

**SUBSTITUTE FOR
HOUSE BILL NO. 5829**

A bill to amend 1964 PA 208, entitled
"An act to grant scholarships to students enrolled in postsecondary
education institutions; and to provide for the administration of
the scholarship program,"
by amending sections 2, 3, 4, 5, 5a, 6, 7, 8, 9, and 10 (MCL
390.972, 390.973, 390.974, 390.975, 390.975a, 390.976, 390.977,
390.978, 390.979, and 390.980), sections 3 and 4 as amended by 2021
PA 40, section 5 as amended by 1986 PA 270, sections 6, 8, and 9 as
amended by 1980 PA 500, and section 7 as amended by 2004 PA 181;
and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2. **(1)** The ~~administration of this scholarship program~~
2 ~~shall rest with the higher education assistance authority created~~

1 ~~by Act No. 77 of the Public Acts of 1960, being sections 390.951 to~~
2 ~~390.960 of the Compiled Laws of 1948.~~**department shall administer**
3 **the scholarship program created in section 1.**

4 (2) As used in this act, "department" means the department of
5 lifelong education, advancement, and potential.

6 Sec. 3. (1) Subject to subsection (4), the ~~authority~~
7 **department** shall conduct a competitive examination among eligible
8 applicants for state competitive scholarships at times and places
9 as determined by the ~~authority.~~**department.** The ~~authority~~
10 **department** may designate a competitive examination to be
11 administered among eligible applicants for state competitive
12 scholarships. The ~~authority~~**department** shall annually establish the
13 examination scores necessary to qualify for the competitive
14 scholarship according to the funding available to meet the award
15 levels established ~~pursuant to~~**under** section 6.

16 (2) The ~~authority~~**department** may also use scholastic
17 achievement in determining award winners and shall issue
18 appropriate certificates of recognition to individuals awarded
19 scholarships. The ~~authority~~**department** shall grant annual renewal
20 of scholarships.

21 (3) The ~~authority~~**department** shall promulgate rules to
22 implement this act ~~pursuant to~~**under** the administrative procedures
23 act of 1969, 1969 PA 306, MCL 24.201 to 24.328, including rules for
24 the conduct of examinations for the award of scholarships, for the
25 procedures for the awarding of annual renewal scholarships, and for
26 the purpose of defining **eligible** postsecondary institutions under
27 this act.

28 (4) Notwithstanding any provision of this act or rule to the
29 contrary, scholastic achievement, including, but not limited to,

1 grade point average, class rank, or other measure of academic
2 success as determined by the ~~authority,~~**department**, may be used as
3 an alternative to a competitive examination to determine
4 eligibility for scholarships awarded under this act for the 2021-
5 2022 academic year.

6 Sec. 4. (1) ~~An~~**Except as otherwise provided in subsection (3),**
7 **an** applicant is eligible for the award of a first-year scholarship
8 if the ~~authority~~**department** finds that the applicant meets all of
9 the following:

10 (a) Has resided continuously in this state for the preceding
11 12 months and is not considered a resident of any other state.

12 (b) Has graduated from a high school, or is a student in good
13 standing in a high school who will graduate at the end of the
14 academic year, or an individual who has passed a graduate
15 equivalency examination approved by the state board of education,
16 or, if not a high school graduate, is recommended favorably by an
17 appropriate educational institution as defined in rules promulgated
18 by the ~~authority.~~**department.**

19 (c) Except for an applicant for a graduate scholarship, based
20 on the state competitive scholarship examination, shows promise of
21 satisfactorily completing a course of study at an ~~approved~~**eligible**
22 postsecondary institution of the applicant's choice in this state.
23 For an applicant for a graduate scholarship, the ~~authority~~
24 **department** shall determine the examination standards for
25 eligibility.

26 (d) Has complied with this act and the rules promulgated under
27 this act by the ~~authority.~~**department.**

28 (e) Is not incarcerated in a corrections institution.

