

Legislative Analysis



MICHIGAN ACHIEVEMENT SCHOLARSHIP

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Senate Bill 382 (S-1) as passed by the Senate

Sponsor: Sen. Sarah Anthony

House Committee: Appropriations

Senate Committee: Appropriations

Complete to 10-2-25

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

Senate Bill 382 would create a new act, the Michigan Achievement Scholarship Act, to provide scholarship assistance to certain Michigan residents attending certain eligible colleges, universities, and community colleges in Michigan. The Michigan Achievement Scholarship was created by 2022 PA 212 in section 248 of the State School Aid Act. The bill would recodify the provisions of section 248, with changes, in a new public act. Section 248 would continue as law alongside the act created by the bill; the bill cites some of its provisions.¹

The Michigan Achievement Scholarship would be administered by the Department of Lifelong Education, Advancement, and Potential under the bill, the Michigan Achievement Skills Scholarship Act (Senate Bill 383), Article III of the State School Aid Act, and the department's administrative procedures. Payments for the scholarships would be subject to appropriation under the State School Aid Act.

Student eligibility criteria

An individual would have to meet all of the following each year to be eligible for a Michigan Achievement Scholarship:

- Maintain residency in Michigan, as determined for purposes of the Free Application for Federal Student Aid (FAFSA).
- Have graduated with a high school diploma or certificate of completion or achieved a high school equivalency (e.g., G.E.D.) certificate in 2023 or after.
- Be enrolled in an *eligible institution* as a full-time undergraduate student, as defined by the eligible institution, for the semester the award is received.
- Either of the following:
 - Have enrolled for the first time in an eligible institution during the 2023-2024 academic year, or a subsequent academic year, within 15 months after high school graduation or attainment of a high school equivalency certificate. (Participation in a dual enrollment, early college, or other similar program while attending high school would not disqualify a student from being considered a first-time enrollee.)
 - Have received a Michigan Achievement Scholarship or Michigan Achievement Skills Scholarship in a previous academic year.

¹ Section 248 requires money awarded for a scholarship to be paid to the applicable eligible institution for credit to the student's account. The bill does not include this language. In addition, section 248 requires additional payments to be made to certain students eligible for a federal Pell grant, as described below, while under the bill these payments would be at the discretion of the department. See <https://www.legislature.mi.gov/Laws/MCL?objectName=MCL-388-1848> See also <https://www.michigan.gov/mistudentaid/programs/michigan-achievement-scholarship>

- Maintain satisfactory academic progress, as defined by the eligible institution.
- Not be in default on a federal student loan.
- Apply for and accept all available **gift aid** each academic year the individual applies for a Michigan Achievement Scholarship.
- Be an **SAI eligible student**, if the individual is enrolled at an eligible institution that is a public university or an independent nonprofit college or university or is enrolled at an eligible institution in a baccalaureate degree program described in section 121 of the Community College Act.²

Eligible institution would mean any of the following:

- A Michigan public university.
- A Michigan community college.
- A federally recognized tribal college in Michigan.
- An independent nonprofit college or university in Michigan as described in section 1 of 1966 PA 313.³

Gift aid would include the following:

- Federal Pell grants under 20 USC 1070a.
- Amounts received for *minimum payments* awarded under section 248 of the State School Aid Act (see below).
- State tuition grants under section 252 of the State School Aid Act.⁴
- Tuition incentive program benefits under section 256 of the State School Aid Act.⁵
- Higher education expenses paid under the Michigan Promise Zone Authority Act.⁶
- All other federal, state, local, or institutional aid in the form of grants, scholarships, or discounts applied only toward tuition and mandatory fees.

Gift aid would *not* include any of the following:

- Student loans.
- Work-study awards.
- Qualified withdrawals made from education savings accounts to pay higher education expenses under the Michigan Education Savings Program Act.⁷
- Higher education expenses paid under the Michigan Education Trust Program under the Michigan Education Trust Act.⁸

SAI eligible student would mean a student who has completed the FAFSA and meets at least one of the following:

- Received the Michigan Achievement Scholarship in academic year 2023-2024, was determined to have an expected family contribution of \$25,000 or less in

² <https://www.legislature.mi.gov/Laws/MCL?objectName=mcl-389-121>

³ <https://www.legislature.mi.gov/Laws/MCL?objectName=MCL-390-991>

⁴ <https://www.legislature.mi.gov/Laws/MCL?objectName=mcl-388-1852>

⁵ <https://www.legislature.mi.gov/Laws/MCL?objectName=mcl-388-1856>

⁶ <https://www.legislature.mi.gov/Laws/MCL?objectName=mcl-Act-549-of-2008>

⁷ <https://www.legislature.mi.gov/Laws/MCL?objectName=mcl-Act-161-of-2000>

⁸ <https://www.legislature.mi.gov/Laws/MCL?objectName=mcl-Act-316-of-1986>

academic year 2023-2024, and has completed the FAFSA for the subsequent award cycles.

