

**SUBSTITUTE FOR
SENATE BILL NO. 382**

A bill to create a financial aid program for certain residents of this state who attend certain postsecondary educational institutions in this state; to provide for the administration of the financial aid program; to provide for the promulgation of rules; and to provide for the powers and duties of certain state officers and entities.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. (1) This act may be cited as the "Michigan achievement
2 scholarship act".

3 (2) The Michigan achievement scholarship is created in this
4 act and, subject to appropriation, is funded in article III of the
5 state school aid act of 1979, 1979 PA 94, MCL 388.1836 to 388.1891,
6 to provide last-dollar scholarship assistance to certain residents

1 of this state attending certain postsecondary educational
2 institutions in this state; to provide a community college
3 guarantee ensuring a tuition-free pathway for attendance at
4 eligible community colleges; to provide scholarship assistance for
5 attendance at eligible public and private universities; and to
6 provide scholarship recipients with greater access to the education
7 and skills needed to succeed in and meet the demands of this
8 state's evolving economy and workforce.

9 Sec. 3. As used in this act:

10 (a) "Cost of attendance" means expenses for a student's
11 tuition, mandatory fees, and contact hours for the student's actual
12 program of study; books, supplies, and equipment required for
13 courses of instruction; housing and food costs; transportation
14 costs; federal student loan fees; miscellaneous costs, including a
15 reasonable amount for the documented cost of a personal computer,
16 allowance for child care, or allowance for other dependent care;
17 costs related to a disability; costs of obtaining a license,
18 certification, or first professional credential; and reasonable
19 costs for study abroad programs.

20 (b) "Department" means the department of lifelong education,
21 advancement, and potential.

22 (c) "Eligible institution" means a public university that
23 receives an appropriation in section 236 of the state school aid
24 act of 1979, 1979 PA 94, MCL 388.1836, a community college that
25 receives an appropriation in section 201 of the state school aid
26 act of 1979, 1979 PA 94, MCL 388.1801, a federally recognized
27 tribal college in this state, or an independent nonprofit college
28 or university in this state as described in section 1 of 1966 PA
29 313, MCL 390.991.

(d) "Gift aid" includes federal Pell grants under 20 USC 1070a, tuition incentive program benefits under section 256 of the state school aid act of 1979, 1979 PA 94, MCL 388.1856, state tuition grants under section 252 of the state school aid act of 1979, 1979 PA 94, MCL 388.1852, amounts received for minimum payments awarded under section 248 of the state school aid act of 1979, 1979 PA 94, MCL 388.1848, higher education expenses paid under the Michigan promise zone authority act, 2008 PA 549, MCL 390.1661 to 390.1679, and all other federal, state, local, or institutional aid in the form of grants, scholarships, or discounts applied only toward tuition and mandatory fees. Gift aid does not include student loans, work-study awards, qualified withdrawals made from education savings accounts to pay higher education expenses pursuant to the Michigan education savings program act, 2000 PA 161, MCL 390.1471 to 390.1486, or higher education expenses paid under the Michigan education trust program pursuant to the Michigan education trust act, 1986 PA 316, MCL 390.1421 to 390.1442.

(e) "High school equivalency certificate" means that term as defined in section 4 of the state school aid act of 1979, 1979 PA 94, MCL 388.1604.

(f) "Last-dollar" means 1 of the following:

(i) For a student attending a community college or federally recognized tribal college, an amount equal to the student's tuition, mandatory fees, and contact hours for the student's actual program of study, minus all gift aid received by the student.

(ii) For a student attending a public university or an independent nonprofit college or university, or for a student enrolled in a baccalaureate degree program described in section 121

1 of the community college act of 1966, 1966 PA 331, MCL 389.121, an
2 amount equal to the student's individual cost of attendance, minus
3 all gift aid received by the student.

