
4 LEADER OF THE SENATE IN WRITING AT LEAST 30 DAYS BEFORE AN
5 ADJUSTMENT UNDER THIS SUBSECTION.

6 SEC. 7E. A MERIT AWARD LOAN MADE UNDER SECTION 7C OR 7D IS
7 REPAYABLE ACCORDING TO THE SAME TERMS AS OTHER STUDENT LOANS MADE
8 OR GUARANTEED BY THIS STATE AT THE TIME THE LOAN IS AWARDED, EXCEPT
9 AS FOLLOWS:

10 (A) THE LOAN IS SUBJECT TO SECTION 7F.

11 (B) THE LOAN RECIPIENT SHALL REPAY THE LOAN IN 2 EQUAL ANNUAL
12 INSTALLMENTS OF PRINCIPAL AND INTEREST, WITH THE FIRST INSTALLMENT
13 DUE 1 YEAR AFTER THE EARLIEST TO OCCUR OF THE FOLLOWING:

14 (i) THE LOAN RECIPIENT'S GRADUATION FROM AN APPROVED
15 POSTSECONDARY EDUCATIONAL INSTITUTION.

16 (ii) THE SIXTH ANNIVERSARY OF THE RECEIPT BY THE BOARD OF THE
17 LOAN RECIPIENT'S INITIAL LOAN APPLICATION. THE BOARD MAY EXTEND
18 THIS DATE FOR UP TO 1 YEAR IF THE LOAN RECIPIENT PROVIDES PROOF
19 ACCEPTABLE TO THE BOARD THAT HE OR SHE IS PROGRESSING TOWARD
20 GRADUATION.

21 (C) THE INTEREST ON THE LOAN IS THE PRIME RATE PLUS 2
22 PERCENTAGE POINTS, AS DETERMINED BY THE BOARD, BEGINNING 1 YEAR
23 AFTER THE FIRST MERIT AWARD LOAN UNDER THIS ACT.

24 SEC. 7F. (1) THE BOARD MAY AWARD A GRANT UNDER SUBSECTION (2)
25 TO AN INDIVIDUAL DETERMINED BY THE BOARD TO MEET ALL OF THE
26 FOLLOWING ELIGIBILITY CRITERIA AT THE TIME OF APPLICATION:

27 (A) HAS ELIGIBLE DEBT.

1 (B) IS A LEGAL RESIDENT OF THIS STATE AND HAS BEEN A LEGAL
2 RESIDENT OF THIS STATE CONTINUOUSLY SINCE HE OR SHE LAST ATTENDED
3 AN APPROVED POSTSECONDARY INSTITUTION.

4 (C) HAS NOT PREVIOUSLY DEFAULTED AND IS NOT CURRENTLY IN
5 DEFAULT ON A MERIT AWARD LOAN.

6 (D) HAS SUBMITTED A GRANT APPLICATION TO THE BOARD. THE GRANT
7 APPLICATION SHALL INCLUDE PROOF OF RESIDENCY AND A CERTIFICATION
8 THAT THE APPLICANT MEETS THE ELIGIBILITY CRITERIA DESCRIBED IN THIS
9 SECTION.

10 (E) HAS MET ANY OTHER REQUIREMENTS ESTABLISHED BY THE BOARD.

11 (2) THE BOARD SHALL AWARD AN INDIVIDUAL ELIGIBLE UNDER
12 SUBSECTION (1) A GRANT UNDER THIS SUBSECTION. SUBJECT TO SUBSECTION
13 (3) AND TO ADJUSTMENT UNDER SUBSECTION (4), THE MAXIMUM AGGREGATE
14 AMOUNT OF THE GRANT IS AN AMOUNT EQUAL TO THE INDIVIDUAL'S ELIGIBLE
15 DEBT. BEFORE EACH CONSECUTIVE CALENDAR YEAR OF CONTINUOUS RESIDENCY
16 IN THIS STATE, FOR UP TO 2 CONSECUTIVE CALENDAR YEARS, THE BOARD
17 SHALL AWARD A PARTIAL GRANT IN AN AMOUNT EQUAL TO 50% OF THE AMOUNT
18 OF THE INDIVIDUAL'S ELIGIBLE DEBT. THE BOARD SHALL APPLY A PARTIAL
19 GRANT UNDER THIS SECTION TO THE INDIVIDUAL'S ELIGIBLE DEBT AS A
20 PREPAYMENT IN THAT AMOUNT.

