

SENATE BILL No. 1335

June 27, 2006, Introduced by Senators CHERRY, SWITALSKI, BASHAM, JACOBS, PRUSI, OLSHOVE, WHITMER, SCHAUER, BARCIA, CLARK-COLEMAN, CLARKE and SCOTT and referred to the Committee on Appropriations.

A bill to provide for the administration of the Michigan merit award program; to provide for the powers and duties of certain state officers and entities; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "Michigan merit award act".

3 Sec. 2. As used in this act:

4 (a) "Academic year" means the period from September 1 of a
5 calendar year to August 31 of the next calendar year.

6 (b) "Approved postsecondary educational institution" means any
7 of the following:

8 (i) A public or private college or university, junior college,
9 or community college that grants degrees or certificates and is

1 located in this state.

2 (ii) A postsecondary educational institution, other than an
3 educational institution described in subparagraph (i), that is
4 located in this state, grants degrees, certificates, or other
5 recognized credentials, and is designated by the department as an
6 approved postsecondary educational institution.

7 (iii) A service academy.

8 (c) "Clock hour" means a time period consisting of any of the
9 following:

10 (i) Fifty to 60 minutes of class, lecture, or recitation in a
11 60-minute period.

12 (ii) Fifty to 60 minutes of faculty-supervised laboratory work,
13 shop training, or internship in a 60-minute period.

14 (iii) Sixty minutes of preparation in a correspondence course.

15 (d) "Department" means the department of treasury.

16 (e) "Fiscal year" means a fiscal year of this state. A fiscal
17 year begins on October 1 of a calendar year and ends on September
18 30 of the next calendar year.

19 (f) "High school graduate" means an individual who has
20 received a high school diploma from a high school in this state or
21 passed the general educational development (GED) diploma test or
22 any other high school graduate equivalency examination approved by
23 the state board of education.

24 (g) "Michigan merit award" means a scholarship awarded by the
25 department under this act.

26 (h) "Qualifying score" means a score in a reading, writing,
27 mathematics, or science component of a state assessment test that

1 has been determined by the superintendent of public instruction to
2 indicate readiness to enroll in a course in that subject area in an
3 approved postsecondary educational institution.

4 (i) "Service academy" means the United States military
5 academy, United States naval academy, United States air force
6 academy, United States coast guard academy, or United States
7 merchant marine academy.

8 (j) "State assessment test" means the Michigan merit
9 examination described in section 1279g of the revised school code,
10 1976 PA 451, MCL 380.1279g, and section 104b of the state school
11 aid act of 1979, 1979 PA 94, MCL 388.1704b, or any other test
12 administered by the department of education to students in grades
13 11 and 12 to assure state compliance with the federal no child left
14 behind act of 2001, Public Law 107-110.

15 (k) "Tobacco settlement revenue" means money received by this
16 state that is attributable to the master settlement agreement
17 incorporated into a consent decree and final judgment entered on
18 December 7, 1998 in Kelley ex rel. Michigan v Philip Morris
19 Incorporated, et al., Ingham county circuit court, docket no.
20 96-84281CZ.

21 (l) "Trust fund" means the Michigan merit award trust fund
22 established in section 9 of the Michigan trust fund act, 2000 PA
23 489, MCL 12.259.

24 Sec. 3. By April 1 of each year, the department shall submit a
25 report on its activities under this act to the governor and to the
26 standing committees of the senate and house of representatives with
27 primary jurisdiction over higher education issues. The report shall

1 contain all of the following information:

2 (a) The number of Michigan merit awards and the amount of
3 Michigan merit award money paid by the department in the
4 immediately preceding fiscal year.

5 (b) A list of the number of Michigan merit awards and the
6 amount of Michigan merit award money paid in the immediately
7 preceding fiscal year at each approved postsecondary educational
8 institution.

9 Sec. 4. (1) The Michigan merit award program is established.
10 The department shall provide Michigan merit awards under this act
11 from the trust fund and administer the Michigan merit award
12 program.

13 (2) Subject to subsection (3), each student who becomes a high
14 school graduate in or after the 2006-2007 academic year is eligible
15 for the award of a Michigan merit award in an amount determined
16 under section 5 or 6.