29 (2) An applicant who the ~~authority~~**department** determines is

1 eligible for award of a scholarship under this act shall complete
 2 using the scholarship within 1 of the following time frames, as
 3 applicable:

4 (a) For an applicant enrolled in an eligible postsecondary
 5 institution during the 2020 spring term and the 2020-2021 academic
 6 year, 11 years after ~~his or her~~ **the applicant's** eligibility is
 7 determined.

8 (b) For any other applicant, 10 years after ~~his or her~~ **the**
 9 **applicant's** eligibility is determined.

10 (3) **Notwithstanding any other provision of this act, students**
 11 **enrolling in postsecondary educational institutions for the first**
 12 **time after the fiscal year ending on September 30, 2023, and**
 13 **students who have not already received state competitive**
 14 **scholarships before the fiscal year ending on September 30, 2023,**
 15 **are not eligible to receive state competitive scholarships under**
 16 **this act.**

17 Sec. 5. (1) There ~~shall~~ **must** be awarded for each academic year
 18 the number of first-year scholarships that may be financed through
 19 available money. Of this number not less than 3 scholarships ~~shall~~
 20 **may** be awarded to residents of each legislative district, and the
 21 balance of the scholarships ~~shall~~ **must** be awarded to residents of
 22 the state at large.

23 (2) Each scholarship described in subsection (1) ~~shall~~ **must** be
 24 renewed by the ~~authority~~ **department** upon application of the student
 25 awarded the first-year scholarship without further examination if
 26 the applicant remains eligible under sections 4 and 6 and is in
 27 compliance with rules promulgated by the ~~authority~~ **department**.

28 (3) A scholarship may be renewed for not more than 10
 29 semesters or its equivalent in trimesters or quarters of

1 undergraduate education, or the equivalent as determined by the
2 ~~authority~~**department** for less than full-time but more than half-
3 time students.

4 (4) Beginning after October 1, 1988, a scholarship may be
5 awarded for not more than 6 semesters or its equivalent in
6 trimesters, quarters, or terms of graduate education, or the
7 equivalent as determined by the ~~authority~~**department** for less than
8 full-time but more than half-time students. Money ~~shall~~**may** not be
9 appropriated for purposes of this subsection for any fiscal year
10 unless the amount appropriated under this act for that fiscal year
11 for state competitive scholarships for undergraduate education
12 equals or exceeds the amount appropriated for the state competitive
13 scholarship program for the fiscal year ending September 30, 1987.

14 (5) A residual scholarship ~~shall~~**must** be awarded to a
15 qualifying applicant who does not receive an initial scholarship
16 award, but who may be eligible for an award later in the year or
17 during an academic year when initial recipients relinquish their
18 scholarship awards.

19 Sec. 5a. The ~~authority~~**department** may award honorary
20 scholarship certificates to those applicants who would otherwise be
21 eligible for a scholarship under this act but because of the lack
22 of financial need are not eligible for a monetary scholarship. The
23 names of the recipients of such awards ~~shall~~**must** be published the
24 same as the names of the winners of monetary scholarships.

25 Sec. 6. Each first-year scholarship is for a period of 1
26 academic year and the scholarship award ~~shall~~**for state competitive**
27 **scholarships awarded prior to the fiscal year ending September 30,**
28 **2023 must** not exceed the amount of tuition and fees for the full
29 academic year as reported by the ~~approved~~**eligible postsecondary**

1 institution in which the applicant is enrolled, or an amount as the
 2 ~~authority-department~~ finds appropriate in relation to the
 3 applicant's own financial resources other than wages that may be
 4 due the applicant for part-time work performed by the applicant
 5 during the academic year, whichever is the lesser. For the purposes
 6 of determining the dollar amount of the scholarship **for students**
 7 **awarded state competitive scholarships prior to the academic year**
 8 **2024-2025**, the financial resources of the applicant ~~shall include~~
 9 the cash or equivalent resources of the applicant's parents
 10 available for the postsecondary education of the applicant, ~~and~~
 11 allowance ~~shall be made~~ for other members of the applicant's family
 12 enrolled in an ~~approved~~ **eligible postsecondary** institution, ~~of~~
 13 ~~postsecondary education, pursuant to~~ **under** rules adopted by the
 14 ~~authority-department~~. **Notwithstanding any other provision of this**
 15 **act, a student who has not received a state competitive scholarship**
 16 **prior to the academic year 2024-2025 must be considered to lack**
 17 **financial need**. If the amount of appropriated funds is insufficient
 18 to provide each student with the scholarship amount for which the
 19 student is eligible, the ~~authority-department~~ shall establish a
 20 maximum scholarship level for that academic year. Renewal
 21 scholarships ~~shall~~ **must** not be less than the initial first-year
 22 scholarship awards unless predicated by changes in student or
 23 family financial resources.

