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**SFA****BILL ANALYSIS**

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Senate Bill 926 (Substitute S-2 as reported)  
Sponsor: Senator John J.H. Schwarz, M.D.  
Committee: Appropriations

## **CONTENT**

The bill would amend the Michigan Merit Award Scholarship Act to restrict student eligibility for scholarships to within two years of graduating from high school or passing the general educational development (GED) test; currently, a student has seven years after graduating or passing the GED to apply for a scholarship. The bill would allow a student who became a member of the United States armed forces or the Peace Corps during this two-year period to extend his or her eligibility by a period equal to the number of days served, not to exceed four years. Also, the Merit Award Board could extend the two-year period due to an illness or disability of the student or in the student's immediate family or another family emergency.

The bill would add a requirement for eligible students to certify their participation in the scholarship program by September 30 in the academic year in which they would use the scholarship funds; if a student did not certify by September 30, he or she could not receive a scholarship until the following academic year. (The current law requires eligible students to certify to the Michigan Merit Award Board the name of the approved postsecondary institution in which they are enrolled and that they graduated from high school or passed the GED within the prescribed time limit.)

The Act requires the Board to report certain information to the Governor and the Legislature. The bill would expand the reporting requirements to include the number of graduating high school seniors who met the requirements for a Michigan Merit Award Scholarship. The bill also would make some technical changes to reflect Legislative Service Bureau drafting guidelines.

MCL 390.1455-390.1458

## **FISCAL IMPACT**

There would be indeterminate cost savings for the State due to the narrowing of the application window from seven years to two years. There would be no fiscal impact on local units of government.

Under the current accounting system for the scholarships, accounts payable are established by extending out seven years for each graduating class. The provisions of this bill would require students to apply and certify by September 30 of an academic year if they wished to receive a scholarship for that year, and students would have only two years to make the decision to certify. These provisions would: a) stabilize the cash flow for the scholarships; b) limit the accounts payable to two years for each graduating class; c) reduce spending for scholarships since students could use the scholarships only for undergraduate study; and d) reduce spending for students who attend school outside the State of Michigan because they would be less likely to return within the two-year period to claim the \$1,500 to \$2,000 balance of their award. During deliberations on Executive Order 2001-9, which reduced State spending for FY 2001-02, \$55 million in savings from the Michigan Merit Award Trust Fund was assumed based, in part, on the accounting and time-limit changes proposed in this bill.

Date Completed: 3-14-02

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Bill Analysis @ <http://www.senate.state.mi.us/sfa>

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