4 (g) "SAI eligible student" means a student who has completed
5 the Free Application for Federal Student Aid and meets at least 1
6 of the following:

7 (i) Received the Michigan achievement scholarship in academic
8 year 2023-2024, was determined to have an expected family
9 contribution of \$25,000.00 or less in academic year 2023-2024, and
10 has completed the Free Application for Federal Student Aid for the
11 subsequent award cycles.

12 (ii) For awards made during academic year 2024-2025 or a
13 subsequent academic year, has a student aid index number of 30,000
14 or less. If the federal government replaces the student aid index
15 number with a new metric, the department shall collaborate with the
16 state budget office and the house and senate fiscal agencies to
17 adopt a new eligibility metric equivalent to a student aid index
18 number of 30,000 or less.

19 Sec. 5. (1) The department shall administer the Michigan
20 achievement scholarship pursuant to this act, the Michigan
21 achievement skills scholarship act, article III of the state school
22 aid act of 1979, 1979 PA 94, MCL 388.1836 to 388.1891, and the
23 administrative procedures of the department.

24 (2) Payments for Michigan achievement scholarships are subject
25 to appropriation under article III of the state school aid act of
26 1979, 1979 PA 94, MCL 388.1836 to 388.1891.

27 Sec. 7. Subject to section 9(2), an individual must meet all
28 of the following criteria each year to be eligible for a Michigan
29 achievement scholarship awarded under this act:

1 (a) Maintain residency in this state, as determined for
2 purposes of the Free Application for Federal Student Aid.

3 (b) Have graduated with a high school diploma or certificate
4 of completion or achieved a high school equivalency certificate in
5 2023 or after.

6 (c) Be enrolled in an eligible institution as a full-time
7 undergraduate student, as defined by the eligible institution, for
8 the semester the award is received.

9 (d) Have enrolled for the first time in an eligible
10 institution during the 2023-2024 academic year, or a subsequent
11 academic year, within 15 months after high school graduation or
12 attainment of a high school equivalency certificate or have
13 received a Michigan achievement scholarship or Michigan achievement
14 skills scholarship in a previous academic year. For the purposes of
15 this subdivision, participation in a dual enrollment, early
16 college, or other similar program while attending high school does
17 not disqualify a student from being considered a first-time
18 enrollee.

19 (e) Maintain satisfactory academic progress, as defined by the
20 eligible institution in which the student is enrolled.

21 (f) Not be in default on a federal student loan.

22 (g) Apply for and accept all available gift aid for each
23 academic year in which the individual applies for a Michigan
24 achievement scholarship.

25 (h) For an individual who is enrolled at an eligible
26 institution that is a public university or an independent nonprofit
27 college or university, or who is enrolled in a baccalaureate degree
28 program described in section 121 of the community college act of
29 1966, 1966 PA 331, MCL 389.121, at an eligible institution, be an

1 SAI eligible student.

2 Sec. 9. (1) The department may only award scholarships under
3 this act subject to the availability of funds appropriated for the
4 Michigan achievement scholarship under section 236 of the state
5 school aid act of 1979, 1979 PA 94, MCL 388.1836. An eligible
6 student enrolled in an eligible institution must be awarded 1 of
7 the following amounts, as applicable:

8 (a) For an eligible student who is enrolled at an eligible
9 institution that is a community college or federally recognized
10 tribal college where the student is eligible for that institution's
11 in-district tuition rate, the last-dollar payment amount. The
12 amount awarded to a student receiving an award under this
13 subdivision who is eligible for a federal Pell grant under 20 USC
14 1070a may include an additional payment amount pursuant to section
15 248 of the state school aid act of 1979, 1979 PA 94, MCL 388.1848.

16 (b) For an eligible student who is enrolled at an eligible
17 institution that is a community college or federally recognized
18 tribal college where the student is not eligible for that
19 institution's in-district tuition rate, the last-dollar payment
20 amount or the in-district tuition and mandatory fees rate,
21 whichever is less. The amount awarded to a student receiving an
22 award under this subdivision who is eligible for a federal Pell
23 grant under 20 USC 1070a may include an additional payment amount
24 pursuant to section 248 of the state school aid act of 1979, 1979
25 PA 94, MCL 388.1848.

