

FISCAL BRIEF



MICHIGAN COMPETITIVE SCHOLARSHIP PROGRAM

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March 13, 2025

FAST FACTS

- Michigan Competitive Scholarships are for Michigan students with a financial need who score above a 1200 SAT and who are enrolled at a Michigan community college, public university, or independent college/university.
- Michigan Competitive Scholarships are being phased out and are restricted to high school graduates prior to the class of 2023.
- Michigan Competitive Scholarship awards are set at \$1,500 for FY 2024-25.
- \$19.9 million is appropriated for Michigan Competitive Scholarships in FY 2024-25.
- 12,589 scholarships were awarded in FY 2023-24.

INTRODUCTION

The Michigan Competitive Scholarship program is one of the state postsecondary financial aid programs funded in the Higher Education budget. Michigan Competitive Scholarship awards are targeted to Michigan residents enrolled at a community college, a public university, or an independent (i.e., private) degree-granting, nonprofit postsecondary institution located in the state. The scholarship has both a merit component, which is reached through a 1200 SAT score (or a 23 composite ACT score prior to 2017), and a financial need component.

The Michigan Competitive Scholarship program is being phased out and is no longer available to new high school graduates after the 2022-23 academic year due to the implementation of the new Michigan Achievement Scholarship and [2024 PA 233](#), which amends the Michigan Competitive Scholarship program's statute. For FY 2024-25, \$19.9 million is appropriated for the Michigan Competitive Scholarship program, and the award level has been set at \$1,500 per recipient. This brief will provide background on the Michigan Competitive Scholarship program.

PROGRAM DETAILS

The Michigan Competitive Scholarship program was established by [1964 PA 208](#) to assist Michigan residents pursuing higher education at in-state postsecondary institutions, including community colleges, public universities, and independent colleges and universities. The scholarship was originally awarded to both undergraduate and graduate students, although graduate student eligibility for the program was eliminated under changes made in the FY 2009-10 Higher Education budget. Unlike most other state financial aid offerings, the Michigan Competitive Scholarship has both a merit and a financial need component.

To be eligible for the Michigan Competitive Scholarship program, students had to meet the following main conditions:¹

- Achieve a SAT score of at least 1200. (Prior to 2017, the minimum score was a 23 composite on the ACT.)
- Submit the Free Application for Federal Student Aid (FAFSA) by the application deadline set by the Michigan Department of Lifelong Education, Advancement, and Potential (MiLEAP), which is currently July 1.

¹ The full list of Michigan Competitive Scholarship program conditions can be found [here](#).

- Demonstrate financial need. Financial need is determined through information submitted through the FAFSA, which calculates the Student Aid Index (SAI) compared to the postsecondary institution's overall cost of attendance.
- Enroll for at least six credits at an in-state postsecondary institution that participates in the scholarship program.
- Be a Michigan resident for at least one year prior to applying.

Most students receiving the Michigan Competitive Scholarship may receive it for up to 10 semesters or until completion of a bachelor's degree, whichever is first. There is also a 10-year window of program eligibility that begins when MiLEAP determines a student's scholarship eligibility. [2021 PA 40](#) granted eligibility for an 11-year window to students receiving the Michigan Competitive Scholarship and enrolled at an eligible institution during the Spring 2020 semester or the 2020-21 academic year, to account for the potential academic disruptions during the initial year of the COVID-19 pandemic.

While the Michigan Competitive Scholarship program is governed by the program statutes found in [1964 PA 208](#), there are additional program guidelines contained in boilerplate sections of the annual Higher Education budget.

Recent legislative changes to the scholarship program began the process of phasing out the scholarship. The FY 2023-24 and 2024-25 Higher Education budgets directed MiLEAP to consider high school graduates in 2023 and later, who were eligible for the Michigan Achievement Scholarship, to not have any financial need for purposes of the Michigan Competitive Scholarship program eligibility. The two budgets also contained legislative intent language that eliminated scholarship program eligibility for high school graduates in 2023 and later. These restrictions were codified into the program's statutes through [2024 PA 233](#).

