

HOUSE BILL No. 4666

May 11, 1999, Introduced by Reps. Perricone, Allen, Birkholz, Ruth Johnson, Rick Johnson, Garcia, Julian, Mortimer, Van Woerkom, Ehardt, Pumford, Mead, LaSata, Kowall, Hager, DeRossett, Gilbert, Tabor, Rocca, Shackleton, Toy, Jelinek, Middaugh, DeVuyst, Sanborn and Richner and referred to the Committee on Education.

A bill to create the Michigan merit award scholarship trust fund; to create the Michigan merit award scholarship trust fund commission and prescribe the powers and duties of the commission; and to provide for the Michigan merit award scholarship program.

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 scholarship trust fund act".

3 Sec. 2. As used in this act:

4 (a) "Approved postsecondary educational institution" means a
5 degree or certificate granting public or private college or uni-
6 versity, junior college, or community college located in this
7 state, or other educational institution granting degrees, certif-
8 icates, or other recognized credentials in this state and
9 designated by the commission as an approved postsecondary
10 educational institution.

1 (b) "Assessment test" means the Michigan education
2 assessment program (MEAP) subject area assessments or any succes-
3 sor assessment test designated by the commission.

4 (c) "Commission" means the Michigan merit award trust fund
5 commission established in this act.

6 (d) "Department of career development" means the department
7 of career development created in Executive Order No. 1999-1.

8 (e) "Eligible costs" means tuition and fees charged by an
9 approved postsecondary education institution; related costs for
10 room, board, books, supplies, transportation, or day care; and
11 other costs determined by the commission.

12 (f) "Fiscal year" means the fiscal year of this state.

13 (g) "Michigan merit award scholarship" means a scholarship
14 awarded by the Michigan merit award trust fund commission under
15 section 7.

16 (h) "Qualifying results" means assessment test results,
17 scores, or ranges of scores determined by the commission that
18 qualify a student for a Michigan merit award scholarship under
19 section 7.

20 (i) "State board" means the state board of education.

21 (j) "Superintendent" means the superintendent of public
22 instruction.

23 (k) "Tobacco settlement revenue" means money received by
24 this state that is attributable to the master settlement agree-
25 ment incorporated into a consent decree and final judgment
26 entered on December 7, 1998 in Kelley Ex Rel. Michigan v Philip

1 Morris Incorporated, et al., Ingham county circuit court, docket
2 no. 96-84281CZ.

3 (1) "Trust fund" means the Michigan merit award trust fund
4 established in section 3.

5 Sec. 3. (1) The Michigan merit award trust fund is estab-
6 lished in the department of treasury. The trust fund shall con-
7 sist of interest and earnings from trust fund investments, dona-
8 tions of money made to the trust fund from any source, and the
9 following percentages of tobacco settlement revenue:

10 (a) Thirty percent of the tobacco settlement revenue
11 received in fiscal year 1999-2000.

12 (b) Fifty percent of tobacco settlement revenue received in
13 fiscal year 2000-2001.

14 (c) Seventy-five percent of tobacco settlement revenue
15 received in fiscal year 2001-2002 and in subsequent fiscal
16 years.

17 (2) Money in the trust fund at the close of a fiscal year
18 shall remain in the trust fund and shall not revert to the gen-
19 eral fund.

20 (3) The state treasurer shall direct the investment of the
21 trust fund.

22 Sec. 4. (1) The Michigan merit award trust fund commission
23 is established within the department of treasury. The goal of
24 the commission is to increase access to postsecondary education
25 and reward Michigan high school graduates who have demonstrated
26 academic achievement.

1 (2) The commission shall exercise its authority, powers,
2 duties, and responsibilities independent of the state treasurer.
3 However, all administrative functions, including budgeting, pro-
4 curement, and personnel functions, shall be performed under the
5 direction and supervision of the state treasurer.

6 (3) The commission shall consist of 7 members. The members
7 shall include the state treasurer or his or her designee, the
8 superintendent or his or her designee, the director of the
9 department of career development or his or her designee, and 4
10 members appointed by the governor with the advice and consent of
11 the senate. The state treasurer or his or her designee shall
12 serve as the chairperson of the commission.

13 (4) The term of a member appointed by the governor shall be
14 4 years. Of the members first appointed by the governor, 2 shall
15 be appointed for 2-year terms and 2 shall be appointed for 4-year
16 terms.

17 (5) A member appointed by the governor may be removed by the
18 governor for neglect of duty or malfeasance in office.

