

Legislative Analysis



PROMISE GRANTS: INCLUDE MICHIGAN RESIDENTS GRADUATING FROM OUT-OF-STATE HIGH SCHOOLS

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House Bill 4595 as enrolled
Public Act 42 of 2007
Sponsor: Rep. Kathy Angerer
House Committee: Education
Senate Committee: Education

Second Analysis (1-3-08)

BRIEF SUMMARY: The bill would expand eligibility for Michigan Promise Grant awards of up to \$4,000 for postsecondary education so as to include certain Michigan residents who graduate from out-of-state high schools.

FISCAL IMPACT: Based on information from the Department of Treasury, the bill would allow approximately 40 students per year who are Michigan residents but attend a high school outside the state to claim Promise Grant awards. The bill would increase state costs by an estimated \$80,000 to \$160,000 per year, depending on the number of those students who subsequently completed two years of postsecondary education.

THE APPARENT PROBLEM:

In December 2006, the legislature enacted the Michigan Promise Grant Act to award qualified Michigan residents up to \$4,000 to be used toward the cost of their postsecondary education. The grants are given to students who pass an examination (either the ACT or the ACT-Keys test), and/or who successfully finish the first two years of postsecondary education; they are paid to the institutions of higher education in Michigan the students attend.

The Michigan Promise Grant replaced an earlier program called the Michigan Merit Award Program, which made grants of \$2,500 available to high school students who passed the high school MEAP test—a test that has been discontinued since the Michigan Promise Grant program was enacted.

Generally, the high school students who are eligible for the Michigan Promise Grant are both legal residents of the state, and attend Michigan high schools. Some students, however, are legal residents of the state, but attend high school elsewhere. For example, some students reside in southeastern Michigan but attend Catholic schools in Toledo, Ohio; and some attend schools on military bases when their parents are posted to military installations out-of-state.

According to the Department of Treasury, whose officials administer payments under the Michigan Promise Grant program (and whose officials also administered the earlier Merit Award), high school students whose legal residence was Michigan but who attended high

school in other states were eligible for the Merit Award. When the Michigan Promise Grant Act replaced the Merit Award, this eligibility provision was inadvertently deleted from the law. Consequently, some Michigan residents are not able to qualify for the new grant award, even when they pass the ACT and are accepted to attend Michigan universities.

Legislation has been introduced that would allow high school students whose legal residence is Michigan to qualify for a Michigan Promise Grant, regardless of the location of their high school.

THE CONTENT OF THE BILL:

The bill would amend the Michigan Promise Grant Act (MCL 390.1622 et al.) to expand eligibility for the grant awards of up to \$4,000 for postsecondary education so as to include certain Michigan residents who graduate from out-of-state high schools. The bill also would rewrite the payment procedures to be used by the Department of Treasury in making grant payments to postsecondary institutions of higher learning.

Currently under the law, the term "high school graduate" is defined to mean an individual who has received a high school diploma from a high school in this state (or passed a state-approved high school graduate equivalency examination). House Bill 4595 would modify this definition by striking the words "in this state."

The law requires the Department of Treasury to determine if a student is eligible for a Michigan Promise Grant on or before a deadline established by the department. House Bill 4595 would instead put the deadline in statute as November 15 of the state fiscal year in which applicants are eligible to receive payment.

Promise Grants currently are disbursed to an approved postsecondary educational institution on a student's behalf according to a payment procedure the department establishes. House Bill 4595 would specify in statute that, generally, (1) grants and installments due to students who have completed the first two years of postsecondary education would be disbursed in the state fiscal year that begins on the first October 1 following the end of the academic year in which the student is eligible for the grant or installment; and (2) installments due to students for their first and second year of postsecondary education and grants to students in programs requiring less than two years would be disbursed in the state fiscal year that begins on October 1 in the academic year in which the student is eligible.

ARGUMENTS:

For:

This legislation allows all high school students who are legal residents of Michigan an opportunity to qualify for a Michigan Promise Grant of up to \$4,000, to be used for their post-secondary education—regardless of the location of their high schools. Some Michigan residents elect to attend high school in states nearby. For example, according

to committee testimony, some students living near the border in southeastern Michigan attend school in Toledo, Ohio. Other students attend high school in states where their parents are assigned to military installations. In both instances, these high school students should be able to qualify for the Michigan Promise Grant award, which they cannot presently do under the law.

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■ 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.