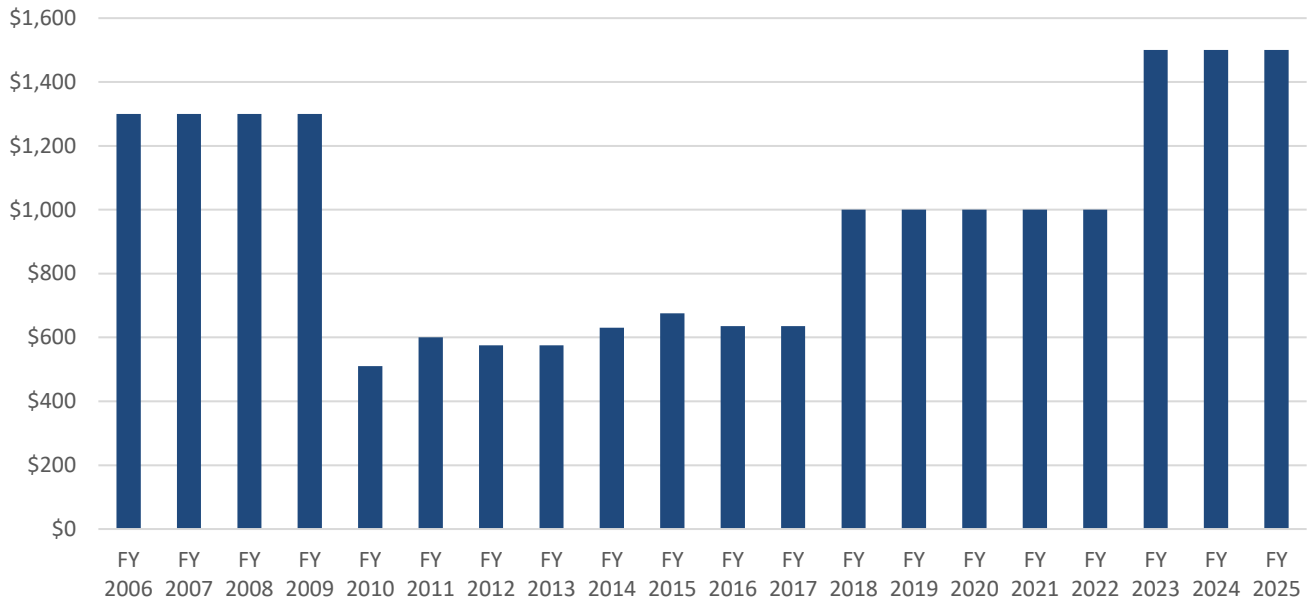
MICHIGAN COMPETITIVE SCHOLARSHIP AWARD LEVELS

The award levels for the Michigan Competitive Scholarship program are determined by both section 251 of the Higher Education budget and MiLEAP.² Prior to FY 2018-19, boilerplate guidelines set a maximum limit on the award, and the department determined the actual award level depending on the number of recipients and the program's appropriation levels, which typically matched the maximum limit. The FY 2019-20 budget began the process of setting an actual award amount, instead of a maximum cap. The department still retains statutory authority to adjust the award levels if appropriation levels are insufficient to meet the award amount set in boilerplate.

As indicated in **Figure 1**, award levels have fluctuated over a 20-year period. Awards during this period were initially set at \$1,300 for FY 2005-06 through FY 2008-09. Scholarship award limits fell the following fiscal year to \$510 due to reduced program funding. Michigan Competitive Scholarship awards would not return to FY 2005-06 through FY 2008-09 levels until FY 2022-23, when they would be set at a new program high of \$1,500. Current Michigan Competitive Scholarship awards are \$990, or 194%, greater than the 20-year low in FY 2009-10.

² The Department of Treasury had administrative responsibility prior to the creation of MiLEAP in December 2023.

