

Legislative Analysis



MHEAA FUNDS FOR STATE COMPETITIVE SCHOLARSHIPS

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Senate Bill 1157

Sponsor: Sen. Switalksi

Senate Committee: Appropriations

House Committee: Appropriations

Complete to 3-20-08

A SUMMARY OF SENATE BILL 1157 AS REPORTED FROM COMMITTEE:

Senate Bill 1157 would amend the governing statute of the Michigan Higher Education Assistance Authority (MHEAA) to allow the authority to use money from the Michigan Guaranty Agency's operating fund for the State Competitive Scholarship Program. The use of such money would be authorized only for fiscal year (FY) 2007-08 and only if federal law does not prohibit such use of the money.

FISCAL IMPACT:

The total FY 2007-08 appropriation for the State Competitive Scholarship Program is \$35.5 million. Of this total, \$1.2 million is appropriated from the Michigan Guaranty Agency's operating fund, offsetting GF/GP funds for the program. This bill would allow for the expenditure of the \$1.2 million in order to fund State Competitive Scholarships at the appropriated level.

The amount of \$1.2 million represented the projected operating fund balance at the close of FY 2007-08. The FY 2008-09 Executive Recommendation restores GF/GP funds to offset this restricted source for State Competitive Scholarships.

The Michigan Guaranty Agency operates certain federal student loan programs. The agency's operating fund receives revenue from fees and other sources related to students loans. The fund supports the operating expenses of the agency and other financial aid-related expenses approved by the authority.

The State Competitive Scholarship Program provides financial aid awards to Michigan students achieving a qualifying score on the ACT and demonstrating financial need under the federal financial aid formula. The awards may be used at both public and private higher education institutions in Michigan. A total of 27,802 students received awards of up to \$1,300 under the program in FY 2006-07.

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