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A Summary of the Michigan Promise Grant Program By Ellen Jeffries, Deputy Director

The Michigan Promise Grant Program was created by Public Act 479 of 2006 to replace the Michigan Merit Award Program. Promise Grants were first awarded to high school graduates from the class of 2007. The class of 2007 was not eligible for Merit Awards and the phase-out of Merit Awards will be essentially complete in fiscal year (FY) 2009-10. The expenditure for Merit Awards was \$5.3 million in FY 2008-09 and is expected to be about \$1.9 million in FY 2009-10. For FY 2009-10, the Governor recommended \$140.0 million for Promise Grants. The House concurred with the Governor's recommendation but the Senate, acknowledging serious State revenue constraints, eliminated the program. The FY 2009-10 Higher Education Conference Report, House Bill 4441 (S-1) CR-1, does not include any funding for the Michigan Promise Grant Program.

Michigan Promise Grant Eligibility

In order to receive a Michigan Promise Grant, a student must take the Michigan Merit Exam (MME) in high school. Under current law, the maximum Promise Grant amount is \$4,000 and grants are awarded to two different groups of students: (1) Students who do well on the MME (which includes the American College Test or ACT) can receive \$2,000 at the "front-end" and \$2,000 at the "back-end" when they have completed 60 semester or 90 term credit hours at a public or private degree or certificate-granting college or university or an approved accredited institution; and (2) students who do not score well on the MME can receive a \$4,000 "back-end" payment when they have completed 60 semester or 90 term credit hours at an approved institution. In order to receive either the \$2,000 or \$4,000 "back-end" payment, a student must have a cumulative postsecondary grade point average of 2.5 or higher. All students must enroll in a postsecondary institution within two years after graduating from high school and must complete 60 semester or 90 term credits within four years after enrolling in a postsecondary institution, to retain Promise Grant eligibility.

Michigan Promise Grant Disbursement

Students who are eligible for the front-end grant receive a \$1,000 installment during their first year of college and a similar \$1,000 installment in their second year of college. (Some colleges split the \$1,000 installment into two payments of \$500 per semester.) If students complete 60 semester or 90 term credits, they are eligible for their final \$2,000 back-end installment, for a total Promise Grant of \$4,000. Students who are only eligible for the back-end payment receive \$4,000 upon completion of 60 semester or 90 term credit hours. The front-end payments are made directly to the postsecondary institutions and are credited to each student's account. If funded, the back-end payments would be paid to the institutions and either credited to a student's account or remitted by the institution to the student, if the student were no longer enrolled.

Implications of Promise Grant Elimination

Fiscal Year 2009-10 would have been the first year that any student was eligible for a back-end payment because it is two years after students from the high school class of 2007 may

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have enrolled at a postsecondary institution and likely could have completed 60 semester or 90 term credit hours. Table 1 outlines the history of Promise Grant payments, including the Governor's FY 2009-10 appropriation recommendation.

Table 1

History of Promise Grant Payments			
High School Graduating Class	FY 2007-08	FY 2008-09	FY 2009-10 Gov's Rec.
Class of 2007	1 st front-end payment: \$1,000	2 nd front-end payment: \$1,000	Back-end payment: \$2,000 or \$4,000
Class of 2008	No payments	1 st front-end payment: \$1,000	2 nd front-end payment: \$1,000
Class of 2009	No payments	No payments	1 st front-end payment: \$1,000

Source: Michigan Department of Treasury and Senate Fiscal Agency

Class of 2009 Promise Grant Front-End Recipients

According to data from the Michigan Center for Educational Performance and Information (CEPI), there were a total of 98,774 12th grade students at Michigan's public high schools during academic year 2008-2009. Of those 12th grade students, 35,132 qualified for a front-end Promise Grant, which means that 35.6% of all 12th graders received qualifying scores on the MME. Tables 2 and 3 display, respectively, the 12 public high schools with the highest percentage of 12th graders earning a front-end Promise Grant, and the 12 public high schools with the lowest percentage of 12th graders earning a front-end Promise Grant, for the class of 2009. The tables also include the percentage of students eligible for free or reduced-price lunches under the National School Lunch Program at each institution.