17 (3) In addition to the requirements set forth in subsection
18 (2), the department must find that a student meets all of the
19 following eligibility requirements to award the student a Michigan
20 merit award under this act:

21 (a) The department has received a completed application for
22 payment as described in section 7(1), including the certification
23 described in section 7(2) or (3), if applicable, on or before the
24 deadline established by the department.

25 (b) The student is a high school graduate and a resident of
26 this state.

27 (c) The student meets 1 of the following:

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1 (i) For a scholarship under section 5, the student earned an
2 associate's degree, earned a 2-year certificate of completion in a
3 vocational training program, completed a comparable vocational
4 education program approved by the department, or completed 50% or
5 more of the academic requirements for the award of a bachelor's
6 degree at an approved postsecondary educational institution within
7 4 years of his or her initial enrollment in the institution and <<meets 1
of the following:

(A) Has>>

8 a cumulative grade point average of at least 2.5.

<<(B) If the student completed a vocational education program that
does not record grades or grade point averages for its students, has
successfully completed that program.>>

9 (ii) For a scholarship under section 6, the student received a
10 qualifying score in each of the reading, writing, mathematics, and
11 science components of the state assessment test, and for each
12 student who becomes a high school graduate in or after the 2010-
13 2011 academic year, successfully completes at least 3 credits in
14 mathematics as described in section 1278a(1)(a)(i) of the revised
15 school code, 1976 PA 451, MCL 380.1278a, and 3 credits in science
16 as described in section 1278b(1)(b) of the revised school code,
17 1976 PA 451, MCL 380.1278b.

18 (d) The student took the state assessment test.

19 (e) The student enrolled in an approved postsecondary
20 educational institution within 2 years after he or she became a
21 high school graduate. The department shall extend the 2-year period
22 if the student becomes a member of the United States armed forces
23 or peace corps during the 2-year period.

24 (f) The student did not previously receive an award under this
25 act or scholarship money under the Michigan merit award scholarship
26 act, 1999 PA 94, MCL 390.1451 to 390.1459.

27 (g) The student meets any additional eligibility requirements

1 established by the department.

2 Sec. 5. (1) Subject to proration under subsection (2) and
3 adjustment under subsection (3), a student who meets the
4 eligibility requirement of section 4(3)(c)(i) and the other
5 applicable eligibility requirements under section 4 shall receive a
6 Michigan merit award in the amount of \$4,000.00.

7 (2) If a student satisfies the eligibility requirement
8 contained in section 4(3)(c) by completing a vocational training
9 program that as determined by the department generally requires
10 less than 2 years or fewer than 1,800 clock hours, as applicable,
11 to complete, the student shall receive a prorated amount of the
12 amount described in subsection (1) that reflects the number of
13 clock hours necessary to complete the program, as determined by the
14 department.

15 (3) If in any fiscal year the department determines that the
16 amount appropriated by the legislature for the payment of Michigan
17 merit awards is not sufficient to pay each eligible student the
18 Michigan merit award amount required under this section for an
19 academic year, the department shall adjust the amount of Michigan
20 merit awards paid under this section by prorating the amounts as
21 necessary to reflect the available resources and amounts
22 appropriated in that fiscal year. The department shall notify the
23 governor, the speaker of the house of representatives, and the
24 majority leader of the senate in writing at least 30 days before
25 implementing a proration under this subsection.

26 Sec. 6. (1) Subject to proration under subsection (3) and
27 adjustment under subsection (4), a student who meets the

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1 eligibility requirement of section 4(3)(c)(ii) and the other
2 applicable eligibility requirements under section 4 and this
3 section shall receive a Michigan merit award in the amount of
4 \$4,000.00.

5 (2) Except for a student who is enrolled in a program
6 described in subsection (3), the department shall pay an award
7 under subsection (1) as follows:

8 (a) One thousand dollars paid in the student's first academic
9 year of enrollment at the approved postsecondary educational
10 institution.

11 (b) One thousand dollars paid in the student's second academic
12 year of enrollment at the approved postsecondary educational
13 institution.

14 (c) The remainder of the amount of the award after completion
15 of 2 academic years of enrollment at the approved postsecondary
16 educational institution. However, the student is not eligible for
17 this installment, and forfeits any remaining award amount to which
18 he or she is otherwise entitled under this act, unless the student
19 earned an associate's degree, earned a 2-year certificate of
20 completion in a vocational education program, completed a
21 comparable vocational training program approved by the department,
22 or completed 50% or more of the academic requirements for the award
23 of a bachelor's degree at the approved postsecondary educational
24 institution within 4 years of his or her initial enrollment in that
25 institution and <<meets 1 of the following:

(i) Has>> a cumulative grade point average of at least
26 2.5.

