



Senate Fiscal Agency  
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BILL ANALYSIS

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Senate Bill 861 (Substitute S-1 as reported)  
Sponsor: Senator Bob Emerson  
Committee: Appropriations

### **CONTENT**

The bill would amend the Michigan Merit Award Scholarship Act to eliminate the \$1,000 Merit Award scholarships for students enrolled outside the State of Michigan beginning with the high school graduating class of 2007.

MCL 390.1457

### **FISCAL IMPACT**

The bill would require an additional expenditure of \$3.5 million to \$4.5 million in FY 2006-07 because the FY 2006-07 budget was based on the assumption that students in the high school graduating class of 2006 who enrolled outside the State of Michigan, would not receive a Merit Award scholarship. The bill would allow the State to save approximately \$3.5 million to \$4.5 million annually beginning with the budget for FY 2007-08.

The Michigan Merit Awards are funded from the Michigan Merit Award Trust Fund which was created when the State received its share of the national tobacco settlement funds in 1999. Any dollars not appropriated and spent on Merit Awards remain in the Merit Award Trust Fund and are available for other purposes, as determined by law.

The table below outlines the history of Merit Awards for students enrolled outside Michigan.

High School Graduating Class	Fiscal Year of Payment	Number of Out-of-State Merit Awards
2000	FY 2000-01	2,973
2001	FY 2001-02	3,145
2002	FY 2002-03	3,347
2003	FY 2003-04	4,087
2004	FY 2004-05	3,567
2005	FY 2005-06	3,510

Date Completed: 5-15-06

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