

MICHIGAN MERIT AWARD SCHOLARSHIPS



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FISCAL ANALYSIS

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SENATE BILL 926 (S-2)

Sponsor: Sen. John J. H. Schwarz

House Committee: Appropriations

REVISED COMMITTEE ANALYSIS - 5/15/02

Analyst(s): Hank Prince

SUMMARY

SB 926 (S-2) passed the Senate on March 20. It amends the Merit Award Scholarship Act to narrow student usage of the award to within two years of high school graduation or passage of the general educational development (GED) test and to require certification by September 30 of the academic year in which the student intends to use the award. These changes would generate indeterminate cost savings for the program.

SB 926 (S-2) also provides for an extension of the eligibility period for award usage of up to four years; the extension would equal the time of service in the United States armed forces or Peace Corps. This bill would also require the Merit Award Board to annually inform the legislature of the number of graduating high school seniors who met the requirements of the scholarship.

Currently, the Merit Award accounting system establishes accounts payable for seven years for each graduating class; that period corresponds to the current permissible period of usage. SB 926 (S-2) would in effect limit the accounts payable to two years. It would also likely reduce state spending for those students who initially enrolled in an out-of-state institution but intended to return to a Michigan institution to use the balance of the award (out-of-state awards are restricted to \$1,000) for either the remainder of an undergraduate degree or for graduate school.

During consideration of Executive Order 2001-9, which reduced state spending for the current fiscal year, the Executive assumed total savings of \$55 million for the Merit Award Trust Fund. A portion of that amount was linked to the certification deadline and usage time-limit changes contained in SB 926 (S-2).