

HOUSE BILL No. 5849

February 18, 2010, Introduced by Reps. Bolger, Denby, Lori, Lund, Daley, Stamas, Hansen, Rocca and Hildenbrand and referred to the Committee on Education.

A bill to establish an educational scholarship program for eligible resident students enrolled in certain educational programs at colleges and universities in this state; to prescribe conditions for repayment of the scholarships; to provide for the administration of the keep Michigan scholars program; and to prescribe certain powers and duties of certain state officers, agencies, and departments.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the "keep
2 Michigan scholars act".

3 Sec. 3. As used in this act:

4 (a) "Academic year" means the period from September 1 of a
5 calendar year to August 31 of the next calendar year.

6 (b) "Authority" means the Michigan higher education assistance

1 authority created by 1960 PA 77, MCL 390.951 to 390.961.

2 (c) "Eligible costs" means tuition and fees charged by an
3 eligible institution; related costs for room, board, books,
4 supplies, transportation, or day care; and other reasonable living
5 expenses that the authority determines are appropriate for a
6 student in a qualified program.

7 (d) "Eligible institution" means a degree or certificate
8 granting public or independent nonprofit college or university,
9 junior college, or community college in this state.

10 (e) "Fiscal year" means a fiscal year of this state. A fiscal
11 year begins on October 1 of a calendar year and ends on September
12 30 of the next calendar year.

13 (f) "High school graduate" means an individual who has
14 received a high school diploma from a high school or passed the
15 general educational development (GED) diploma test or any other
16 high school graduate equivalency examination approved by the state
17 board of education.

18 (g) "Proof of residency" means a filed Michigan individual
19 income tax return that includes the taxpayer's certification that
20 he or she is a resident, a signed affidavit of Michigan residency,
21 or other proof of residency acceptable to the authority.

22 (h) "Qualified program" means a bachelor degree, associate
23 degree, or postsecondary vocational training program at an eligible
24 institution.

25 (i) "Qualifying score" means a score in a reading, writing,
26 mathematics, science, or social studies component of a state
27 assessment test that has been determined by the superintendent of

1 public instruction to indicate readiness to enroll in a course in
2 that subject area in an eligible institution.

3 (j) "State assessment test" means any of the following:

4 (i) Subject to subparagraph (ii), the complete Michigan merit
5 examination described in section 1279g of the revised school code,
6 1976 PA 451, MCL 380.1279g, and section 104b of the state school
7 aid act of 1979, 1979 PA 94, MCL 388.1704b.

8 (ii) For a student who has previously taken the complete
9 Michigan merit examination, the college examination component of
10 the Michigan merit examination, as described in section 1279g(2)(a)
11 of the revised school code, 1976 PA 451, MCL 380.1279g, and section
12 104b(2)(a) of the state school aid act of 1979, 1979 PA 94, MCL
13 388.1704b.

14 (iii) Any other test administered by the department of education
15 to students in grades 11 and 12 to assure state compliance with the
16 federal no child left behind act of 2001, Public Law 107-110.

17 (k) "Trust fund" means the Michigan merit award trust fund
18 established in section 9 of the Michigan trust fund act, 2000 PA
19 489, MCL 12.259.

20 Sec. 5. The keep Michigan scholars program is created, to be
21 administered by the authority. The authority shall do all of the
22 following:

23 (a) Award scholarships to eligible students under this act.

24 (b) Develop a scholarship agreement to be entered into by a
25 scholarship recipient and the authority that contains the terms of
26 a scholarship made under this act and the rights and obligations of
27 the scholarship recipient and the authority.

1 (c) Collect repayment of scholarships if required under
2 section 11.

3 (d) Conduct periodic audits of scholarship recipients to
4 ensure compliance with the terms of the scholarship agreement and
5 take necessary steps to enforce the terms of the scholarship
6 agreement.

7 (e) Promulgate any rules necessary to implement this act
8 pursuant to the administrative procedures act of 1969, 1969 PA 306,
9 MCL 24.201 to 24.328.

10 Sec. 7. The authority may award a scholarship under this act
11 to an individual determined by the authority to meet all of the
12 following eligibility criteria:

13 (a) Is a United States citizen or permanent resident of the
14 United States.

15 (b) Has resided continuously in this state for the 12 months
16 immediately preceding the date of his or her application and is not
17 a resident of any other state.

18 (c) The individual is a high school graduate and received a
19 qualifying score in each of the reading, writing, mathematics,
20 science, and social studies components of the state assessment
21 test.

22 (d) If the individual became a high school graduate in or
23 after the 2010-2011 academic year, successfully completed at least
24 3 credits in mathematics and 3 credits in social science as
25 described in section 1278a(1)(a) of the revised school code, 1976
26 PA 451, MCL 380.1278a, and 3 credits in science as described in
27 section 1278b(1)(b) of the revised school code, 1976 PA 451, MCL

1 380.1278b.

2 (e) Is enrolled or has been accepted into a qualified program.

3 (f) Has signed a written scholarship agreement with the
4 authority stating the individual's intention to remain a resident
5 in this state for 5 continuous years after completing or leaving
6 the qualified program.

7 (g) Is in compliance with this act and the rules promulgated
8 under this act.

9 (h) Has not been convicted of a felony.

10 (i) Meets any other standards established in rules promulgated
11 by the authority under section 5.

12 Sec. 9. (1) Subject to subsections (2) and (3), a student
13 eligible for a scholarship under this act shall receive a
14 scholarship in each academic year he or she is enrolled in a
15 qualified program in an amount determined by the authority. All of
16 the following apply to the authority's determination under this
17 subsection:

18 (a) The scholarship amount established by the authority shall
19 reflect a pro rata distribution of money appropriated for
20 scholarships under this act in that fiscal year to the scholarship
21 applicants.

