



**House
Legislative
Analysis
Section**

House Office Building, 9 South
Lansing, Michigan 48909
Phone: 517/373-6466

**MERIT AWARD SCHOLARSHIP FOR
SERVICE ACADEMIES; TWO
INSTALLMENTS; FOUR-YEAR
ELIGIBILITY**

**House Bill 4330 as enrolled
Public Act 736 of 2002
Second Analysis (1-17-03)**

**Sponsor: Rep. Jerry VanderRoest
House Committee: Education
Senate Committee: Committee of the
Whole**

THE APPARENT PROBLEM:

High school graduates can seek the nomination of their member of Congress or U.S. Senator for an appointment to any of the four service academies: West Point (Army); Annapolis (Navy); Colorado Springs (Air Force); and Kings Point, NY (Merchant Marine). The fifth service academy for the Coast Guard (located in New London, CT) does not require a Congressional nomination. See *BACKGROUND INFORMATION*, below. The service academies offer a rigorous academic and physically intensive university-level program of study, and after four years the candidates earn highly regarded university degrees, often, although not always, in the sciences or engineering.

The nomination process to the service academies is very competitive, because the university education is very low-cost, or entirely free. Generally, candidates attend on full scholarship, because their tuition, room and board are fully subsidized by the federal government. However, after a candidate is accepted at a service academy, there often are fees and supplemental charges for items such as uniforms, equipment (for example, computers and calculators), medical examinations, or special training exercises. According to committee testimony the Coast Guard Academy has a one-time entrance fee of \$3,000. The U.S. Air Force, which provides a full scholarship and pays its cadets \$500 a month to attend) requires a \$2,500 fee for uniforms and a personal computer. The Naval Academy charges an entrance fee of \$2,200. The Merchant Marine charges midshipmen an annual fee that ranges from \$5,695 to \$5,821.

The five military academies are located out of state. If Michigan applicants are accepted they can use their Merit Award Scholarships to offset the fees.

However, currently the law that establishes the Michigan Merit Award Scholarship Award Program limits the value of the Merit Award scholarship to \$1,000 for enrollment in an out-of-state post-secondary institution. In contrast, there is a \$2,500 Merit Scholarship Award for those who enroll in an in-state college or university. Those who enroll out of state often lose the full value of the \$2,500 award, unless they subsequently enroll at an in-state post-secondary education institution within a seven-year time limit, in which case they are eligible for the remaining \$1,500 of the Merit Scholarship

The high school students who are accepted at the service academies are asked to serve their country about mid-way through their degree program, often after completing the second year of their four-year education. Most agree to enlist following graduation. Further, the candidates who are accepted at the service academies generally display laudable intellectual and physical discipline. One way to reward these students' commitment to military service and rigorous academic work would be to make the full \$2,500 Merit Award Scholarship Award available to them, despite the fact that the universities they attend are located out of state. Legislation has been proposed to do so.

In addition, a sharp downturn in the economy during fiscal year 2002-2003 caused the governor and legislators to propose an amendment to the bill, in order to spread the program's cost over two years, and to reduce a student's period of eligibility to make application for the scholarship from seven years to four years.

House Bill 4330 (1-17-03)

THE CONTENT OF THE BILL:

House Bill 4330 would amend the Michigan Merit Award Scholarship Act to extend the full \$2,500 scholarship now awarded to those who select an in-state post-secondary college or university, to those who attend the military academies, all of which are located out of state.

Currently, each Michigan student enrolled in grade 11 who meets certain academic requirements (in reading, writing, mathematics, and science) as measured by the Michigan Education Assessment Program, is eligible for the award of a \$2,500 Michigan merit award scholarship. The \$2,500 scholarship is awarded if the student is enrolled in an approved post-secondary educational institution in this state, or a \$1,000 scholarship is awarded if he or she is enrolled in an approved educational institution located outside the state. House Bill 4330 would also allow the \$2,500 award to be granted if a student enrolled in a service academy. The bill would add a definition of “service academy” to mean the United States Military Academy, United States Naval Academy, United States Air Force Academy, United States Coast Guard Academy, or United States Merchant Marine Academy.

The bill also specifies that an eligible student who graduates from high school or passes the General Educational Development (GED) test or approved graduate equivalency examination after March 1, 2003 will receive the merit award scholarship in two consecutive annual installments, the first not to exceed 50 percent of the award amount.

In addition, the bill specifies that to be eligible for the award, the board must find that a student graduated from high school or passed the GED test within one of the following time periods: i) if a student graduated *before March 1, 2002, then within the 7-year period preceding the student’s application* to receive his or her scholarship money; or ii) if the student graduated on or *after March 1, 2002, within the 4-year period preceding the date of the student’s application* to receive his or her scholarship money. However, if the student became a member of the United States armed forces or the Peace Corps during this four-year period and served for four years or less, then the four-year period would be extended by the period equal to the length of service. Under the bill, the board also could extend the four-year period if its members determined that an extension was warranted because of an illness or disability of the student or in the student’s immediate family, or another family

emergency. Under the current law, a student has seven years to make application for the program.