19 (6) A vacancy on the commission shall be filled for the bal-
20 ance of the unexpired term in the same manner as the original
21 appointment.

22 (7) The commission may incur expenses necessary to carry out
23 its powers and duties under this act and shall compensate its
24 members for reasonable expenses incurred in carrying out their
25 official duties.

26 Sec. 5. The commission may authorize disbursement of funds
27 from the trust fund for 1 or more of the following purposes:

1 (a) Michigan merit award scholarships under this act.

2 (b) Expenses properly incurred by the commission in carrying
3 out its powers and duties.

4 (c) Costs associated with the development, preparation, dis-
5 tribution, scoring, and dissemination of results of the assess-
6 ment test.

7 (d) Funding of the tuition incentive program as described in
8 section 310 of 1998 PA 271 or a successor to that program.

9 (e) Other expenditures as determined by law.

10 Sec. 6. (1) The commission's business shall be conducted in
11 compliance with the open meetings act, 1976 PA 267, MCL 15.261 to
12 15.275. Public notice of the time, date, and place of meetings
13 of the commission shall be given in the manner required by the
14 open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

15 (2) The commission shall meet not less than annually and
16 shall keep a record of its proceedings. A writing prepared,
17 owned, used, in the possession of, or retained by the commission
18 in the performance of an official function shall be made avail-
19 able to the public in compliance with the freedom of information
20 act, 1976 PA 442, MCL 15.231 to 15.246.

21 (3) By December 1 of each year, the commission shall submit
22 a report on its activities to the governor and to the
23 legislature. The report shall contain all of the following
24 information:

25 (a) A list of approved postsecondary educational institu-
26 tions for the current and immediately preceding fiscal years.

1 (b) The number of Michigan merit award scholarships awarded
2 and the total amount of Michigan merit award scholarship money
3 paid in the immediately preceding fiscal year.

4 (c) A projection of revenues and expenditures from the trust
5 fund for the current fiscal year and the next 10 fiscal years.

6 (d) The dollar amount of the Michigan merit award scholar-
7 ships available under section 7(2) and (3) in the current fiscal
8 year, the amount of any adjustments to the dollar amount under
9 section 7(5) from the beginning of the immediately preceding
10 fiscal year, and any adjustments to the dollar amount projected
11 for the remainder of the current fiscal year or for the next
12 fiscal year.

13 (e) All of the following results, scores, or ranges of
14 scores:

15 (i) Used as qualifying results in the immediately preceding
16 fiscal year.

17 (ii) Determined by the commission as qualifying results in
18 the current fiscal year.

19 (iii) Projected by the commission as qualifying results for
20 the next fiscal year.

21 (f) For the immediately preceding fiscal year, the number of
22 students who took the assessment tests, the number of students by
23 subject area who received qualifying results, and the number of
24 students who met the requirements for a Michigan merit award
25 scholarship.

26 (g) The number of persons participating in and the amount
27 awarded in the immediately preceding fiscal year under the

1 tuition incentive program described in section 310 of 1998 PA 271
2 or a successor to that program.

3 _____ Sec. 7. (1) The Michigan merit award scholarship program is
4 established. The commission shall administer the Michigan merit
5 award scholarship program.

6 _____ (2) Each student enrolled in grade 11 in or after the
7 1998-1999 school year who meets the requirements of subsection
8 (4), and subject to adjustment under subsection (5), is eligible
9 for the award of a \$2,500.00 Michigan merit award scholarship if
10 the commission finds that the student while in high school has
11 taken the assessment test in each of the subject areas and meets
12 1 of the following:

13 _____ (a) Has received qualifying results in each of the subject
14 areas.

15 _____ (b) Did not receive qualifying results in 1 or 2 of the
16 subject areas of the assessment test, but received an overall
17 score in the top 25% of a nationally recognized college admission
18 examination.

19 _____ (c) Did not receive qualifying results in 1 or 2 of the
20 subject areas of the assessment test, but received a qualifying
21 score or scores as determined by the commission on a nationally
22 recognized job skills assessment test designated by the
23 commission.

24 _____ (3) Subject to adjustment under subsection (5), a student
25 eligible for a Michigan merit award scholarship under subsection
26 (2) who was enrolled in grade 7 in or after the 1999-2000 school
27 year is eligible for the award of an additional \$500.00 Michigan

1 merit award scholarship if the commission finds that the student
2 while in grades 7 and 8 has taken the assessment test in each of
3 the subject areas and received qualifying results in each of the
4 subject areas.