<<(ii) If the student completed a vocational education program that
does not record grades or grade point averages for its students, has
successfully completed that program.>>

27 (3) Subject to adjustment under subsection (4), a student who

1 meets the eligibility requirement of section 4(3)(c)(ii) and the
2 other applicable eligibility requirements under section 4 and this
3 section, and who is enrolled in a vocational training program that
4 as determined by the department generally requires less than 2
5 years or fewer than 1,800 clock hours, as applicable, to complete,
6 shall receive a prorated amount of the amount described in
7 subsection (1) determined by the department to reflect the number
8 of clock hours necessary to complete the program.

9 (4) If in any fiscal year the department determines that the
10 amount appropriated by the legislature for the payment of Michigan
11 merit awards under this act is not sufficient to pay each eligible
12 student the amount required under this section for the academic
13 year, the department shall adjust the Michigan merit award amounts
14 paid under this section by prorating the amounts as necessary to
15 reflect the available resources and amounts appropriated in that
16 fiscal year. The department shall notify the governor, the speaker
17 of the house of representatives, and the majority leader of the
18 senate in writing at least 30 days before implementing a proration
19 under this subsection.

20 Sec. 7. (1) The department shall determine the manner and form
21 of application to receive a Michigan merit award under section 5 or
22 an award installment under section 6.

23 (2) A student shall include a written certification to the
24 department in his or her application to receive a Michigan merit
25 award under section 5 that contains both of the following:

26 (a) His or her certification that he or she has earned an
27 associate's degree, earned a 2-year certificate of completion in a

1 vocational education program, completed a comparable vocational
2 training program approved by the department, or completed 50% or
3 more of the academic requirements in a bachelor's degree program at
4 an approved postsecondary educational institution.

5 (b) The name of the approved postsecondary educational
6 institution at which the student earned the associate's degree,
7 earned the 2-year certificate of completion in a vocational
8 education program, completed the comparable vocational training
9 program approved by the department, or completed 50% or more of the
10 academic requirements in a bachelor's degree program.

11 (3) A student shall include a written certification to the
12 department in his or her application to receive a Michigan merit
13 award installment payment under section 6 that contains both of the
14 following:

15 (a) His or her certification that he or she meets the
16 requirements of section 4(3)(c)(ii).

17 (b) His or her certification that he or she is enrolled in an
18 approved postsecondary educational institution and the name of the
19 approved postsecondary educational institution.

20 (4) An approved postsecondary educational institution shall
21 not consider a Michigan merit award in determining a student's
22 eligibility for a financial aid program administered by this state.
23 It is the intent of the legislature that an approved postsecondary
24 educational institution does not reduce other institutionally
25 funded student aid for which a student is eligible because of the
26 student's receipt of or eligibility for a Michigan merit award.

27 Sec. 8. (1) The department shall pay a Michigan merit award

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1 under section 5 or an award installment under section 6 to an
2 approved postsecondary educational institution on the student's
3 behalf, according to a payment procedure established by the
4 department. <<The approved postsecondary educational institution shall
apply money received under this section on a student's behalf to the
student's outstanding indebtedness, if any, and deliver the balance of
the money to the student.>>

5 (2) The department may promulgate rules to implement and
6 administer this act, including, but not limited to, 1 or more of
7 the following:

8 (a) Rules establishing the department's administrative
9 procedures for the Michigan merit award program.

10 (b) Rules governing the qualification requirements for or the
11 award of Michigan merit awards under this act.

12 (c) Rules establishing an appeals process from a determination
13 of ineligibility for a Michigan merit award.

14 (d) Rules establishing what information or reports a student
15 or an approved postsecondary educational institution must provide
16 to establish eligibility and when that information or those reports
17 must be provided.

18 (e) Rules prescribing the reports to be made by a student
19 awarded a Michigan merit award and by an approved postsecondary
20 educational institution to which a Michigan merit award is paid.

21 Enacting section 1. The Michigan merit award scholarship act,
22 1999 PA 94, MCL 390.1451 to 390.1459, is repealed effective
23 September 30, 2017.