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Senate Bill 382 (Substitute S-1 as reported) Senate Bill 383 (Substitute S-1 as reported)

Sponsor: Senator Sarah E. Anthony

Committee: Appropriations

## **CONTENT**

Senate Bill 382 would create the Michigan Achievement Scholarship Act. The bill would codify most program guidelines for the existing Michigan Achievement Scholarship (MAS), which currently exists in Sec. 248 of the School Aid Act, in a new public act. As written, the portions of the program described in the bill are generally functionally identical to the existing program under Sec. 248 of the School Aid Act. However, the bill would add a requirement that, starting in fiscal year 2026-27, the Department of Lifelong Education, Advancement, and Potential work with the Center for Education Performance and Information to create a publicly accessible online dashboard that provides the following information below. Each factor would be required to be separated by the type of institution:

- -- The number of students who received an MAS scholarship and completed a credential, including the type of credential.
- -- The percentage of MAS recipients who were eligible for a Pell grant.
- -- The average completion rate for MAS recipients.
- -- The average persistence rate and credits earned for MAS recipients.

<u>Senate Bill 383</u> would create the Michigan Achievement Skills Scholarship Act. The bill would codify most program guidelines for the existing Michigan Achievement Skills Scholarship, which currently exists in Sec. 248a of the School Aid Act, in a new public act. As written, the portions of the program described in the bill are generally functionally identical to the existing program under Sec. 248a of the School Aid Act. However, the bill would prohibit a training institution that accepts a Michigan Achievement Skills Scholarship from adjusting tuition rates, discounts, or costs as a result of a student having received an award under the program.

## FISCAL IMPACT

Because the MAS and Michigan Achievement Skills Scholarship currently exist in the School Aid Act in a functionally identical form to the programs described under the bills, Senate Bills 382 and 383 would have no fiscal impact on State or local units of government.

For background, MAS and the Skills Scholarship are funded with an annual, ongoing, \$300.0 million General Fund/General Purpose transfer to the Postsecondary Scholarship Fund (PSF). The PSF is used to provide the fund source for the appropriations for these programs in the School Aid Act. Because MAS was structured to begin eligibility with the high school graduating class of 2023, costs associated with the program are projected to increase through fiscal year (FY) 2027-28 when the high school class of 2023 either will have graduated from college or timed out of the program. After FY 2027-28, MAS costs are projected to stabilize at approximately \$600.0 million per year.

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Costs for the Michigan Achievement Skills Scholarship also are projected to increase over time, but they are currently limited to \$10.0 million per year by the appropriation for the program. Unlike MAS, cost increases for the Skills Scholarship are likely related to increased awareness and participation in the program. Generally, these programs are short in duration so there are not multiple cohorts of high school graduates whose use of the program overlaps. Program cost figures for both programs affected by the bills, as well as projections for FY 2024-25 through 2027-28, are provided in Table 1.

Table 1

Michigan Achievement Scholarship and Skills Scholarship Costs (FY 2023-24 actual; FY 2024-25 actual, unaudited; FY 2025-26 through 2027-28 projections)					
Institution Type	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Community and Tribal Colleges	\$12,942,563	\$46,559,510	\$69,000,000	\$80,000,000	\$82,000,000
4-year Private Colleges and Universities	13,331,258	36,574,708	52,000,000	67,000,000	78,000,000
4-year Public Universities	84,175,383	183,654,743	266,000,000	355,000,000	420,000,000
Skills Scholarship	274,585	3,880,405	6,000,000	8,000,000	10,000,000
TOTAL	\$110,723,789	\$270,669,366	\$393,000,000	\$510,000,000	\$590,000,000

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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.