Finally, the bill provides for an extension of the scholarship certification deadline from September 30, 2002 to January 15, 2003 for academic year 2002-2003 only. It also changes the certification date for payments in future academic years to September 15 of each calendar year. [The one-year certification deadline extension was needed to accommodate a delay in the program’s implementation during September and October 2002. At that time the scholarship program was halted to await the outcome of a vote on Proposal 4, which appeared before the voters on the November 2002 general election ballot. That proposal would have redirected all funds from the tobacco settlement—some of which are used to fund the Merit Award Scholarship—to health programs. The proposal was not approved by the voters.]

MCL 309.1452, 390.1457, and 390.1458

BACKGROUND INFORMATION:

The requirements for making application to the U.S. service academies appear on the web sites of many members of Congress and U.S. Senators. Each state has an allotment of candidates that is proportionate to its representation in Congress. In Michigan, there are 15 Congressional districts and two U.S. Senators, so there is a total of about 68 possible candidates (17 elected officials multiplied by four service academies since the Coast Guard Academy does not require a politician’s recommendation) over a four-year period. However, vacancies each year are limited and extremely competitive.

Although each elected official can design his or her own approach to screen and select candidates for nomination to the academies--many use a local advisory committee, for example--all members of Congress are authorized to have a maximum of five cadets or midshipmen attending the Air Force Academy, Military Academy (army), and Naval Academy at any one time. When a cadet or midshipman either graduates from or leaves an academy, a vacancy is created, and then that the member of Congress may fill it. Each member may nominate up to 10 candidates to be considered for each vacancy. Generally, each Congressional office has only one vacancy per year for each academy.

The forms that must be completed to seek a Congressional recommendation, and the forms that are needed to make application to each academy, can also be found on most Congressional web sites. In addition, applicants can find descriptions of the selection protocols that are followed, as well as the eligibility requirements for each service academy.

FISCAL IMPLICATIONS:

The House Fiscal Agency notes that the bill would increase the value of Merit Awards used by students enrolling in one of five military service academies from \$1,000 to \$2,500. The agency reports that data from the Merit Award Program staff indicate that 51 high school graduates from the Class of 2000 and 51 from the Class of 2001 earned Merit Awards and then enrolled in the U.S. Military Academy, the U.S. Naval Academy, the U.S. Air Force Academy, the U.S. Coast Guard Academy, and the U.S. Merchant Marines. Had they been eligible for a \$2,500 stipend rather than the customary \$1,000 out-of-state stipend, the state cost would have been about \$77,000 higher. The agency notes that since the service academies are selective in admissions, it is unlikely that the annual cost of this proposed change will exceed \$100,000 through 2008, when the number of Michigan high school graduates will peak and begin to decline due to demographic factors.

Furthermore, House Bill 4330 would require payment of the award in two consecutive annual installments for students graduating after March 1, 2003. The first installment could not exceed 50 percent of the award. This change will create a one-time savings of approximately \$50 million, which is the figure included in Executive Order 2002-22, approved by the House and Senate Appropriations Committees on December 5, 2002.

The cost of increasing the value of the award to recipients enrolling in service academies and the one-time savings attributable to the payment of awards in consecutive installments would occur within the Michigan Merit Award Trust Fund, and would not affect the state's general fund. (1-9-03)

ARGUMENTS:

For:

The high school students who are accepted at the service academies are asked to serve their country about mid-way through their degree program, often after completing the second year of their four-year education. Most agree to enlist following graduation.

Indeed, according to a graduate of West Point who serves in the Michigan legislature, most who graduate from the military academies enlist for a full tour of duty, and then in addition serve in the reserves throughout their adult lives. In addition to their military service, many graduates of the academies embody the principle of community service in other aspects of their lives, making a special effort to contribute their time and leadership skills to projects that improve the quality of life for all.

The young men and women who are accepted to study at the service academies generally display qualities of intellectual and physical discipline that far surpass the norm. One way to reward these students' commitment to military service and to rigorous academic work would be to make the full \$2,500 Merit Award Scholarship Award available to them, despite the fact that the universities they attend are located out of state.

For:

In order to save \$50 million during the current 2002-2003 fiscal year, this legislation was amended to require payment of the scholarship award over two years and in two equal installments for students graduating after March 1, 2003.

Against:

The Michigan Merit Award Scholarship is awarded to many students based on their scores on the Michigan Educational Assessment Program (MEAP) tests, without taking into consideration the students' need for college financial aid. Consequently, many students who can already afford college tuition get the scholarship.

Further, because standardized tests results such as MEAP scores are always higher for wealthier students than for poor students due to the vast differences in their schools' academic programs, proportionally more scholarships are awarded to wealthy students who attend school in the suburbs than to poor students who attend schools in urban centers or in remote rural school districts.

The Michigan Merit Award Scholarship should be need-based, and those who make the awards should take into account the achievement gaps between African-American and white students, and rich and poor students, and then arrange for awards based on need, as well as all students' opportunity to learn. The unfairness of the scholarship is the subject of an on-going court case brought by the American Civil Liberties Union which charges that the MEAP test

upon which the scholarship relies has disparate impact on students from high poverty and high minority school districts, and that test should not, alone, determine to whom the scholarships are awarded.

Analyst: J. Hunault

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.