- For awards made during academic year 2024-2025 or a subsequent academic year, has a student aid index number of 30,000 or less. (If the student aid index number is replaced at the federal level with a new metric, the Department of Lifelong Education, Advancement, and Potential would have to collaborate with the State Budget Office, the House Fiscal Agency, and the Senate Fiscal Agency to adopt a new eligibility metric equivalent to a student aid index number of 30,000 or less.)

A student could not receive a scholarship award under the bill and a Michigan Achievement Skills Scholarship award (under senate Bill 383) during the same academic term.

Awarding scholarships

The Department of Lifelong Education, Advancement, and Potential could award scholarships only as funds appropriated for the scholarship under the State School Aid Act are available. An eligible student enrolled in an eligible institution would have to be awarded one of the following amounts, as applicable:

- For a student enrolled at a community college or federally recognized tribal college who is eligible for the in-district tuition rate, the ***last-dollar*** payment amount. The amount awarded to such a student who is eligible for a federal Pell grant could include an additional payment amount under section 248 of the State School Aid Act. (This additional amount is currently \$1,000 under that section.)
- For a student enrolled at a community college or federally recognized tribal college who is not eligible for the in-district tuition rate, the lesser of the last-dollar payment amount or the in-district tuition and mandatory fees rate. The amount awarded to such a student who is eligible for a federal Pell grant could include an additional payment amount under section 248 of the State School Aid Act. (This additional amount is currently \$1,000 under that section.)
- For a student enrolled at a public university or independent nonprofit college or university, or in a baccalaureate degree program described in section 121 of the Community College Act,⁹ the amount prescribed under section 248 of the State School Aid Act. (This amount is currently a *minimum payment* of \$2,500, plus the lesser of \$3,000 or the student's last-dollar payment amount, under that section.)

Last-dollar means either of the following:

- For a student attending a community college or federally recognized tribal college, an amount equal to the student's tuition, mandatory fees, and contact hours for the student's actual program of study, minus all gift aid received by the student.
- For a student attending a public university or an independent nonprofit college or university, or enrolled in a baccalaureate degree program described in section 121 of the Community College Act, an amount equal to the student's individual ***cost of attendance***, minus all gift aid received by the student.

⁹ That provision allows community colleges to establish education programs and grant a baccalaureate degree in cement technology, maritime technology, energy production technology, or culinary arts.

Cost of attendance means the following:

- Expenses for a student's tuition, mandatory fees, and contact hours for the student's actual program of study.
- Expenses for books, supplies, and equipment required for courses of instruction.
- Housing and food costs.
- Transportation costs.
- Federal student loan fees.
- Miscellaneous costs, including a reasonable amount for the documented cost of a personal computer, allowance for child care, or allowance for other dependent care.
- Costs related to a disability.
- Costs of obtaining a license, certification, or first professional credential.
- Reasonable costs for study-abroad programs.

An eligible student could receive a scholarship under the act for up to five consecutive academic years, starting when the eligible student enrolls at an eligible institution for the first time as described above, less any period of eligibility used for a Michigan Achievement Skills Scholarship award (under Senate Bill 383). No more than three years of the five-year period could be used for attending community colleges or federally recognized tribal colleges (except for enrollment in a baccalaureate degree program described in section 121 of the Community College Act).

Institutional grant aid

An eligible institution for the Michigan Achievement Scholarship would have to submit a report to the Department of Lifelong Education, Advancement, and Potential, to the State Budget Office, and to the House and Senate fiscal agencies that provides information as to the average amount of institutional grant aid awarded to full-time first-time undergraduate students for the two immediately preceding institutional fiscal years. The report would have to be consistent with data most recently reported to the Integrated Postsecondary Education Data System.

If the average amount of institutional grant aid awarded to full-time first-time undergraduate students in the immediately preceding institutional fiscal year is less than the average amount of institutional grant aid awarded to full-time first-time undergraduate students in the year preceding the immediately preceding institutional fiscal year, the institution would have to include in the report a description of any changes to the institutional financial aid during the two immediately preceding institutional fiscal years.

The bill would state that it is legislative intent that an eligible institution will not make reductive changes to the institutional grant aid it offers with the goal or net effect of shifting the cost burden of those programs to the Michigan Achievement Scholarship program.

Tuition and fee restraint

For each state fiscal year, an eligible institution for the Michigan Achievement Scholarship would have to maintain and report its compliance with the applicable tuition and fee restraint

rates under the State School Aid Act.¹⁰ The state budget director would have to implement reporting requirements to ensure that an eligible institution has satisfied the tuition and fee restraint requirements and would have the sole authority to determine whether an eligible institution has met those requirements. If an eligible institution exceeds the applicable tuition and fee restraint rate for two consecutive years, the state budget director could consider the institution ineligible to receive money appropriated for Michigan Achievement Scholarships in the subsequent academic year. The state budget director would have to annually reevaluate the status of such an ineligible institution.