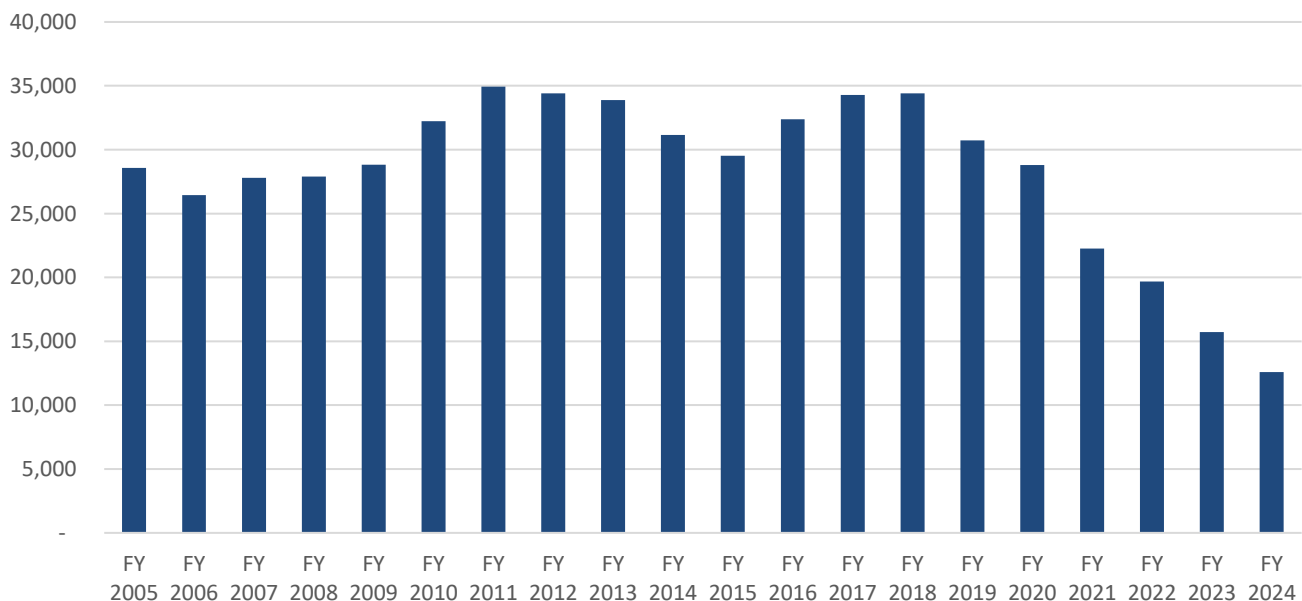
Figure 1: Michigan Competitive Scholarship Award Levels



MICHIGAN COMPETITIVE SCHOLARSHIP PROGRAM AWARDS DISTRIBUTED

According to the latest data from MILEAP, 12,589 Michigan Competitive Scholarship awards were made to Michigan students in FY 2023-24. **Figure 2** shows the total number of Michigan Competitive Scholarships awarded to students over the most recent 20-year period.

Figure 2: Total Number of Michigan Competitive Scholarship Awards



As indicated in **Figure 2**, 34,943 Michigan Competitive Scholarships were awarded in FY 2010-11, which was the highest number of awards given in a fiscal year over the 20-year span. Over 22,300 fewer students received a Michigan Competitive Scholarship in FY 2023-24 than in compared to the peak year of FY 2010-11, a decline of 78%. Several factors contributed to the decline in students receiving Michigan Competitive Scholarships:

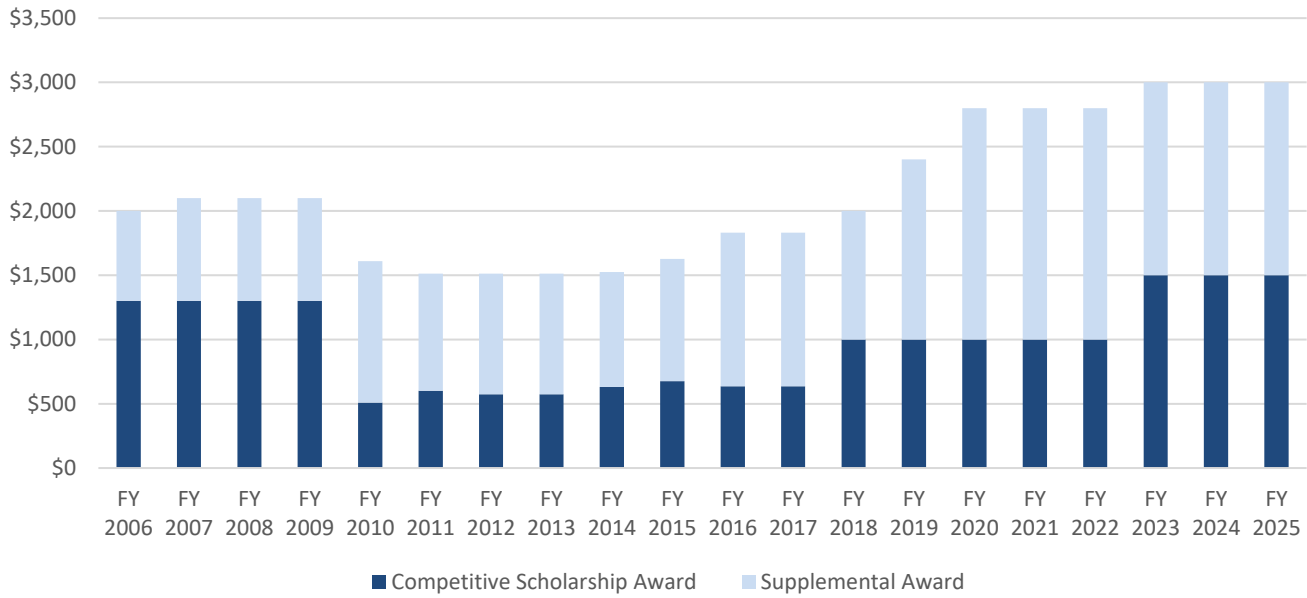
- FY 2023-24 was the first full fiscal year Michigan Competitive Scholarships were closed to new high school graduates. There was a 3,100, or 20%, decline in scholarship awards from FY 2022-23 to FY 2023-24.
- FY 2023-24 was the first year that Michigan Achievement Scholarships were awarded to high school graduates. The Michigan Achievement Scholarship is both a first-dollar and last-dollar scholarship program based on financial need, with award levels higher than the Michigan Competitive Scholarship's \$1,500 award.
- Enrollment rates at nearly every public and private higher education institution in the state declined after the COVID-19 pandemic began in March 2020. That said, it should be noted that not all institutions have realized the same enrollment issues. Some Michigan postsecondary institutions have started to see enrollment increases in recent academic years, while a select few never suffered enrollment declines. Michigan Competitive Scholarship awards declined by 43%, or 9,670, in the three fiscal years after the pandemic began.
- The recent decline in Michigan Competitive Scholarship awards roughly mirrors the overall decline in students attending postsecondary institutions in the state due to demographic changes, with fewer births resulting in fewer Michigan college-age students.

MICHIGAN COMPETITIVE SCHOLARSHIP PROGRAM RELATIONSHIP WITH THE TUITION GRANT PROGRAM

The Michigan Competitive Scholarship and the Tuition Grant program have a unique relationship. The Michigan Competitive Scholarship can be used by students attending a public or private four-year institution, while the Tuition Grant program is awarded to students enrolled at a private higher education institution. While the governing statute of the Tuition Grant program ([1966 PA 313](#)) restricts students from receiving both the Tuition Grant and Michigan Competitive Scholarship, the statute also allows students receiving the Michigan Competitive Scholarship and who are enrolled at an independent postsecondary institution to have their Michigan Competitive Scholarship award level increased to match the amount of the Tuition Grant award.

