

**SUBSTITUTE FOR
HOUSE BILL NO. 5829**

A bill to amend 1964 PA 208, entitled
"An act to grant scholarships to students enrolled in postsecondary
education institutions; and to provide for the administration of
the scholarship program,"
by amending sections 2, 3, 4, 5, 5a, 6, 7, 8, 9, and 10 (MCL
390.972, 390.973, 390.974, 390.975, 390.975a, 390.976, 390.977,
390.978, 390.979, and 390.980), sections 3 and 4 as amended by 2021
PA 40, section 5 as amended by 1986 PA 270, sections 6, 8, and 9 as
amended by 1980 PA 500, and section 7 as amended by 2004 PA 181.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2. **(1)** The ~~administration of this scholarship program~~
2 ~~shall rest with the higher education assistance authority created~~
3 ~~by Act No. 77 of the Public Acts of 1960, being sections 390.951 to~~



~~390.960 of the Compiled Laws of 1948.~~**department shall administer the scholarship program created in section 1.**

(2) As used in this act, "department" means the department of lifelong education, advancement, and potential.

Sec. 3. (1) Subject to subsection (4), the ~~authority~~**department** shall conduct a competitive examination among eligible applicants for state competitive scholarships at times and places as determined by the ~~authority.~~**department**. The ~~authority~~**department** may designate a competitive examination to be administered among eligible applicants for state competitive scholarships. The ~~authority~~**department** shall annually establish the examination scores necessary to qualify for the competitive scholarship according to the funding available to meet the award levels established ~~pursuant to~~**under** section 6.

(2) The ~~authority~~**department** may also use scholastic achievement in determining award winners and shall issue appropriate certificates of recognition to individuals awarded scholarships. The ~~authority~~**department** shall grant annual renewal of scholarships.

(3) The ~~authority~~**department** shall promulgate rules to implement this act ~~pursuant to~~**under** the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, including rules for the conduct of examinations for the award of scholarships, for the procedures for the awarding of annual renewal scholarships, and for the purpose of defining **eligible** postsecondary institutions under this act.

(4) Notwithstanding any provision of this act or rule to the contrary, scholastic achievement, including, but not limited to, grade point average, class rank, or other measure of academic



1 success as determined by the ~~authority,~~**department**, may be used as
2 an alternative to a competitive examination to determine
3 eligibility for scholarships awarded under this act for the 2021-
4 2022 academic year.

5 Sec. 4. (1) ~~An~~**Except as otherwise provided in subsection (3),**
6 **an** applicant is eligible for the award of a first-year scholarship
7 if the ~~authority~~**department** finds that the applicant meets all of
8 the following:

9 (a) Has resided continuously in this state for the preceding
10 12 months and is not considered a resident of any other state.

11 (b) Has graduated from a high school, or is a student in good
12 standing in a high school who will graduate at the end of the
13 academic year, or an individual who has passed a graduate
14 equivalency examination approved by the state board of education,
15 or, if not a high school graduate, is recommended favorably by an
16 appropriate educational institution as defined in rules promulgated
17 by the ~~authority.~~**department.**

18 (c) Except for an applicant for a graduate scholarship, based
19 on the state competitive scholarship examination, shows promise of
20 satisfactorily completing a course of study at an ~~approved~~**eligible**
21 postsecondary institution of the applicant's choice in this state.
22 For an applicant for a graduate scholarship, the ~~authority~~
23 **department** shall determine the examination standards for
24 eligibility.

25 (d) Has complied with this act and the rules promulgated under
26 this act by the ~~authority.~~**department.**

27 (e) Is not incarcerated in a corrections institution.

28 (2) An applicant who the ~~authority~~**department** determines is
29 eligible for award of a scholarship under this act shall complete



1 using the scholarship within 1 of the following time frames, as
2 applicable:

3 (a) For an applicant enrolled in an eligible postsecondary
4 institution during the 2020 spring term and the 2020-2021 academic
5 year, 11 years after ~~his or her~~ **the applicant's** eligibility is
6 determined.

7 (b) For any other applicant, 10 years after ~~his or her~~ **the**
8 **applicant's** eligibility is determined.

9 (3) **Notwithstanding any other provision of this act, students**
10 **enrolling in postsecondary educational institutions for the first**
11 **time after the fiscal year ending on September 30, 2023, and**
12 **students who have not already received state competitive**
13 **scholarships before the fiscal year ending on September 30, 2023,**
14 **are not eligible to receive state competitive scholarships under**
15 **this act.**

16 Sec. 5. (1) There ~~shall~~ **must** be awarded for each academic year
17 the number of first-year scholarships that may be financed through
18 available money. Of this number not less than 3 scholarships ~~shall~~
19 **may** be awarded to residents of each legislative district, and the
20 balance of the scholarships ~~shall~~ **must** be awarded to residents of
21 the state at large.

22 (2) Each scholarship described in subsection (1) ~~shall~~ **must** be
23 renewed by the ~~authority~~ **department** upon application of the student
24 awarded the first-year scholarship without further examination if
25 the applicant remains eligible under sections 4 and 6 and is in
26 compliance with rules promulgated by the ~~authority~~ **department**.