Table 2

12 High Schools with Highest Percentage of 12th Graders Earning a Front-End Promise Grant High School Graduating Class of 2009				
High School	Number of 12th Graders	Number of Front-End Promise Grants	% Earning Front-End Grants	% Eligible for Free or Reduced Lunch
Grand Rapids City	95	81	85.3%	22.1%
East Grand Rapids	243	176	72.4	7.4
Northville	567	387	68.3	3.0
Grand Rapids Forest Hills Central	346	230	66.5	5.8
Saline	407	270	66.3	3.9
Troy	526	344	65.4	3.2
Rochester Adams	390	251	64.4	2.3
Birmingham Seaholm	317	204	64.4	3.8
Houghton Central	109	70	64.2	17.4
Ann Arbor Huron	518	329	63.5	12.6
Okemos	349	221	63.3	8.6
Spring Lake	176	109	61.9	13.1

Source: CEPI

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Table 3

12 High Schools with Lowest Percentage of 12 th Graders Earning a Front-End Promise Grant High School Graduating Class of 2009				
High School	Number of 12 th Graders	No. of Front-End Promise Grants	% Earning Front-End Grants	% Eligible for Free or Reduced Lunch
Detroit Mumford	474	13	2.7%	44.1%
Inkster	309	10	3.2	55.7
Saginaw Arthur Hill	255	14	5.5	68.6
Hamtramck	161	10	6.2	82.6
Southfield	289	19	6.6	40.5
Detroit Western Internat'l	260	18	6.9	66.5
Muskegon	277	21	7.6	76.5
Ypsilanti Willow Run	140	13	9.3	58.6
Detroit Comm. Arts	102	10	9.8	55.9
Detroit King	309	31	10.0	45.6
Muskegon Oakridge	135	14	10.4	40.0
Taylor Truman	440	51	11.6	48.9

Source: CEPI

There appears to be a correlation between the percentage of students at a high school eligible for a free or reduced-price lunch and the number of front-end Promise Grants earned. Any student at a participating school may purchase a meal through the National School Lunch Program. Children from families with incomes at or below 130% of the poverty level are eligible for free meals; those from families with incomes between 130% and 185% of the poverty level are eligible for reduced-price meals. The Federal Food and Nutrition Service administers the School Lunch Program and has stated that for the period July 1, 2009, through June 30, 2010, 130% of the poverty level is \$28,665 for a family of four, and 185% is \$40,793.

The data for front-end Promise Grant earners displayed in [Tables 2](#) and [3](#) indicate that at the high schools earning the highest percentage of Promise Grants (61.9% to 85.3% of students), the percentage eligible for a free or reduced-price lunch was low (2.3% to 22.1%), while the schools earning the lowest percentage of Promise Grants (2.7% to 11.6%) had much higher percentages of students eligible for a free or reduced-price lunch (40.0% to 82.6%). These data suggest that more front-end Promise Grant earners come from high schools with families that have higher incomes. The most recent data from the Michigan Department of Treasury indicate that of the 10,432 back-end applications received to date, only 925 are from noninstallment students who did not receive a front-end grant but have applied to receive a \$4,000 back-end payment.

Conclusion

Under current law, the projected FY 2009-10 costs for the Michigan Promise Grant Program would be less than the \$140.0 million originally estimated, perhaps as low as \$100.0 million. However, these costs would continue to rise over time as more students completed the credit hours required to receive the back-end grants. It also appears that the bulk of the funding for the Michigan Promise Grant Program would go to students who have comparatively less need for financial aid as an incentive to attend college. Although the Michigan Promise

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Grant Program is not included in the FY 2009-10 Higher Education Conference Report, funding is included for three other need-based financial aid programs: State Competitive Scholarships (need- and merit-based grants primarily for students at public colleges and universities), Tuition Grants (need-based grants for students at independent colleges and universities), and the Tuition Incentive Program (grants for Medicaid-eligible students).