

SENATE SUBSTITUTE FOR
HOUSE BILL NO. 4666

A bill to create the Michigan merit award scholarship trust fund; to create the Michigan merit award scholarship board and prescribe the powers and duties of the board; 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 act".

3 Sec. 2. As used in this act:

4 (a) "Approved postsecondary educational institution" means
5 any of the following:

6 (i) A degree or certificate granting public or private col-
7 lege or university, junior college, or community college.

8 (ii) An educational institution, other than an educational
9 institution described in subparagraph (i), granting degrees,

1 certificates, or other recognized credentials and designated by
2 the board as an approved postsecondary educational institution.

3 (iii) A program of an educational institution, other than an
4 educational institution described in subparagraph (i), that
5 grants degrees, certificates, or other recognized credentials and
6 is designated by the board as an approved postsecondary educa-
7 tional institution.

8 (b) "Assessment test" means the Michigan education assess-
9 ment program (MEAP) subject area assessments or any successor
10 assessment test designated by the board.

11 (c) "Board" means the Michigan merit award board established
12 in this act.

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

15 (e) "Eligible costs" means tuition and fees charged by an
16 approved postsecondary educational institution; related costs for
17 room, board, books, supplies, transportation, or day care; and
18 other costs determined by the board.

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

20 (g) "Michigan merit award scholarship" means a scholarship
21 awarded by the board under section 7.

22 (h) "Qualifying results" means assessment test results,
23 scores, or ranges of scores determined by the board that qualify
24 a student for a Michigan merit award scholarship under section
25 7.

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

1 (j) "Superintendent" means the superintendent of public
2 instruction.

3 (k) "Tobacco settlement revenue" means money received by
4 this state that is attributable to the master settlement agree-
5 ment incorporated into a consent decree and final judgment
6 entered on December 7, 1998 in Kelley Ex Rel. Michigan v Philip
7 Morris Incorporated, et al., Ingham county circuit court, docket
8 no. 96-84281CZ.

9 (l) "Trust fund" means the Michigan merit award trust fund
10 established in section 3.

11 Sec. 3. (1) The Michigan merit award trust fund is estab-
12 lished in the department of treasury. The trust fund shall con-
13 sist only of interest and earnings from trust fund investments,
14 donations of money made to the trust fund from any source, and
15 the following percentages of tobacco settlement revenue:

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

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

20 (c) Seventy-five percent of tobacco settlement revenue
21 received in fiscal year 2001-2002 and in subsequent fiscal
22 years.

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

26 (3) The state treasurer shall direct the investment of the
27 trust fund.

HB 4666, As Passed Senate, June 9, 1999

House Bill No. 4666

4

1 Sec. 4. (1) The Michigan merit award board is established
2 within the department of treasury. The goal of the board is to
3 increase access to postsecondary education and reward Michigan
4 high school graduates who have demonstrated academic
5 achievement.

6 (2) The board shall exercise its authority, powers, duties,
7 and responsibilities independent of the state treasurer.
8 However, all administrative functions, including budgeting, pro-
9 curement, and personnel functions, shall be performed under the
10 direction and supervision of the state treasurer.

11 (3) The board shall consist of 7 members. The members shall
12 include the state treasurer or his or her designee, the superin-
13 tendent or his or her designee, the director of the department of
14 career development or his or her designee, and 4 members
15 appointed by the governor with the advice and consent of the
16 senate. The state treasurer or his or her designee shall serve
17 as the chairperson of the board.

18 (4) The term of a member appointed by the governor shall be
19 4 years. Of the members first appointed by the governor, 2 shall
20 be appointed for 2-year terms and 2 shall be appointed for 4-year
21 terms.

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

24 (6) A vacancy on the board shall be filled for the balance
25 of the unexpired term in the same manner as the original
26 appointment.

1 (7) The board may incur expenses necessary to carry out its
2 powers and duties under this act and shall compensate its members
3 for reasonable expenses incurred in carrying out their official
4 duties.

 (8) The board shall establish a statewide toll-free telephone
line and internet access to receive questions, comments, and
complaints concerning the assessment test, including, but not
limited to, complaints of student cheating on the assessment test,
complaints or comments about specific assessment test questions or
testing conditions, or other questions, comments, or complaints
relating to the development, preparation, distribution, scoring, or
dissemination of results of the assessment test.

5 Sec. 5. Upon appropriation by the legislature, the
6 board shall authorize disbursement of funds from the trust fund for
7 1 or more of the following purposes:

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

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

11 (c) Costs associated with the development, preparation, dis-
12 tribution, and scoring of the assessment test and any costs asso-
13 ciated with dissemination of results of the assessment test.