26 (c) For an eligible student who is enrolled at an eligible
27 institution that is a public university or an independent nonprofit
28 college or university, or is enrolled in a baccalaureate degree
29 program described in section 121 of the community college act of

1 1966, 1966 PA 331, MCL 389.121, the amount prescribed under section
2 248 of the state school aid act of 1979, 1979 PA 94, MCL 388.1848.

3 (2) An eligible student may receive a Michigan achievement
4 scholarship under this act for a maximum of 5 consecutive academic
5 years, starting when the eligible student enrolls at an eligible
6 institution for the first time as described in section 7(d), less
7 any period of eligibility used for a skills scholarship awarded
8 under the Michigan achievement skills scholarship act, and not more
9 than 3 years of which may be for attending eligible institutions
10 that are community colleges or federally recognized tribal colleges
11 unless the student is enrolled in a baccalaureate degree program
12 described in section 121 of the community college act of 1966, 1966
13 PA 331, MCL 389.121. A student may not receive an award under this
14 act and the Michigan achievement skills scholarship act during the
15 same academic term.

16 Sec. 11. (1) In connection with its administration of the
17 Michigan achievement scholarship, the department shall do all of
18 the following:

19 (a) Develop and implement a process that, pursuant to this act
20 and section 248 of the state school aid act of 1979, 1979 PA 94,
21 MCL 388.1848, awards Michigan achievement scholarships to eligible
22 students who are attending eligible institutions.

23 (b) Work closely with eligible institutions to provide the
24 highest level of participation and ensure that all the requirements
25 of this act are met.

26 (c) Convene a workgroup to advise the department on the
27 administration of the Michigan achievement scholarship. The
28 workgroup must include participation from the Michigan Association
29 of State Universities and its institutional members, the Michigan

1 College Access Network, the Michigan Community College Association
2 and its institutional members, the Michigan Independent Colleges
3 and Universities and its institutional members, and any other
4 interested stakeholders and offices as determined by the
5 department.

6 (d) By February 15 of each year, provide a written report,
7 organized by eligible institution, to the house and senate
8 appropriations subcommittees on higher education, the house and
9 senate fiscal agencies, and the state budget director that includes
10 all of the following information for the previous academic year:

11 (i) The number of students who qualified for a Michigan
12 achievement scholarship.

13 (ii) The number of students who received a Michigan achievement
14 scholarship.

15 (iii) The average number of credits taken by students who
16 received a Michigan achievement scholarship.

17 (iv) The number of Michigan achievement scholarships that were
18 canceled due to failure to maintain satisfactory academic progress
19 as described in section 7(e).

20 (v) The number of Michigan achievement scholarships that were
21 canceled due to a student ceasing attendance at an eligible
22 institution. The number must not include any known transfers to
23 another eligible institution.

24 (vi) The number of Michigan achievement scholarships that were
25 canceled due to a student's failure to maintain full-time status as
26 described in section 7(c).

27 (vii) The average Michigan achievement scholarship award per
28 student.

29 (viii) As applicable, a delineation of each measure described in

1 subparagraphs (i) to (vii) by sector, including community colleges,
2 tribal colleges, public universities, and independent colleges and
3 universities.

4 (e) By September 30 of each year, starting with the fiscal
5 year ending September 30, 2027 and in partnership with the Center
6 for Education Performance and Information, create and maintain a
7 publicly available online dashboard that includes all of the
8 following student success information for the previous academic
9 year:

10 (i) The number of students who received a Michigan achievement
11 scholarship and completed a degree or credential by eligible
12 institution.

13 (ii) Type of credentials, including a breakdown of bachelor's
14 and associate degrees, earned by students who received a Michigan
15 achievement scholarship by eligible institution.

16 (iii) The percentage of students who received a Michigan
17 achievement scholarship and were eligible for federal Pell grants
18 under 20 USC 1070a.

