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BILL ANALYSIS

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Senate Bill 963 (S-1 as passed by the Senate)

Committee: Appropriations

FY 1999-2000 Year-to-Date Gross Appropriation \$297,228,019

Changes from FY 1999-2000 Year-to-Date:

- 1. **Tuition Restraint Initiative.** Pursuant to Legislative intent language in the current-year appropriations bill, the Governor recommended a 1.5% reduction for each community college that raised tuition for the 1999-2000 school year by more than 3.0%. Three colleges raised tuition by more than 3.0%: Gogebic Community College, Monroe County Community College, and Wayne County Community College. These funds (totaling \$369,285) were then redistributed to all other community colleges through the Gast-Mathieu funding formula. The Senate Substitute eliminates the tuition restraint proposal and restores the 1.5% reduction made by the Governor. 0

- 2. **Operations.** The Governor recommended a 3.0% increase in base operational funding. This increase was distributed as 1.5% across-the-board to each college, and 1.5% through the Gast-Mathieu funding formula. The Senate Substitute provides a 5.4% operational funding increase distributed as 3.0% across-the-board and 2.4% through the Gast-Mathieu funding formula. 15,850,561

- 3. **At Risk Student Success Program.** This program is designed to address the needs of students who test at a level that would indicate that they will not be successful in college without additional preparatory assistance. The Senate Substitute concurs in the Governor's recommendation to provide a 3.0% increase in program funding with funds distributed based on the existing program formula. 107,537

- 4. **Renaissance Zone Tax Reimbursement.** This line-item reimburses colleges for property tax revenue lost from properties located within a Renaissance Zone development. The Senate Substitute concurs in the Governor's recommendation to provide an increase in the program to more accurately reflect anticipated expenditures in FY 2000-01. 64,673

- 5. **Postsecondary Access Student Scholarship (PASS).** The Governor recommended a new program to implement proposals made by the Michigan Commission on Financing Postsecondary Education. The program essentially will provide free college tuition for eligible participants by financing the difference between tuition and all other scholarships and grants for full-time, degree seeking students under 22 who have qualified for a MERIT scholarship or who perform satisfactorily in their first year of college. The program is to be financed from the Tobacco Settlement Trust Fund. The Senate Substitute concurs in the Governor's recommendation. 10,000,000

- 6. **Comparison to Governor's Recommendation.** The Senate Substitute exceeds the Governor's Recommendation by \$7,052,311 Gross and General Fund/General Purpose.

Total Changes \$26,022,771

FY 2000-01 Senate Gross Appropriation \$323,250,789

Changes from FY 1999-2000 Year to Date:

1. **Reports on Internet.** The Senate Substitute retains current-year language requiring the department to continue to pilot the use of the Internet to fulfill reporting requirements contained in the bill. (Sec. 208).
2. **"Buy American".** The Senate Substitute reinstates language eliminated by the Governor that requires the purchase of American goods and services if they are comparable to foreign goods. (Sec. 209).
3. **Deprived and Depressed Communities.** The Senate Substitute reinstates language eliminated by the Governor that would encourage colleges to ensure businesses in depressed areas compete for contracts. (Sec. 210).
4. **Tax Increment Finance Authorities.** The Senate Substitute reinstates language eliminated by the Governor that requires the department of Treasury to compile and publish a report on the property tax revenue lost by colleges as a result of tax increment finance authorities and tax abatements. Language is removed stating intent to reimburse colleges for the revenue loss. (Sec. 219).
5. **Auditor General Audit of Treasury Report.** The Senate Substitute reinstates language eliminated by the Governor that requires the Auditor General to audit the report compiled by the Department of Treasury. (Sec. 220).
6. **Co-Terminus College Districts.** The Senate Substitute reinstates language eliminated by the Governor that requires continued review of the recommendations of the Co-terminus district task force. (Sec. 225).
7. **Intent to Fully-Fund Gast-Mathieu Funding Formula.** The Senate Substitute reinstates language eliminated by the Governor that states legislative intent to fully-fund the Gast-Mathieu funding formula. Language is removed requiring the establishment of a per-student funding floor. (Sec. 228).
8. **Abortion Coverage in Employee Health Insurance.** The Senate Substitute reinstates language eliminated by the Governor that prohibits the use of State funds for health insurance that includes abortion services (except in the cases of spontaneous abortions, or to protect the life of the mother) for college employees. (Sec. 230).
9. **Benefits for Unmarried Partners.** The Senate Substitute reinstates language eliminated by the Governor that prohibits the use of State appropriations to provide benefits to unmarried partners of college employees. (Sec. 231).
10. **Tuition Restraint Initiative.** The Senate Substitute removes language recommended by the Governor that would require next year's base appropriation to be reduced by 1.5% for each college that raises tuition by more than 3%.
11. **Partnership for Employment.** The Senate Substitute eliminates language that requires colleges to implement a partnership for employment program, requiring colleges to form links with businesses in order to ascertain local employment needs.
12. **Economic Development Job Training.** The Senate Substitute reinstates language eliminated by the Governor that would state Legislative intent that at least 70% of the economic development job training grant money be awarded to community colleges. (Sec. 403).
13. **Postsecondary Access Student Scholarship (PASS).** The Senate Substitute includes language recommended by the Governor outlining the requirements of the recommendations of the Commission of Financing Postsecondary Education for the PASS student tuition assistance program. The Substitute changes the allowable tuition for independent colleges from the average in-district college tuition, to the average lower level university tuition. Language was also included to recommend continued review and development of a comprehensive student financial assistance program, to exclude tuition incentive program (TIP) participants from the PASS program, and to expand the program to include half-time students. (Sec. 404).
14. **Payment of Contraceptives.** The Governor and Senate Substitute do not include current-year language that encourages colleges to ensure that payment of preventative contraceptives is included in the employee's insurance plan.
15. **Promoting Equal Opportunities.** The Governor and Senate Substitute do not include current-year language that requires colleges to promote equal opportunities, eliminate discrimination, and foster a diverse student body.

Date Completed: 3-27-00

Fiscal Analyst: M. Hansen

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations.