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BILL ANALYSIS

Senate Fiscal Agency

• Lansing, Michigan 48909

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Senate Bill 165

Sponsor: Senator John J. H. Schwarz, M.D.

Committee: Education and Mental Health

Date Completed: 3-8-89

SUMMARY OF SENATE BILL 165 as introduced 2-21-89:

The bill would amend Public Act 77 of 1960, which created the Michigan Higher Education Assistance Authority, to:

- Specify that the Authority would be an agency in the Department of Education. Currently, the Act specifies that the Authority is an agency and instrumentality of the State of Michigan.
- Require the Authority to exercise its powers as an autonomous entity, independent of the Director of the Department of Education.
- Permit the Authority to purchase or contract for supplies, materials, equipment, printing, and services, including, but not limited to, utility, legal, accounting, and consulting services, as needed in order to carry out the Act.
- Specify that the Authority would be subject to the supervision and examination of the Financial Institutions Bureau of the Department of Commerce. Currently, the Act provides that the Authority is subject to the supervision and examination of the State Banking Commissioner.
- Repeal a provision in the Executive Organization Act that transferred the Authority, by a "type I transfer", to the State Board of Education (MCL 16.408).

MCL 390.951 et al.

Legislative Analyst: L. Arasim

FISCAL IMPACT

The bill would have an indeterminate fiscal impact on the State and no fiscal impact on local units of government.

The bill would allow the Higher Education Assistance Authority to contract for materials and services without utilizing the Department of Management and Budget procurement process. To the extent that the Authority could independently procure commodities and services at a lower cost, there could be savings for the Michigan Department of Education (MDOE). Procured commodities could range from smaller items such as micro-computers to contracts for loan administration

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services. The FY 1988-89 contractual services, supplies, and materials (CSS&M) appropriation for the MDOE's Division of Student Financial Assistance Services is \$3,297,300; the equipment appropriation is \$25,600.

Fiscal Analyst: E. Jeffries

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.