21 (3) THE BOARD SHALL REDUCE A GRANT UNDER SUBSECTION (2) BY AN
22 AMOUNT EQUAL TO ANY AMOUNT THE INDIVIDUAL IS ENTITLED TO RECEIVE
23 FROM ANY STATE OR FEDERAL LOAN REPAYMENT PROGRAM APPLICABLE TO
24 MERIT AWARD LOANS.

25 (4) IN ANY STATE FISCAL YEAR, THE BOARD MAY ADJUST THE AMOUNT
26 OF EACH PARTIAL GRANT UNDER SUBSECTION (2) ON A PRO RATA BASIS,
27 BASED UPON ITS DETERMINATION OF MONEY AVAILABLE FROM THE TRUST FUND

1 AND FROM APPROPRIATIONS IN THAT FISCAL YEAR. IF IT MAKES AN
2 ADJUSTMENT UNDER THIS SUBSECTION, THE BOARD SHALL NOTIFY EACH GRANT
3 RECIPIENT OF HIS OR HER OBLIGATION TO CONTINUE TO MAKE PAYMENTS OF
4 PRINCIPAL AND INTEREST ON HIS OR HER ELIGIBLE DEBT IN THE MANNER
5 DESCRIBED IN HIS OR HER MERIT AWARD LOAN DOCUMENTS.

6 Sec. 8. (1) ~~Michigan~~ A RECIPIENT SHALL ONLY USE merit award
7 scholarship money ~~shall be used only~~ OR MERIT AWARD LOAN MONEY to
8 pay for eligible costs.

9 (2) The board shall determine the manner and form of
10 application for payment of a ~~Michigan~~ merit award scholarship OR
11 MERIT AWARD LOAN by a student eligible under this act and the
12 procedure for payment to the student or to an approved
13 postsecondary educational institution on the student's behalf,
14 subject to 1 of the following, as applicable:

15 (a) As determined by the board, upon the request of a student
16 or parent or legal guardian of a minor student, the board may pay a
17 ~~Michigan~~ merit award scholarship in 2 consecutive annual
18 installments rather than 1 lump sum for a student who graduates
19 from high school or passes the general educational development
20 (GED) test or approved graduate equivalency examination before
21 March 1, 2003.

22 (b) For each student who graduates from high school or passes
23 the general educational development (GED) test or approved graduate
24 equivalency examination on or after March 1, 2003 and before March
25 1, 2004, the board shall pay a ~~Michigan~~ merit award scholarship
26 in 2 consecutive annual installments, beginning in the state fiscal
27 year for which the student is otherwise eligible. The first

1 installment shall not exceed 50% of the award amount, and the
2 second installment shall consist of the remaining award amount.
3 Verification that the student has met the enrollment criteria under
4 section 7b(1)(c) is required before payment of the second
5 installment.

6 (c) For each student who graduates from high school or passes
7 the general educational development (GED) test or approved graduate
8 equivalency examination on or after March 1, 2004, the board shall
9 pay a ~~Michigan~~ merit award scholarship **OR A MERIT AWARD LOAN** in 2
10 consecutive annual installments, beginning in the state fiscal year
11 that begins after the beginning of the academic year for which the
12 student is otherwise eligible. The first installment shall not
13 exceed 50% of the award amount, and the second installment shall
14 consist of the remaining award amount. Verification that the
15 student has met the enrollment criteria under section 7b(1)(c) **OR**
16 **7E(1)(C), AS APPLICABLE**, is required before payment of the second
17 installment.