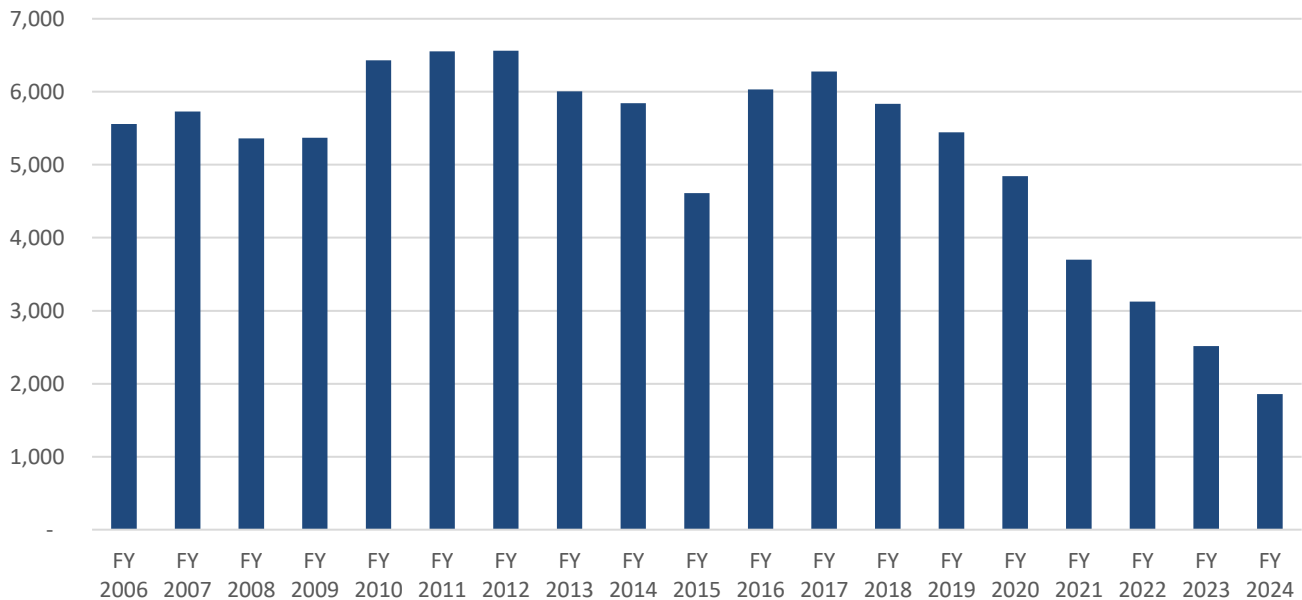
For FY 2024-25, the Tuition Grant award is \$3,000, while the Michigan Competitive Scholarship award is \$1,500. This results in a potential \$1,500 supplemental award for students awarded Michigan Competitive Scholarships enrolled at private institutions. **Figure 3** shows a 20-year history of the Michigan Competitive Scholarship award levels at the supplemental award limit. For 16 of the last 20 fiscal years, the supplemental award at least doubled the Michigan Competitive Scholarship award level for students at private institutions, while in FY 2009-10 the award was tripled.

Figure 3: Michigan Competitive Scholarship Award Levels at Supplemental Limit



The Michigan Competitive Scholarship supplemental award is funded through the Tuition Grant appropriation per statute. For FY 2023-24, supplemental awards totaled \$2.5 million. **Figure 4** shows the number of students who were dual eligible and received the supplemental Michigan Competitive Scholarship award. The numbers generally match the trend for all Michigan Competitive Scholarship awards as identified in **Figure 2** above.

Figure 4: Number of Michigan Competitive Scholarship Supplemental Awards Per Year



MICHIGAN COMPETITIVE SCHOLARSHIP PROGRAM GROSS AWARDED AMOUNTS

Michigan Competitive Scholarship gross awarded amounts reflect the fluctuations of state scholarships over the last 20 years, as seen in **Figure 5**. Gross Michigan Competitive Scholarship awards hit a high of \$38.4 million in FY 2008-09. Budget difficulties due to the Great Recession resulted in lower funding for the scholarship and a corresponding reduction of awards to \$21.4 million in FY 2009-10. Gross scholarship awards in FY 2023-24 were \$19.2 million and reflect a decline of \$15.2 million, or 40%, from the 20-year high reached in FY 2008-09.