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

16 (e) Other expenditures as determined by law.

17 Sec. 6. (1) The board's business shall be conducted in com-
18 pliance with the open meetings act, 1976 PA 267, MCL 15.261 to
19 15.275. Public notice of the time, date, and place of meetings
20 of the board shall be given in the manner required by the open
21 meetings act, 1976 PA 267, MCL 15.261 to 15.275.

22 (2) The board shall meet not less than annually and shall
23 keep a record of its proceedings. A writing prepared, owned,
24 used, in the possession of, or retained by the board in the per-
25 formance of an official function shall be made available to the
26 public in compliance with the freedom of information act, 1976 PA
27 442, MCL 15.231 to 15.246.

1 (3) Except as provided in subsection (4), the board shall
2 obtain and make available to the public all of the qualifying
3 questions and answers, along with the corresponding answer key,
4 to assessment tests administered during the spring of the preced-
5 ing school year not later than September 1.

6 (4) Select questions which will be used for validity pur-
7 poses in subsequent assessment tests may be held back from
8 release. However, all questions shall be made available no later
9 than 2 years after the assessment test is administered.

10 (5) By December 1 of each year, the board shall submit a
11 report on its activities to the governor and to the legislature.
12 The report shall contain all of the following information:

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

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

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

20 (d) The dollar amount of the Michigan merit award scholar-
21 ships available under section 7(2) and (3) in the current fiscal
22 year, the amount of any adjustments to the dollar amount under
23 section 7(5) from the beginning of the immediately preceding
24 fiscal year, and any adjustments to the dollar amount projected
25 for the remainder of the current fiscal year or for the next
26 fiscal year.

27 (e) All of the following results, scores, or ranges of
28 scores:

HB 4666, As Passed Senate, June 9, 1999

House Bill No. 4666

7

1 (i) Used as qualifying results in the immediately preceding
2 fiscal year.

3 (ii) Determined by the board as qualifying results in the
4 current fiscal year.

5 (iii) Projected by the board as qualifying results for the
6 next fiscal year.

7 (f) For the immediately preceding fiscal year, the number of
8 students who took the assessment tests, the number of students by
9 subject area who received qualifying results, and the number of
10 students who met the requirements for a Michigan merit award
11 scholarship.

12 (g) The number of persons participating in and the amount
13 awarded in the immediately preceding fiscal year under the
14 tuition incentive program described in section 310 of 1998 PA 271
15 or a successor to that program.

16 (6) At least 60 days before changing the results, scores, or
17 ranges of scores used as qualifying results, the board shall pro-
18 vide written notice of its intent to change the results, scores,
19 or ranges of scores used as qualifying results, and a report
20 explaining the board's decision to change the results, scores, or
21 ranges of scores used as qualifying results, to the standing com-
22 mittees of the senate and the house of representatives that have
23 primary jurisdiction over legislation pertaining to education.
24 The standing committees shall review the board's report and may
25 hold hearings on the board's decision.

1 Sec. 7. (1) The Michigan merit award scholarship program is
2 established. The board shall administer the Michigan merit award
3 scholarship program.

4 (2) Subject to subsection (6), each student enrolled in grade
5 11 in or after the 1998-1999 school year who meets the requirements of subsection
6 (4), and subject to adjustment under subsection (5), is eligible
7 for the award of a \$2,500.00 Michigan merit award scholarship if
8 the student is enrolled in an approved postsecondary educational
9 institution in this state or the award of a \$1,000.00 Michigan
10 merit award scholarship if the student is enrolled in an approved
11 postsecondary educational institution outside this state if the
12 board finds that the student while in high school has taken the
13 assessment test in the subject areas of reading, writing,
14 mathematics, and science and meets 1 of the following:

15 (a) Has received qualifying results in each of the subject
16 areas of reading, writing, mathematics, and science.

17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]

21 (b) Did not receive qualifying results in 1 or 2 of the
22 subject areas of reading, writing, mathematics, and science

23 [REDACTED]
24 [REDACTED]
25 [REDACTED]
26 [REDACTED], but

1 received an overall score in the top 25% of a nationally
2 recognized college admission examination.

3 (c) Did not receive qualifying results in 1 or 2 of the
4 subject areas of reading, writing, mathematics, and science

5

6

7

8 , but

9 received a qualifying score or scores as determined by the board
10 on a nationally recognized job skills assessment test designated
11 by the board.

12 (3) Subject to subsection (6) and to adjustment under
13 subsection (5), a student
14 who was enrolled in grade 7 in or after the 1999-2000 school year
15 and who the board finds has taken the assessment test in each of
16 the subject areas while in grades 7 and 8 is eligible for 1 of
17 the following additional Michigan merit award scholarships:

18 (a) If the board finds that the student while in grades 7
19 and 8 received qualifying results in 2 of the subject areas of
20 reading, writing, mathematics, and science, an additional Michigan
21 merit award scholar-
22 ship of \$250.00.

23 (b) If the board finds that the student while in grades 7
24 and 8 received qualifying results in 3 of the subject areas of
25 reading, writing, mathematics, and science, an additional Michigan
26 merit award scholar-
27 ship of \$375.00.

28 (c) If the board finds that the student while in grades 7
29 and 8 received qualifying results in all of the subject areas of

1 reading, writing, mathematics, and science, an additional Michigan
merit award
2 scholarship of \$500.00.

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

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

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

15 (c) The student is enrolled in an approved postsecondary
16 educational institution. For students who qualify under subsec-
17 tion (2)(c), the student is enrolled in a vocational or technical
18 education program at an approved postsecondary educational
19 institution.

20 (d) The student has not been convicted of a felony involving
21 an assault, physical injury, or death.

22 (e) The student satisfies any additional eligibility
23 requirements established by the board.

24 (5) In any fiscal year, the board may adjust the amount of a
25 Michigan merit award scholarship available to students eligible
26 under 1 or more of subsections (2), (3), and (9), based upon its
27 determination of available resources and amounts appropriated,

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

(6) For assessment tests administered after January 1, 2000,
the board shall not use the assessment test to determine eligibility
for a Michigan merit award scholarship under this section for a
particular year unless the board has reviewed and approved the
assessment test before it was administered for that year.

6 (7) The board shall provide each student written notice of
7 whether or not the student is eligible for the award of 1 or more
8 Michigan merit award scholarships described in this section. If
9 the student is eligible, the written notice shall also contain
10 the Michigan merit award scholarship amount for which the student
11 is eligible, how the student applies for payment of Michigan
12 merit award scholarship, and any other information the board con-
13 siderers necessary regarding qualification requirements or condi-
14 tions relating to the use of the Michigan merit award
15 scholarship.

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

22 (9) If a student who has previously received a \$1,000.00
23 Michigan merit award scholarship as a student enrolled in an
24 approved postsecondary educational institution outside of this
25 state enrolls in an approved postsecondary educational institu-
26 tion in this state and meets the requirements of subsection (4),
27 and subject to adjustment under subsection (5), the student is

1 eligible for the award of an additional \$1,500.00 Michigan merit
2 award scholarship.

(10) A pupil who does not initially receive qualifying results shall be extended an opportunity to achieve the requisite qualifying results by taking a subsequent assessment test.

(11) A nonpublic school student or home school student may take, and the school district in which the student resides shall administer if requested, an assessment test at a school designated by the school district.

3 Sec. 8. (1) A Michigan merit award scholarship shall be
4 used only to pay for eligible costs. The board shall determine
5 the manner and form of application for payment of a Michigan
6 merit award scholarship by a student eligible under section 7 and
7 the procedure for payment to the student or to the approved post-
8 secondary educational institution on the student's behalf. As
9 determined by the board, upon the request of a student or parent
10 or legal guardian of a minor student, the board may pay a
11 Michigan merit award scholarship in 2 consecutive annual install-
12 ments rather than 1 lump sum.

13 (2) An approved postsecondary educational institution shall
14 not consider a Michigan merit award scholarship in determining a
15 student's eligibility for a financial aid program administered by
16 this state. It is the intent of the legislature that an approved
17 postsecondary educational institution not reduce
18 institutionally-funded student aid because of the Michigan merit
19 award scholarship program.

20 (3) Before payment of a Michigan merit award scholarship to
21 a student or approved postsecondary educational institution, the
22 student shall certify or affirm in writing to the board each of
23 the following:

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

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

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

3 (d) That the student has not been convicted of a felony
4 involving an assault, physical injury, or death.

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

10 Sec. 9. The board may promulgate rules pursuant to the
11 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
12 24.328, to implement and administer this act, including, but not
13 limited to, 1 or more of the following:

14 (a) Rules establishing the board's administrative
15 procedures.

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

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

20 (d) Rules establishing what information or reports a student
21 or postsecondary educational institution must provide to estab-
22 lish eligibility and when that information or those reports must
23 be provided.

24 (e) Rules prescribing the reports to be made by a student
25 awarded 1 or more Michigan merit award scholarships and by a
26 postsecondary educational institution to which the Michigan merit
27 award scholarship is paid.

HB 4666, As Passed Senate, June 9, 1999

House Bill No. 4666

14

1 (f) Rules governing assessment test administration and
2 addressing cheating on an assessment test.