



Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

Senate Bills 570 and 600 (as passed by the Senate)  
House Bill 4595 (as enrolled)  
Sponsor: Senator Cameron S. Brown (S.B. 570 & 600)  
Representative Kathy Angerer (H.B. 4595)  
House Committee: Education  
Senate Committee: Education

Date Completed: 7-3-07

### **RATIONALE**

The Michigan Promise Grant Act was enacted in 2006 to assist students in Michigan with the cost of postsecondary education, if they meet certain qualifications. High school graduates who have taken the State assessment (either the MEAP tests or the Michigan Merit Exam) and enrolled in an approved postsecondary educational institution within two years of graduating are eligible for a \$4,000 scholarship under the Act. If a student passed the reading, writing, math, and science sections of the Merit Exam (which all students must take in the 11th grade, beginning in the 2006-2007 school year), he or she may receive a portion of the award during his or her first two years of postsecondary education; otherwise, the student may apply for the full grant after completing two years of schooling with at least a 2.5 grade point average.

Only Michigan residents who have graduated from a high school in the State (or have received a GED) are eligible to receive a Michigan Promise Grant. Reportedly, some residents who live close to other states, as well as children of military personnel, have been deemed ineligible for a Promise Grant because they graduated from a high school outside the State. It has been suggested that the eligibility requirements be modified to permit those students to receive a Promise Grant.

In a separate matter, the Act permits the Department of Treasury to determine disbursement schedules and other details related to the payment of Promise Grants.

Some believe that the timing of award payments should be specified in the Act.

### **CONTENT**

**Senate Bill 570 would amend the Michigan Promise Grant Act to allow a Michigan resident who graduated from a high school outside the State to qualify for a Michigan Promise Grant.**

**Senate Bill 600 would amend the Act to do the following:**

- **Set an annual deadline of November 15 for Michigan Promise Grant applications to be received by the Department of Treasury.**
- **Require the Department to disburse certain Michigan Promise Grant payments in the fiscal year that began in the academic year when the student was eligible for the grant, and require other payments to be made in the following fiscal year.**

**House Bill 4595 would amend the Act to make the same changes proposed by both Senate bills.**

The Senate bills are described in detail below.

### **Senate Bill 570**

The Act defines "high school graduate" as an individual who has received a high school diploma from a high school in this State, or has passed the GED diploma test or another

high school graduate equivalency exam approved by the State Board of Education.

The bill would remove the requirement that the high school be located in this State.

### **Senate Bill 600**

#### **Application Deadline**

For a student to be eligible for a grant under the Act, a completed application for payment of a Michigan Promise Grant must be received by the Department of Treasury on or before the deadline established by the Department.

The bill instead would require the application to be received by the Department on or before November 15 of the State fiscal year in which the student was eligible to receive payment.

#### **Grant Disbursal Schedule**

The Act requires the Department of Treasury to pay a Michigan Promise Grant to an approved postsecondary educational institution on the student's behalf, according to a payment procedure established by the Department.

The bill would require the Department to disburse Michigan Promise Grant money as described below, according to a payment procedure established by the Department.

Under the Act, a student is eligible for a \$4,000 grant after completing 50% or more of the academic requirements for a bachelor's degree, earning an associate's degree, or receiving a two-year certificate of completion in a vocational education program, if he or she has maintained a cumulative grade point average of at least 2.5. A student who enrolled in a vocational education program that takes less than two years to complete may receive a prorated award, based on the length of the program.

The bill would require the Department to disburse the grant money under these provisions in the State fiscal year beginning on the October 1 immediately following the end of the academic year in which the student was eligible for the grant.

Under the Act, a student who passed the reading, writing, math, and science

components of the State assessment test is eligible for two payments of \$1,000 each, to be paid during each of the student's first two years of postsecondary enrollment. The student is eligible for the remainder of the grant when he or she completes 50% of more of the academic requirements for a bachelor's degree, earns an associate's degree, or receives a two-year certificate of completion in a vocational education program, if the student has maintained a cumulative grade point average of at least 2.5.