Figure 5: Michigan Competitive Scholarship Gross Awards Amounts

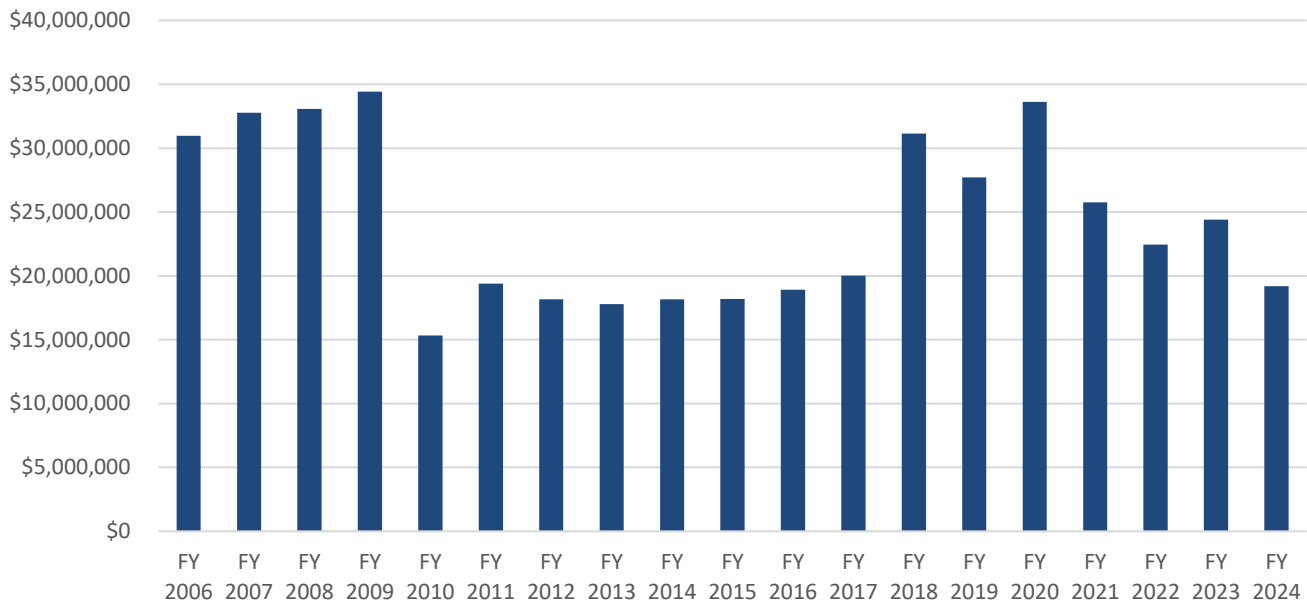
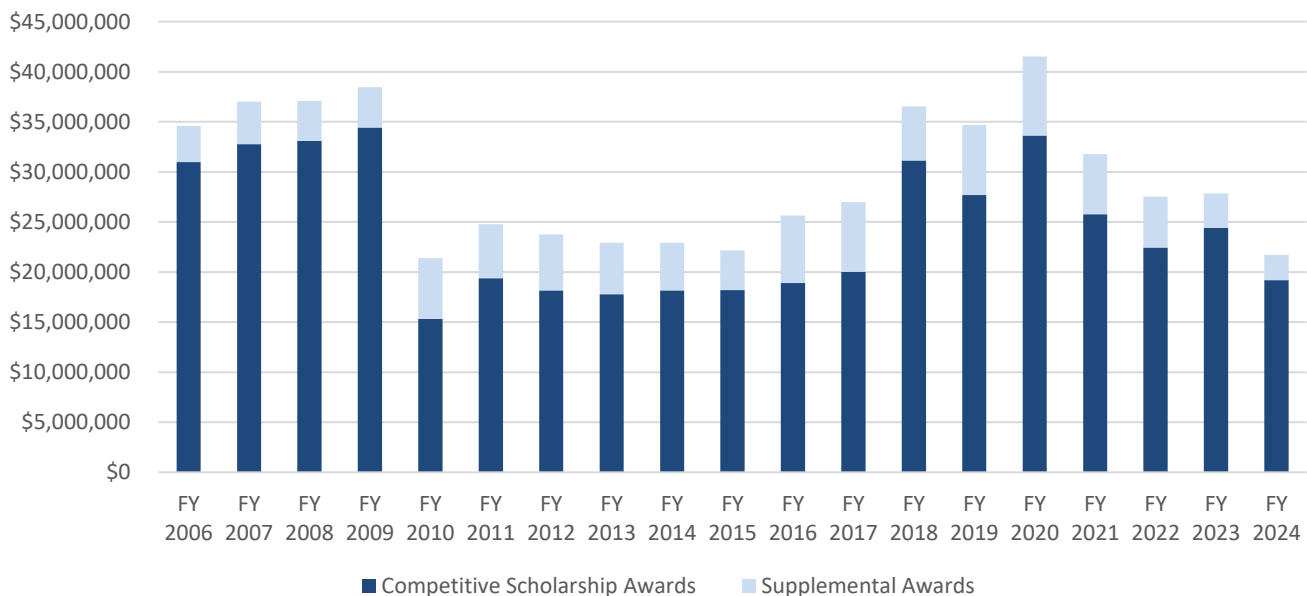


Figure 6 shows the total Michigan Competitive Scholarship award amounts with the supplemental awards to students at private postsecondary institutions. When supplemental awards are factored in, Michigan Competitive Scholarship awards hit a high of \$41.5 million in FY 2019-20. Michigan Competitive Scholarship award amounts are, on average, 23% higher when supplemental awards are added.