22 (b) The authority shall establish a scholarship amount for
23 individuals enrolled as full-time students and a scholarship amount
24 for part-time students equal to 1/2 of the scholarship amount for
25 full-time students.

26 (2) In any academic year, the amount a scholarship recipient
27 receives shall not exceed an amount equal to the scholarship

1 recipient's eligible costs minus any other grants or scholarships
2 the scholarship recipient receives in that academic year.

3 (3) An individual shall not receive scholarship money under
4 this act for more than 4 academic years.

5 (4) A recipient of scholarship assistance under this act shall
6 continue to receive scholarship money only during periods that the
7 authority finds that the recipient is both of the following:

8 (a) Enrolled as a full-time or part-time student in a
9 qualified program.

10 (b) Maintaining satisfactory progress as determined by the
11 eligible institution in which he or she is enrolled.

12 Sec. 11. (1) An individual shall not receive a scholarship
13 under this act unless he or she enters into a written scholarship
14 agreement with the authority that includes all of the following:

15 (a) The applicant's certification that he or she is a resident
16 of this state.

17 (b) The applicant's statement that he or she intends to remain
18 a resident of this state for at least 5 years after he or she
19 completes or leaves the eligible program in which he or she is
20 enrolled.

21 (c) The applicant's agreement that if he or she does not
22 remain a resident of this state for the 5-year period described in
23 subdivision (b), he or she shall repay all or part of the
24 scholarship money he or she received under this act plus interest
25 and, if applicable, reasonable collection fees, in compliance with
26 section 11(3) and rules promulgated by the authority.

27 (d) The applicant's agreement to provide proof of residency to

1 the authority, upon request, at any time during the time period
2 described in subdivision (b).

3 (2) The agreement described in subsection (1) shall fully
4 disclose the terms and conditions under which scholarship
5 assistance under this act is provided and under which repayment is
6 required and shall include a description of both of the following:

7 (a) The appeals procedures established by the authority under
8 which a scholarship recipient may appeal a determination of
9 noncompliance with any provision under this act.

10 (b) The procedures under which a scholarship recipient who
11 resides in this state for less than the period required under
12 subsection (1) may have the repayment requirement extended under
13 subsection (4) or excused under subsection (5).

14 (3) The authority shall require a scholarship recipient found
15 by the authority to be in noncompliance with the agreement entered
16 into under this section to repay all or part of the scholarship
17 money he or she received, plus interest at a rate that does not
18 exceed the rate applicable to other student loans guaranteed by the
19 authority in that time period and, where applicable, reasonable
20 collection fees, on a schedule and at a rate of interest prescribed
21 by the authority by rule, as follows:

22 (a) If he or she is a resident of this state for less than 1
23 year after completing or leaving the eligible program, all of the
24 scholarship money received.

25 (b) If he or she is a resident of this state for at least 1
26 year and less than 2 years after completing or leaving the eligible
27 program, 80% of the scholarship money received.

1 (c) If he or she is a resident of this state for at least 2
2 years and less than 3 years after completing or leaving the
3 eligible program, 60% of the scholarship money received.

4 (d) If he or she is a resident of this state for at least 3
5 years and less than 4 years after completing or leaving the
6 eligible program, 40% of the scholarship money received.

7 (e) If he or she is a resident of this state for at least 4
8 years and less than 5 years after completing or leaving the
9 eligible program, 20% of the scholarship money received.

10 (4) A scholarship recipient is not in violation of the
11 agreement entered into under subsection (1) and any repayment
12 obligation is deferred during any period in which the scholarship
13 recipient meets 1 of the following:

14 (a) Is serving as a member of the armed services of the United
15 States for a period of 3 years or less.

16 (b) Is temporarily totally disabled for a period of 3 years or
17 less, as established by sworn affidavit of a qualified physician.

18 (c) Satisfies the provisions of any other repayment exceptions
19 prescribed by the authority by rule.

20 (5) A scholarship recipient is excused from repayment of any
21 scholarship assistance received under this act if the scholarship
22 recipient becomes permanently and totally disabled as established
23 by sworn affidavit of a qualified physician or dies or if
24 circumstances occur that the authority considers as a compelling
25 reason to excuse repayment.

26 Sec. 13. (1) The department of treasury shall establish and
27 administer a restricted account in the general fund for the keep

1 Michigan scholars program. The department of treasury shall credit
2 to the account money appropriated from the trust fund or received
3 from any other source including, but not limited to, amounts repaid
4 to the authority on scholarships awarded under this act.

5 (2) The department of treasury shall use the money in the
6 account only to provide money to the authority for scholarships
7 awarded under this act.

8 (3) Money in the account at the end of a fiscal year shall not
9 revert to the general fund but shall be carried over in the account
10 to the next fiscal year.

11 (4) The state treasurer shall direct the investment of the
12 account. The state treasurer shall credit to the account interest
13 and earnings from account investments. The department of treasury
14 is the administrator of the account for auditing purposes.

15 Sec. 15. Not later than November 1, the authority shall
16 annually submit a report to the state budget director, the house
17 and senate appropriation subcommittees on higher education, and the
18 house and senate fiscal agencies for the preceding fiscal year on
19 the Michigan public scholarship program. The report shall include,
20 but is not limited to, the number of scholarships awarded under
21 this act, the total dollar amount of scholarships awarded, and the
22 number of scholarships, if any, for which students have incurred a
23 repayment obligation under section 11(3).