The bill would require the Department to disburse the two \$1,000 payments in the State fiscal year beginning on October 1 in the academic year in which the student was eligible for the installment. The Department would have to disburse the balance in the State fiscal year beginning on the October 1 immediately following the end of the academic year in which the student was eligible for the payment.

In addition, under the Act, a student who passed the reading, writing, math, and science components of the State assessment test and enrolled in a vocational education program that takes less than two years to complete may receive a prorated amount of the full \$4,000 grant, based on the length of the program. The bill would require this grant to be paid in the State fiscal year beginning on October 1 in the academic year in which the student was eligible for the grant.

MCL 390.1622 (S.B. 570)  
390.1624 & 390.1628 (S.B. 600)  
390.1622 et al. (H.B. 4595)

### **ARGUMENTS**

*(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)*

#### **Supporting Argument**

The Michigan Promise Grant offers valuable financial assistance to students in Michigan, providing the means for a higher education to more of them, including some students who might not otherwise have considered attending college. In addition, since an approved postsecondary educational institution must be located in this State (unless it is a U.S. service academy), the Promise Grant encourages students to

attend school in Michigan, increasing the chances that they will remain in the State, adding to the pool of skilled and educated workers.

The Michigan Promise Grant Act, however, excludes Michigan residents who have graduated from a high school in another state, which can be unfair to some. Parents living along the Michigan border who wish to send their children to a private or parochial school sometimes find that the only practical choice is a school across the State line. In Monroe County, for example, some parents found that the nearest Catholic school was in Toledo, while the closest alternative in Michigan was 25 miles away. Most residents of Michigan living in the center of the State are not faced with such choices, and may send their children to the best school available without jeopardizing their eligibility for scholarship money. Those living close to the border should not be treated differently or penalized simply because of geographic circumstances. The Michigan Merit Award, which was in place until 2006, included no requirement that an eligible student graduate from a Michigan high school, and many parents made their decisions based on the criteria for that award. There is no reason that the eligibility requirements for the Michigan Promise Grant should be different, a change that hurts some students and serves no significant purpose.

Furthermore, the problem is not limited to residents along the Michigan borders. Children of military personnel sometimes must attend schools outside of Michigan, while their parents are deployed in other states or countries. Altogether, about 40 Michigan residents currently attend out-of-State schools, either private or parochial schools or schools on military bases, according to the Department of Treasury.

For some of those students, the Michigan Promise Grant could be the deciding factor persuading them to remain in Michigan, rather than attending school in another state. As tuition costs continue to climb, parents and students find it more and more important to seek out the best deal in terms of financial aid and the total cost of attending college. Without the Michigan Promise Grant, a student could find it actually cheaper to attend a school in Ohio or elsewhere.

In addition, the current provisions treat high school graduates differently than those with a GED. Although a high school graduate must have a diploma from a Michigan high school to qualify for a grant, the Act includes no similar requirement for those who have received a GED. Presumably, a Michigan resident with a GED could qualify for a Promise Grant regardless of where he or she attended high school. Senate Bill 570 and House Bill 4595 would eliminate that inconsistency, treating those who graduated from high school the same as those who passed a high school equivalency exam.

### **Supporting Argument**

The Act does not specify any payment schedules for the Michigan Promise Grant, but instead permits the Department of Treasury to determine when and how to make payments. To prevent any misunderstandings or disputes over the proper timing of Promise Grant payments, Senate Bill 600 and House Bill 4595 would identify the schedules for payments under the Act, as well as the annual deadline for Michigan Promise Grant applications.

Legislative Analyst: Curtis Walker

### **FISCAL IMPACT**

#### **Senate Bill 570 & House Bill 4595**

The bills would increase State costs for the Michigan Promise Grant Program by up to approximately \$160,000 annually. The Michigan Department of Treasury estimates that 40 students per year who are Michigan residents graduate from a high school that is located outside of the State. The \$160,000 cost amount assumes that all of the estimated 40 students complete two years of postsecondary education with a cumulative grade point average of 2.5 and thus earn a \$4,000 Michigan Promise Grant.

#### **Senate Bill 600**

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Ellen Jeffries

#### **A0708\S570a**

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.