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House Bill 4055 (Substitute H-1 as passed by the House)
Sponsor: Representative Sarah Anthony
House Committee: Education
Senate Committee: Education and Career Readiness

Date Completed: 6-16-21

CONTENT

The bill would amend Public Act 208 of 1964, which grants scholarships to students enrolled in postsecondary education institutions, to do the following:

- **Allow scholastic achievement to be used as an alternative to a competitive examination to determine eligibility for scholarships awarded under the Act for the 2021-2022 academic year.**
- **Require a scholarship recipient under the Act who was enrolled in an eligible postsecondary institution during the 2020 spring term and the 2020-2021 academic year to complete using the scholarship up to 11 years after his or her eligibility was determined.**

The Act requires the Michigan Higher Education Assistance Authority to conduct or otherwise designate a competitive examination among applications for State competitive scholarship. (The Authority has designated the SAT for these purposes). Under the bill, notwithstanding any provision of the Act or rule to the contrary, scholastic achievement, including grade point average, class rank, or other measure of academic success as determined by the Authority, could be used as an alternative to a competitive examination to determine eligibility for scholarships awarded under the Act for the 2021-2022 academic year.

The Act requires an applicant who the Authority determines is eligible for award of a scholarship to complete using the scholarships within 10 years after his or her eligibility is determined. Under the bill, an eligible applicant would have to complete using the scholarship within one of the following time frames, as applicable:

- For an applicant enrolled in an eligible postsecondary institution during the 2020 spring term and the 2020-2021 academic year, 11 years after his or her eligibility was determined.
- For any other applicant, 10 years after his or her eligibility was determined.

MCL 390.973 et seq.

Legislative Analyst: Dana Adams

FISCAL IMPACT

The bill itself would have a neutral fiscal impact on State and local units of government, but likely would increase the number of students who qualified for the Michigan Competitive Scholarship (MCS). The bill would allow the Department of Treasury to use a measure of scholastic achievement, such as grade point average, instead of a standardized test to qualify

for the MCS, as well as offer two additional semesters of MCS eligibility to students enrolled at a postsecondary institution for the Spring 2020 semester or 2020-21 academic year. Both of these changes generally would increase the number of students eligible to receive the MCS. Basic arithmetic dictates that an increase in the number of students receiving the scholarship would increase the cost of the scholarship to the State; however, absent an increase in appropriations for the program, any costs in excess of appropriations (\$29.9 million for fiscal year 2020-21) would be eliminated through existing statutory authority that allows Treasury to prorate MCS awards if the awards will exceed total appropriations for the program.

Fiscal Analyst: Josh Sefton

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.