27 (3) A scholarship may be renewed for not more than 10
28 semesters or its equivalent in trimesters or quarters of
29 undergraduate education, or the equivalent as determined by the



~~authority-department~~ for less than full-time but more than half-time students.

(4) Beginning after October 1, 1988, a scholarship may be awarded for not more than 6 semesters or its equivalent in trimesters, quarters, or terms of graduate education, or the equivalent as determined by the ~~authority-department~~ for less than full-time but more than half-time students. Money ~~shall~~**may** not be appropriated for purposes of this subsection for any fiscal year unless the amount appropriated under this act for that fiscal year for state competitive scholarships for undergraduate education equals or exceeds the amount appropriated for the state competitive scholarship program for the fiscal year ending September 30, 1987.

(5) A residual scholarship ~~shall~~**must** be awarded to a qualifying applicant who does not receive an initial scholarship award, but who may be eligible for an award later in the year or during an academic year when initial recipients relinquish their scholarship awards.

Sec. 5a. The ~~authority-department~~ may award honorary scholarship certificates to those applicants who would otherwise be eligible for a scholarship under this act but because of the lack of financial need are not eligible for a monetary scholarship. The names of the recipients of such awards ~~shall~~**must** be published the same as the names of the winners of monetary scholarships.

Sec. 6. Each first-year scholarship is for a period of 1 academic year and the scholarship award ~~shall~~**for state competitive scholarships awarded prior to the fiscal year ending September 30, 2023 must** not exceed the amount of tuition and fees for the full academic year as reported by the ~~approved~~**eligible postsecondary** institution in which the applicant is enrolled, or an amount as the



~~authority-department~~ finds appropriate in relation to the applicant's own financial resources other than wages that may be due the applicant for part-time work performed by the applicant during the academic year, whichever is the lesser. For the purposes of determining the dollar amount of the scholarship **for students awarded state competitive scholarships prior to the academic year 2024-2025**, the financial resources of the applicant ~~shall include~~ the cash or equivalent resources of the applicant's parents available for the postsecondary education of the applicant, ~~and~~ allowance ~~shall be made~~ for other members of the applicant's family enrolled in an ~~approved~~ **eligible postsecondary** institution, ~~of postsecondary education, pursuant to~~ **under** rules adopted by the ~~authority-department~~. **Notwithstanding any other provision of this act, a student who has not received a state competitive scholarship prior to the academic year 2024-2025 must be considered to lack financial need.** If the amount of appropriated funds is insufficient to provide each student with the scholarship amount for which the student is eligible, the ~~authority-department~~ shall establish a maximum scholarship level for that academic year. Renewal scholarships ~~shall must~~ not be less than the initial first-year scholarship awards unless predicated by changes in student or family financial resources.

Sec. 7. (1) An applicant awarded a first-year scholarship or a renewal scholarship is not restricted in the choice of the institution in this state ~~which he or she~~ **that the applicant** desires to attend if the institution is an eligible postsecondary institution under rules promulgated by the ~~Michigan higher education assistance authority, department~~, except that a student shall not use a scholarship award at an institution whose primary



1 purpose is to prepare students for ordination or appointment as a
 2 member of the clergy of a church, denomination, or religious
 3 association, order, or sect. An applicant awarded a first-year
 4 scholarship or a renewal scholarship is not restricted in the
 5 choice of the course of study ~~he or she~~ **the applicant** wishes to
 6 pursue.

7 (2) An ~~approved~~ **eligible postsecondary** institution chosen by
 8 the applicant is not required to accept the applicant for
 9 enrollment, or once having admitted the applicant, to continue the
 10 applicant's enrollment. The ~~approved~~ **eligible postsecondary**
 11 institution accepting the enrollment of a state competitive
 12 scholarship award winner shall notify the ~~authority~~ **department** of
 13 the recipient's enrollment and shall submit annually to the
 14 ~~authority~~ **department** reports ~~which~~ **that** are required and necessary
 15 to administer this act.

16 Sec. 8. State competitive scholarships ~~shall~~ **must** be awarded
 17 by the ~~authority~~ **department** on the basis of merit and financial
 18 need and without regard to race, sex, religion, color, or national
 19 origin.

20 Sec. 9. The ~~authority~~ **department** shall promulgate rules
 21 prescribing the reports to be made by the applicants awarded state
 22 competitive scholarships or annual renewal scholarships and the
 23 **eligible** postsecondary institutions enrolling the applicants.
 24 Before payment of a state competitive scholarship or annual renewal
 25 scholarship is made to the applicant, the applicant shall certify
 26 in writing the name of the ~~approved~~ **eligible postsecondary**
 27 institution in which the applicant is enrolled and the applicant's
 28 intention to use the scholarship to pay for the tuition and fees to
 29 the ~~approved~~ **eligible postsecondary** institution. Prorated payments



1 ~~shall~~**must** be made at the beginning of each semester or term to the
2 student or to the **eligible** postsecondary institution for credit to
3 the student's account.

4 Sec. 10. The ~~authority~~**department** may accept gifts, grants,
5 bequests, donations, and devises, from whatever sources, of real,
6 personal, or mixed property and moneys for the purposes described
7 in this act. The ~~authority~~**department** shall prepare an annual
8 report of all gifts, grants, bequests, donations, and devises for
9 the governor and the legislature.