5 (4) In addition to the requirements set forth in subsections
6 (2) and (3), to be eligible for the award of 1 or both Michigan
7 merit award scholarships under this section, the commission must
8 find that a student satisfies all of the following:

9 (a) The student has graduated from high school or passed the
10 general educational development (GED) test or other graduate
11 equivalency examination approved by the state board.

12 (b) The student graduated from high school or passed the
13 general educational development (GED) test or other graduate
14 equivalency examination approved by the state board within the
15 7-year period preceding the student's application to receive his
16 or her Michigan merit award scholarship money.

17 (c) The student is enrolled in an approved postsecondary
18 educational institution. For students who qualify under section
19 7(1)(c), the student is enrolled in a vocational or technical
20 education program at an approved postsecondary educational insti-
21 tution designated by the commission.

22 (d) The student has not been convicted of a felony.

23 (e) The student satisfies any additional eligibility
24 requirements established by the commission.

25 (5) In any fiscal year, the commission may adjust the amount
26 of a Michigan merit award scholarship available to students
27 eligible under subsection (2) or (3), or both, based upon its

1 determination of available resources and amounts appropriated,
2 but the commission shall not increase an amount by more than 5%
3 in any fiscal year. The commission shall notify the governor,
4 the speaker of the house of representatives, and the majority
5 leader of the senate in writing at least 30 days before an
6 adjustment under this subsection.

7 (6) The commission shall provide each student written notice
8 of whether or not the student is eligible for the award of 1 or
9 both Michigan merit award scholarships described in this
10 section. If the student is eligible, the written notice shall
11 also contain the Michigan merit award scholarship amount for
12 which the student is eligible, how the student applies for pay-
13 ment of Michigan merit award scholarship, and any other informa-
14 tion the commission considers necessary regarding qualification
15 requirements or conditions relating to the use of the Michigan
16 merit award scholarship.

17 (7) It is the intent of the legislature that the level of
18 student performance required to achieve qualifying results in a
19 subject area of an assessment test remains approximately the
20 same, and that the commission not reduce the required level of
21 student performance as a means of increasing the number of
22 Michigan merit award scholarships awarded.

23 Sec. 8. (1) A Michigan merit award scholarship shall be
24 used only to pay for eligible costs. The commission shall deter-
25 mine the manner and form of application for payment of a Michigan
26 merit award scholarship by a student eligible under section 7 and
27 the procedure for payment to the student or to the approved

1 postsecondary educational institution on the student's behalf.

2 As determined by the commission, upon the request of a student or
3 parent or legal guardian of a minor student, the commission may
4 pay a Michigan merit award scholarship in 2 consecutive annual
5 installments rather than 1 lump sum.

6 (2) An approved postsecondary educational institution shall
7 not consider a Michigan merit award scholarship in determining a
8 student's eligibility for a financial aid program administered by
9 this state.

10 (3) Before payment of a Michigan merit award scholarship to
11 a student or approved postsecondary educational institution, the
12 student shall certify or affirm in writing to the commission each
13 of the following:

14 (a) That the student is enrolled at an approved postsecond-
15 ary educational institution.

16 (b) The name of the approved postsecondary educational
17 institution in which the student is enrolled.

18 (c) That the student agrees to use the Michigan merit award
19 scholarship only for eligible costs.

20 (d) That the student has not been convicted of a felony.

21 (e) That the student graduated from high school or passed
22 the general educational development (GED) test or approved gradu-
23 ate equivalency examination within the 7-year period preceding
24 the date of the student's application to receive his or her
25 Michigan merit award scholarship.

26 Sec. 9. The commission may promulgate rules pursuant to the
27 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to

1 24.328, to implement and administer this act, including, but not
2 limited to, 1 or more of the following:

3 (a) Rules establishing the commission's administrative
4 procedures.

5 (b) Rules governing the qualification requirements for or
6 the award of Michigan merit award scholarships under this act.

7 (c) Rules establishing an appeals process from a determina-
8 tion of ineligibility for a Michigan merit award scholarship.

9 (d) Rules establishing what information or reports a student
10 or postsecondary educational institution must provide to estab-
11 lish eligibility and when they must be provided.

12 (e) Rules prescribing the reports to be made by a student
13 awarded 1 or both Michigan merit award scholarships and by a
14 postsecondary educational institution to which the Michigan merit
15 award scholarship is paid.