Figure 6: Michigan Competitive Scholarship and Supplemental Gross Awards Amounts



MICHIGAN COMPETITIVE SCHOLARSHIP PROGRAM APPROPRIATION HISTORY

Figure 7: Michigan Competitive Scholarship Program Appropriation Amounts

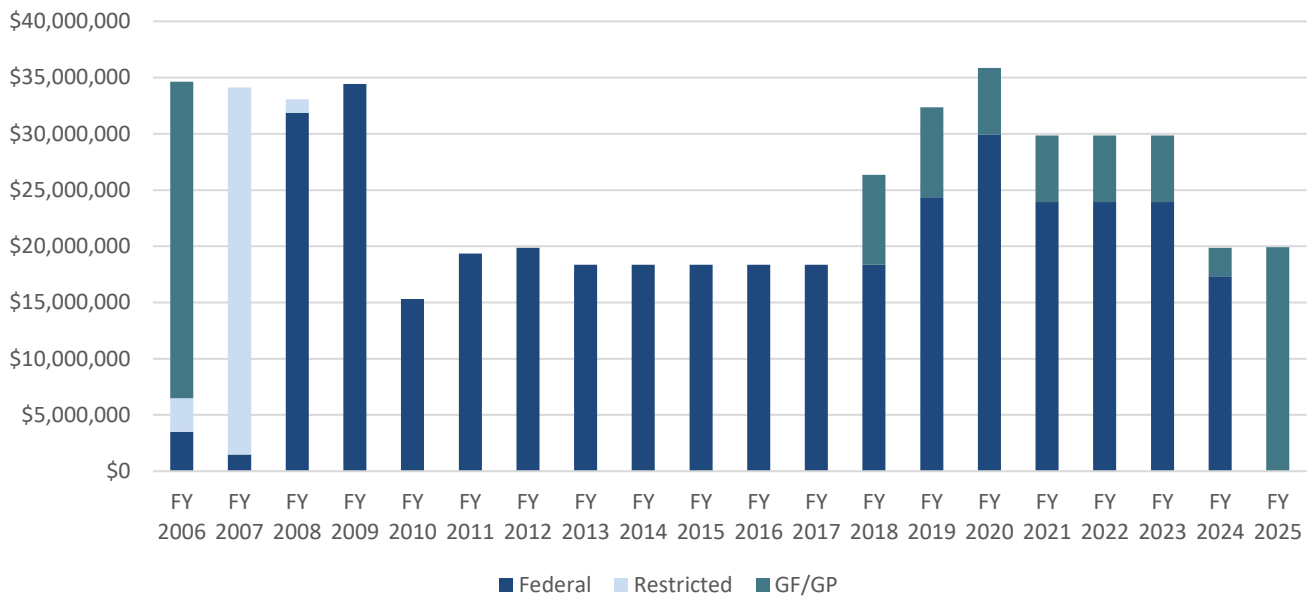


Figure 7 shows the year-to-date appropriation levels for the Michigan Competitive Scholarship program between FY 2005-06 and FY 2024-25, which includes legislative transfers and supplemental appropriations. The FY 2024-25 Higher Education budget appropriates \$19.9 million for the Michigan Competitive Scholarship program. This represents a decline of \$14.7 million, or 42%, from the program's FY 2005-06 appropriation of \$34.6 million. However, peak scholarship appropriation levels in FY 2019-20 increased by \$20.8 million, or 118%, from the 20-year lowest appropriation level in FY 2009-10.

