

Legislative Analysis



RETURN UNUSED MICHIGAN MERIT AWARD MONEY

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House Bill 5232

Sponsor: Rep. Bruce Caswell

Committee: Higher Education and Career Preparation

Complete to 11-7-05

A SUMMARY OF HOUSE BILL 5232 AS INTRODUCED 9-27-05

House Bill 5232 would amend the Michigan Merit Award Scholarship Act to require a university to return any unused merit award money if a student leaves school.

More specifically, the bill would require the Michigan Merit Award Board to pay, on behalf of an eligible student, all merit award scholarship money to an approved postsecondary educational institution in which the student had enrolled. Currently under the law, the payment can be made either to a student or to an approved postsecondary educational institution. Under the bill, the institution would be required to deposit the money in an account for the benefit of the student and disburse money from that account to pay for eligible costs. If a student elected to leave the institution without completing the classes in which he or she had enrolled, then the institution would be required to return any money remaining in the student's account to the Department of Treasury. The department, in turn, would be required to deposit the money into an account for the student. However, any money remaining in an account for five years would escheat to the state.

MCL 390.1458

FISCAL IMPACT:

The bill would result in an indeterminate savings to the state. The Department of Treasury indicates that many postsecondary institutions currently return award money to the state when award recipients leave school. It is unknown how much award money is currently retained by students leaving school prior to completing their enrollment.

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