

ELIMINATE OUT-OF-STATE MERIT AWARDS

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

Senate Bill 861 (Substitute S-1)

Sponsor: Sen. Emerson

House Committee: Appropriations

Senate Committee: Appropriations

Complete to 5-30-06

A SUMMARY OF SENATE BILL 861 (S-1) AS PASSED BY THE SENATE 5-23-06

This bill would amend the Michigan Merit Award Scholarship Act to eliminate the \$1,000 awards currently available under the act to award qualifiers enrolling in postsecondary institutions outside the State of Michigan. The high school graduating class of 2007 would be the first class ineligible for out-of-state awards; graduates from the class of 2006 would remain eligible for the awards.

MCL 390.1457

FISCAL IMPACT:

According to the Department of Treasury, 3,510 students from the class of 2005 received out-of-state awards. The bill would, therefore, reduce state expenditures by an estimated \$3.5 million annually beginning in FY 2007-08. Merit Award costs are paid from the Merit Award Trust Fund, which receives a portion of the state's annual tobacco settlement payment.

It should be noted that the estimate on which the proposed FY 2006-07 Merit Award appropriation of \$127.7 million is based does not include funds for out-of-state awards. (This funding amount is included all three versions of the budget proposed to date: Executive Recommendation, Senate-passed, and House-passed.) Under Senate Bill 861 (S-1), these awards would still be made to graduates from the class of 2006. This could result in a shortfall in the FY 2006-07 appropriation.

Fiscal Analyst: Kyle I. Jen

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