19 (iv) The average completion rate for students who received a
20 Michigan achievement scholarship by eligible institution as defined
21 by the department.

22 (v) The average persistence rate and credits earned for
23 students who received a Michigan achievement scholarship by
24 eligible institution as defined by the department.

25 (vi) As applicable, a delineation of each measure described in
26 subparagraphs (i) to (v) by sector, including community colleges,
27 tribal colleges, public universities, and independent colleges and
28 universities.

29 (2) Each eligible institution whose students receive awards

1 under this act shall cooperate with the department in a timely
2 manner to facilitate the creation of the reports under subsection
3 (1)(d) and (e).

4 Sec. 13. (1) An eligible institution for the Michigan
5 achievement scholarship shall do all of the following:

6 (a) By April 1 of each year, submit a report to the
7 department, the state budget office, and the house and senate
8 fiscal agencies providing information as to the average amount of
9 institutional grant aid awarded to full-time first-time
10 undergraduate students for the immediately preceding 2
11 institutional fiscal years. If the average amount of institutional
12 grant aid awarded to full-time first-time undergraduate students in
13 the immediately preceding institutional fiscal year is less than
14 the average amount of institutional grant aid awarded to full-time
15 first-time undergraduate students in the year preceding the
16 immediately preceding institutional fiscal year, the institution
17 must include in the report a description of any changes to the
18 institutional financial aid during the 2 immediately preceding
19 institutional fiscal years. An institution's report of the average
20 amount of institutional grant aid awarded to full-time first-time
21 undergraduate students pursuant to this subdivision must be
22 consistent with data most recently reported to the Integrated
23 Postsecondary Education Data System.

24 (b) For each state fiscal year, maintain and report its
25 compliance with the following tuition and fee restraint rates, as
26 applicable:

27 (i) For an eligible institution that is a community college or
28 a federally recognized tribal college in this state, the tuition
29 and fee restraint rate described in article II of the state school

1 aid act of 1979, 1979 PA 94, MCL 388.1801 to 388.1830.

2 (ii) For an eligible institution that is a public university or
3 independent nonprofit college or university, the tuition and fee
4 restraint rate described in article III of the state school aid act
5 of 1979, 1979 PA 94, MCL 388.1836 to 388.1891. The report of an
6 eligible institution that is an independent nonprofit college or
7 university must include the actual tuition and mandatory fee rates
8 adopted by the institution's governing board for each academic year
9 as described in tuition and fee restraint provisions of article III
10 of the state school aid act of 1979, 1979 PA 94, MCL 388.1836 to
11 388.1891.

12 (2) The state budget director shall implement reporting
13 requirements to ensure that an eligible institution has satisfied
14 the tuition and fee restraint requirements of this section. The
15 state budget director has the sole authority to determine if an
16 eligible institution has met the requirements of this section.

17 (3) If an eligible institution exceeds the applicable tuition
18 and fee restraint rate for 2 consecutive years, the state budget
19 director may consider the institution ineligible to receive money
20 appropriated for Michigan achievement scholarships in the
21 subsequent academic year.

22 (4) If an institution is considered ineligible to receive
23 money appropriated for Michigan achievement scholarships under this
24 section, the state budget director must reevaluate the status of
25 the ineligible institution annually.

26 (5) It is the intent of the legislature that an eligible
27 institution will not make reductive changes to institutional grant
28 aid offered by that eligible institution that has the goal or net
29 effect of shifting the cost burden of those programs to the program

1 described in this act.

2 Sec. 15. (1) Except as otherwise provided in subsection (2),
3 the department may promulgate rules to implement this act pursuant
4 to the administrative procedures act of 1969, 1969 PA 306, MCL
5 24.201 to 24.328.

6 (2) The department shall not apply any student eligibility
7 criteria not listed in section 7.

8 Enacting section 1. This act does not take effect unless
9 Senate Bill No. 383 of the 103rd Legislature is enacted into law.