Departmental responsibilities

The Department of Lifelong Education, Advancement, and Potential would have to do all of the following in administering the scholarship:

- Develop and implement a process that awards Michigan Achievement Scholarships to eligible students under the bill and section 248 of the State School Aid Act.
- Work closely with eligible institutions to provide the highest level of participation and ensure that all of the requirements of the bill are met.
- Convene a workgroup to advise the department on administration of the scholarship. The workgroup would have to include participation from all of the following:
 - The Michigan Association of State Universities and its institutional members.
 - The Michigan College Access Network.
 - The Michigan Community College Association and its institutional members.
 - Michigan Independent Colleges and Universities and its institutional members.
 - Any other interested stakeholders and offices as determined by the department.

Online dashboard

By September 30 of each year, beginning with the 2026-27 fiscal year, create and maintain a publicly available online dashboard in partnership with the Center for Education Performance and Information (CEPI). The dashboard would have to include all of the following information about Michigan Achievement Scholarships for the previous academic year:

- By eligible institution, the number of students who received a scholarship and completed a degree or credential.
- By eligible institution, the type of credential earned by students who received a scholarship, including a breakdown of associate and bachelor's degrees.
- The percentage of students who received a scholarship and were eligible for federal Pell grants.
- By eligible institution, the average completion rate, as defined by the Department of Lifelong Education, Advancement, and Potential, of students who received a scholarship.
- By eligible institution, the average persistence rate and credits earned, as defined by the Department of Lifelong Education, Advancement, and Potential, of students who received a scholarship.

¹⁰ See <https://www.legislature.mi.gov/Laws/MCL?objectName=mcl-388-1817b> for community colleges and federally recognized tribal colleges, and <https://www.legislature.mi.gov/Laws/MCL?objectName=mcl-388-1841c> for public universities and independent nonprofit colleges and universities. The report of an independent nonprofit college or university would have to include the actual tuition and mandatory fee rates adopted by its governing board for each academic year as described in these tuition and fee restraint provisions.

- As applicable, a delineation of each of the above measure by sector, including community colleges, tribal colleges, public universities, and independent colleges and universities.

The bill would require each eligible institution whose students receive Michigan Achievement Scholarship awards to cooperate with the department in a timely manner to facilitate the creation of the online dashboard.

Report

The Department of Lifelong Education, Advancement, and Potential would have to provide a written report to the House and Senate appropriations subcommittees on higher education, the House and Senate fiscal agencies, and the state budget director by February 15 of each year. The report would have to include all of the following information, organized by eligible institution, for the previous academic year:

- The number of students who qualified for, and the number of students who received, a Michigan Achievement Scholarship.
- The average number of credits taken by students receiving a scholarship.
- The number of scholarships canceled due to failure to maintain satisfactory academic progress.
- The number of scholarships canceled due to a student's ceasing to attend an eligible institution (excluding known transfers to another eligible institution).
- The number of scholarships canceled due to a student's failure to maintain full-time status.
- The average scholarship award per student.
- As applicable, a delineation of each of the above measures by sector, including community colleges, tribal colleges, public universities, and independent colleges and universities.

The bill would require each eligible institution whose students receive Michigan Achievement Scholarship awards to cooperate with the department in a timely manner to facilitate the creation of the above report.

Rules

The Department of Lifelong Education, Advancement, and Potential could develop and issue rules to implement the bill, but those rules could not apply any student eligibility criteria other than as described above.

The bill can take effect only if Senate Bill 383 (which recodifies the Michigan Achievement Skills Scholarship) is also enacted.¹¹

FISCAL IMPACT:

The bill would result in fiscal costs to state government, although these costs are already imposed through the Michigan Achievement Scholarship created in the State School Aid Act. In FY 2023-24, the first year of the scholarship program, \$110.4 million was awarded to over 28,000 students. Current expenditures for the scholarship program are estimated to be over

¹¹ <https://www.legislature.mi.gov/Bills/Bill?ObjectName=2025-SB-0383>

\$266.0 million for FY 2024-25. Anticipated scholarship expenditures are expected to reach between \$550.0 million and \$600.0 million by FY 2027-28, when the scholarship supports the maximum number of student cohorts at public and private universities, community colleges, and tribal institutions.

Current FY 2024-25 funding levels for the Michigan Achievement Scholarship are \$330.0 million, with \$300.0 million of ongoing funding and \$30.0 million of one-time funding. Funding would need to be increased each fiscal year to match anticipated scholarship expenditures.

The Department of Lifelong Education, Advancement, and Potential and the Center for Educational Performance and Information could face increased costs for the additional reporting requirements present in the bill, but the costs should be negligible as the requirements are similar to other data collected and posted by the department and CEPI.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.