Between FY 2008-09 and FY 2023-24, Michigan Competitive Scholarships have been funded through a mix of federal Temporary Assistance for Needy Families (TANF) funds and state general fund revenue. Federal TANF funds were the sole funding source for a 9-year period beginning in FY 2008-09. Prior to FY 2008-09, Michigan Competitive Scholarships were funded by state general fund revenue, state restricted funding, and federal funding that supplemented state scholarship funding. The use of federal TANF funds in the Michigan Competitive Scholarship program fell under the objective to "prevent and reduce incidence of out-of-wedlock pregnancies," an eligible purpose of TANF-funded programming.³ The use of federal TANF funds was phased out for all state scholarship programs for FY 2024-25.

CONCLUSION

While Michigan Competitive Scholarship program award amounts reached 20-year highs over the last three fiscal years, and program appropriation levels had nearly recovered from reductions made in FY 2009-10, program funding and the number of awards will continue to decline as the phase-out of the scholarship program continues. 2024 PA 233 has codified the program phase-out, which results in only students currently receiving Michigan Competitive Scholarships and high school graduates prior to 2023 remaining eligible to receive Michigan Competitive Scholarship funding.

³ More information about TANF funding in postsecondary scholarships can be found [here](#).

Students in the current academic year are receiving Michigan Competitive Scholarship awards that are at an all-time high of \$1,500. However, while award levels have increased by \$864 (136%) in nominal figures over the past 10 years, average tuition costs have increased by over \$4,300 (36%) at public universities, nearly \$1,300 (35%) at community colleges, and over \$8,800 (33%) at private colleges and universities over that same time period.⁴ Average FY 2024-25 annual tuition and fees at public universities are \$16,200 and nearly \$5,000 at community colleges, while average FY 2023-24 tuition and fees were nearly \$35,500 at private universities.

The Michigan Competitive Scholarship award has become less impactful over time due to the rising cost of tuition at all postsecondary institutions. The scholarship award level was set at \$1,200 in FY 1975-76, FY 1985-86, and FY 1995-96. One of the goals of phasing out the Michigan Competitive Scholarship and directing new high school graduates towards the Michigan Achievement Scholarship was to provide increased award amounts, as the Achievement Scholarship will provide a last-dollar award of up to the cost of in-district tuition for community college students, and a combination first-dollar and last-dollar award of up to \$5,500 for public and private universities. As the legislature and governor have moved toward prioritizing the Michigan Achievement Scholarship, older state scholarships like the Michigan Competitive Scholarship may continue to be phased out.

Table 1 shows the distribution of Michigan Competitive awards between FY 2004-05 and FY 2023-24.

⁴ Tuition and fee rates for 24 private institutions were calculated with data from the federal Integrated Postsecondary Education Data System (IPEDS) using FY 2014-15 through FY 2023-24.

**Table 1: Michigan Competitive Scholarships Awards
Between FY 2004-05 and FY 2023-24**

Fiscal Year	MCS Awards	Award Amounts	Dual Eligible Students	Supplemental Awards⁵
2004-05	28,580	\$37,425,962	5,899	\$3,839,434
2005-06	26,434	30,970,293	5,558	3,603,400
2006-07	27,802	32,771,022	5,730	4,259,365
2007-08	27,885	33,074,476	5,359	3,996,975
2008-09	28,832	34,418,137	5,368	4,026,291
2009-10	32,220	15,325,686	6,430	6,052,080
2010-11	34,943	19,386,105	6,555	5,408,086
2011-12	34,413	18,161,336	6,563	5,604,435
2012-13	33,891	17,790,631	6,006	5,133,540
2013-14	31,161	18,164,609	5,842	4,751,616
2014-15	29,527	18,186,013	4,611	3,959,682
2015-16	32,378	18,906,306	6,030	6,724,280
2016-17	34,288	20,018,747	6,279	6,978,851
2017-18	34,414	31,143,425	5,835	5,402,588
2018-19	30,730	27,696,601	5,444	6,980,783
2019-20	28,788	33,623,571	4,843	7,892,705
2020-21	22,259	25,763,987	3,699	6,017,693
2021-22	19,678	22,448,980	3,124	5,066,773
2022-23	15,717	24,399,679	2,517	3,461,880
2023-24	12,589	19,178,841	1,857	2,546,129
TOTAL	566,529	\$498,854,407	103,549	\$101,706,586

Source: Michigan Department of Lifelong Education, Advancement, and Potential; Michigan Department of Treasury

⁵ Supplemental Awards are appropriated from the Michigan Tuition Grant program.