24 Sec. 7. (1) An applicant awarded a first-year scholarship or a
 25 renewal scholarship is not restricted in the choice of the
 26 institution in this state ~~which he or she~~ **that the applicant**
 27 desires to attend if the institution is an eligible postsecondary
 28 institution under rules promulgated by the ~~Michigan higher~~
 29 ~~education assistance authority, department~~, except that a student

1 shall not use a scholarship award at an institution whose primary
2 purpose is to prepare students for ordination or appointment as a
3 member of the clergy of a church, denomination, or religious
4 association, order, or sect. An applicant awarded a first-year
5 scholarship or a renewal scholarship is not restricted in the
6 choice of the course of study ~~he or she~~ **the applicant** wishes to
7 pursue.

8 (2) An ~~approved~~ **eligible postsecondary** institution chosen by
9 the applicant is not required to accept the applicant for
10 enrollment, or once having admitted the applicant, to continue the
11 applicant's enrollment. The ~~approved~~ **eligible postsecondary**
12 institution accepting the enrollment of a state competitive
13 scholarship award winner shall notify the ~~authority~~ **department** of
14 the recipient's enrollment and shall submit annually to the
15 ~~authority~~ **department** reports ~~which~~ **that** are required and necessary
16 to administer this act.

17 Sec. 8. State competitive scholarships ~~shall~~ **must** be awarded
18 by the ~~authority~~ **department** on the basis of merit and financial
19 need and without regard to race, sex, religion, color, or national
20 origin.

21 Sec. 9. The ~~authority~~ **department** shall promulgate rules
22 prescribing the reports to be made by the applicants awarded state
23 competitive scholarships or annual renewal scholarships and the
24 **eligible** postsecondary institutions enrolling the applicants.
25 Before payment of a state competitive scholarship or annual renewal
26 scholarship is made to the applicant, the applicant shall certify
27 in writing the name of the ~~approved~~ **eligible postsecondary**
28 institution in which the applicant is enrolled and the applicant's
29 intention to use the scholarship to pay for the tuition and fees to

the ~~approved~~ **eligible postsecondary** institution. Prorated payments ~~shall~~ **must** be made at the beginning of each semester or term to the student or to the **eligible** postsecondary institution for credit to the student's account.

Sec. 10. The ~~authority~~ **department** may accept gifts, grants, bequests, donations, and devises, from whatever sources, of real, personal, or mixed property and moneys for the purposes described in this act. The ~~authority~~ **department** shall prepare an annual report of all gifts, grants, bequests, donations, and devises for the governor and the legislature.

Enacting section 1. The following acts are repealed:

(a) The legislative merit award program act, 1976 PA 228, MCL 390.1301 to 390.1307.

(b) 1978 PA 105, MCL 390.1271 to 390.1278.

(c) 1986 PA 102, MCL 390.1281 to 390.1288.

(d) 1986 PA 273, MCL 390.1401 to 390.1409.

(e) 1986 PA 288, MCL 390.1371 to 390.1382.

(f) 1986 PA 303, MCL 390.1321 to 390.1332.

Enacting section 2. The following rules are rescinded:

(a) R 390.1501 to R 390.1512 of the Michigan Administrative Code.

(b) R 390.1651 to R 390.1663 of the Michigan Administrative Code.

(c) R 390.1701 to R 390.1709 of the Michigan Administrative Code.

(d) R 390.1721 to R 390.1728 of the Michigan Administrative Code.

(e) R 390.1751 to R 390.1759 of the Michigan Administrative Code.

1 (f) R 390.1771 to R 390.1779 of the Michigan Administrative
2 Code.