18 (3) An approved postsecondary educational institution shall
19 not consider a ~~Michigan~~ merit award scholarship **OR A MERIT AWARD**
20 **LOAN** in determining a student's eligibility for a financial aid
21 program administered by this state. It is the intent of the
22 legislature that an approved postsecondary educational institution
23 not reduce institutionally-funded student aid because of the
24 ~~Michigan~~ merit award scholarship program **OR THE MERIT AWARD LOAN**
25 **PROGRAM**.

26 (4) Before payment of a ~~Michigan~~ merit award scholarship **OR**
27 **A MERIT AWARD LOAN** to a student or an approved postsecondary

1 educational institution, the student shall certify or affirm in
2 writing to the board each of the following:

3 (a) That the student is enrolled at an approved postsecondary
4 educational institution.

5 (b) The name of the approved postsecondary educational
6 institution in which the student is enrolled.

7 (c) That the student agrees to use the ~~Michigan~~ merit award
8 scholarship **OR MERIT AWARD LOAN** only for eligible costs.

9 (d) That the student has not been convicted of a felony
10 involving an assault, physical injury, or death.

11 (e) That the student graduated from high school or passed the
12 general educational development (GED) test or approved graduate
13 equivalency examination within 1 of the following time periods:

14 (i) If the student graduated from high school or passed the
15 test or examination before March 1, 2002, within the 7-year period
16 preceding the date of the student's application to receive his or
17 her ~~Michigan~~ merit award scholarship.

18 (ii) If the student graduated on or after March 1, 2002, within
19 the 4-year period preceding the date of the student's application
20 to receive his or her ~~Michigan~~ merit award scholarship **OR MERIT**
21 **AWARD LOAN**, or within a period equal to 4 years plus the number of
22 days the student served as a member of the United States armed
23 forces or peace corps if the student became a member of the United
24 States armed forces or peace corps during this 4-year period and
25 served for 4 years or less. The board may also extend the 4-year
26 period if the board determines that an extension is warranted
27 because of an illness or disability of the student or in the

1 student's immediate family or another family emergency.

2 (5) The board shall not begin disbursing funds for a ~~Michigan~~
3 merit award scholarship **OR MERIT AWARD LOAN** to a student or an
4 approved postsecondary educational institution on behalf of the
5 student unless it receives the request or application for payment,
6 including the written certification or affirmation described in
7 this section, from the student on or before 1 of the following
8 dates, for disbursement in that academic year:

9 (a) In the 2002-2003 academic year, January 15.

10 (b) In the 2003-2004 academic year, September 15 if the
11 student received notification of eligibility prior to August 1.

12 (c) In the 2003-2004 academic year, November 15 if the student
13 received notification of eligibility on or after August 1.

14 (d) In the 2004-2005 academic year, December 15.

15 (e) In any other academic year, November 15.

16 Sec. 9. The board may promulgate rules pursuant to the
17 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
18 24.328, to implement and administer this act, including, but not
19 limited to, 1 or more of the following:

20 (a) Rules establishing the board's administrative procedures.

21 (b) Rules governing the qualification requirements for or the
22 award of ~~Michigan~~ merit award scholarships **OR MERIT AWARD LOANS**
23 under this act.

24 (c) Rules establishing an appeals process from a determination
25 of ineligibility for a ~~Michigan~~ merit award scholarship **OR A**
26 **MERIT AWARD LOAN.**

27 (d) Rules establishing what information or reports a student

1 or postsecondary educational institution must provide to establish
2 eligibility and when that information or those reports must be
3 provided.

4 (e) Rules prescribing the reports to be made by a student
5 awarded 1 or more ~~Michigan~~ merit award scholarships **OR MERIT**
6 **AWARD LOANS** and by a postsecondary educational institution to which
7 the ~~Michigan~~ merit award scholarship **OR MERIT AWARD LOAN** is paid.