



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-2768
Fax: (517) 373-1986
TDD: (517) 373-0543

FY 2002-03 Year-to-Date Gross Appropriations \$309,808,094

Changes from FY 2002-03 Year-to-Date:

Items Included by the House and Senate

1. **Renaissance Zone Tax Reimbursement.** This program reimburses colleges for property tax revenue lost from properties located within a Renaissance Zone development. The Governor, with the House and Senate concurring, recommended an increase in program funding pursuant to anticipated increased program needs. 652,800
2. **Postsecondary Access Student Scholarship (PASS).** This program, funded from the Merit Award Trust Fund, is aimed at providing scholarships to eligible students equal to the difference between college tuition and all other financial aid. Students must be degree seeking, enrolled at least part-time, have qualifying MEAP scores, and be PELL-eligible. The Governor, with the House and Senate concurring, eliminates the program. (700,000)

Conference Agreement on Items of Difference

3. **Community College Operations.** The Governor reduced each college's base appropriation by 6.7% below current-year levels. The House concurred with the Governor, yet provided an additional \$121,500 for Gogebic Community College, and reduced each college's At-Risk appropriation by \$4,500, or \$121,500 in total, to provide the funds for Gogebic. The Senate Substitute reduced the appropriation for Wayne County Community College by \$450,000 below the Governor's recommendation and increased the appropriations for Alpena, Bay de Noc, and Gogebic Community College by \$150,000. The Conference Committee adopted the Senate recommendation and restored the \$100 items of difference that the Senate bill included for each line item. (20,507,788)
4. **At-Risk Student Success Program.** The Governor reduced the program by 6.7% and distributed the reduced total to individual colleges via the existing program formula. The House reduced each school's appropriation an additional \$4,500, or \$121,500 in total, with individual college reductions beyond the Governor ranging from 2.2% to 6.7%. The Senate Substitute restores the House reductions to the levels recommended by the Governor. The Conference Committee accepted the Senate level of funding. (240,006)
5. **Tuition Incentive Program (TIP).** This scholarship program is a high school completion program that offers to pay for the first two years of college for identified students (essentially medicaid eligible) who graduate from high school or complete their GED before age 20. The House reduced the program by \$4.0 million and moved the money into university operating budgets. The Governor's recommended level of support is \$9,250,000. The Senate Substitute appropriates \$4,717,500 (51% of the total) for the TIP. It is estimated that 51% of program funds are awarded to students who attend a community college. The Conference Committee did not include this program. 0
6. **FY 2002-03 Supplemental Funding.** The Conference report includes an FY 2002-03 supplemental appropriation of \$1,077,700 distributed to each college on an equal percentage basis.

Total Changes (\$20,794,994)

FY 2003-04 Enacted Gross Appropriation..... \$289,013,100

Changes from FY 2002-03Year-to-Date:Items Included by the House and Senate

1. **Federal Perkins Act Grants.** The Senate Substitute accepts new language added by the House that would limit the frequency and scope of site visits done by the Department of Career Development which are required to monitor the performance of colleges relative to Perkins Act grants. (Sec. 236).
2. **At-Risk Payment Schedule.** The Governor had recommended changing the payments for the At-Risk program from in-full by November 1, to 50% in the State's first fiscal quarter, and 50% in the second fiscal quarter. The House and the Senate Substitute did not accept the change and retain current language. (Sec. 211)
3. **Tax Increment Finance Authorities.** The Senate Substitute accepts the House recommendation to reinstate 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. (Sec. 219)
4. **"Buy American".** The Senate Substitute accepts the House recommendation to reinstate language eliminated by the Governor that requires the purchase of American goods and services if they are comparable to foreign goods. (Sec. 209)
5. **Deprived and Depressed Communities.** The Senate Substitute accepts the House recommendation to reinstate language eliminated by the Governor that would encourage colleges to ensure businesses in depressed areas compete for services. (Sec. 210)
6. **Abortion Coverage in Employee Health Insurance.** The Senate Substitute accepts the House recommendation to reinstate language eliminated by the Governor that prohibits the use of state funds for health insurance that include abortion services (except in the cases of spontaneous abortions, or to protect the life of the mother) for college employees. (Sec. 230)
7. **Benefits for Unmarried Partners.** The Senate Substitute accepts the House recommendation to reinstate language eliminated by the Governor that prohibits use of State funds for benefits to unmarried partners of college employees. (Sec. 231)
8. **Economic Development Job Training.** The Senate Substitute accepts the House recommendation to reinstate language eliminated by the Governor that would state Legislative intent that 70% of the economic development job training grant money be awarded to community colleges. (Sec. 403)

Conference Agreement on Items of Difference

9. **Public School Employee Retirement Act amendments.** The Senate Substitute concurs with the Governor and the House to eliminate language requiring any amendments to the public school employee retirement act that require pre-funding of health benefits to also apply to community colleges. The Substitute accepts new language, with minor modifications, added by the House to limit the number of reports submitted to the retirement system for purposes of calculating retirement benefits to no more than four per year. The Conference Report accepts the House language. (Sec. 216)
10. **Tuition Incentive Program (TIP).** The Senate Substitute includes language outlining program parameters of the TIP scholarship program. The funding for the TIP was also included in the Substitute. The Conference Report does not include this program. (Sec. 405)
11. **Financing Special Maintenance.** The Senate Substitute restores language eliminated by the Governor and the House that expresses legislative intent to develop proposals and financing alternatives for special maintenance projects. The Conference Report accepts the Senate language. (Sec. 220).
12. **Capital Projects.** The Senate Substitute removes language restricting the use of appropriations for buildings or operations of a college not authorized in the act, and adds language requiring Use and Finance Statements for self-financed projects pursuant to Capital Outlay policies. The Conference Report accepts the Senate language. (Sec. 217).
13. **Intent to Fully-Fund Gast-Mathieu Funding Formula.** The Senate Substitute accepts the House recommendation to reinstate language eliminated by the Governor that states legislative intent to fully-fund the Gast-Mathieu funding formula. The House added new language to review college funding for consistency with the formula, which the Substitute does not include. The Conference Report accepts the Senate language.

Date Completed: 8-13-03

Fiscal Analyst: Mike Hansen