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BILL ANALYSIS

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House Bill 4008 (Substitute H-1 as passed by the House)
Sponsor: Representative Bruce Caswell
House Committee: Higher Education and Career Preparation
Senate Committee: Education

Date Completed: 5-11-05

CONTENT

The bill would amend Public Act 251 of 1972, which provides for reciprocal tuition agreements between higher educational institutions in Michigan and other states, to do the following:

- Limit the duration of an agreement, or the renewal or extension of an agreement, to three years.**
- Prohibit an agreement, renewal, or extension of an indefinite term, and prohibit the automatic renewal or extension of an agreement.**
- Provide that the tuition rate in Michigan would be the rate for in-State, out-of-district students.**
- Require the renewal or extension of an agreement, as well as the agreement itself, to be approved by the Senate and House Appropriations Committees.**
- Replace references to the State Board of Education with references to the Department of Labor and Economic Growth.**

The Act defines "reciprocal agreement" as a contractual agreement permitting resident students of a designated state to be admitted to a public institution of higher education of another state at an agreed upon tuition rate less than normally charged nonresident students of that state. Under the bill, the term also would include a contractual agreement that renewed or extended an existing reciprocal agreement.

The bill would prohibit a reciprocal agreement from containing a provision that established an indefinite term for the agreement or a fixed term of more than three years. If an agreement provided for its renewal or extension, the agreement could not provide for automatic renewal or extension, establish an indefinite term for a renewal or extension, or establish a fixed term of more than three years for any renewal or extension.

The bill specifies that the tuition rate for a student attending a public institution of higher education in this State under a reciprocal agreement would be the rate for in-State, out-of-district students.

Under the Act, reciprocal agreements are not valid until approved by the Appropriations Committees of the House of Representatives and the Senate. The bill also would require approval of a renewal or extension of an agreement.

The Act specifies that the State Board of Education is the State agency to enter into reciprocal agreements, and requires the State Board to review the agreements annually in

order to determine the fiscal effects and correct imbalances if necessary. The bill would refer to the Department of Labor and Economic Growth, rather than the State Board of Education. (These functions were transferred to the Department as the result of several Executive Orders.)

MCL 390.501-390.505

BACKGROUND

Public Act 251 of 1972 provides that a reciprocal agreement may include provisions for the reduction or waiver of nonresident tuition and fees for residents of Illinois, Indiana, Wisconsin, and Ontario admitted to designated public institutions of higher education in this State. The Act does not apply to the University of Michigan, Michigan State University, or Wayne State University.

At present, five community colleges in Michigan as well as Eastern Michigan University have agreements in effect with institutions of higher education in Ohio, Wisconsin, and Ontario. The community colleges are Bay de Noc Community College, Gogebic Community College, Jackson Community College, Monroe County Community College, and St. Clair County Community College. The agreements entered into by Bay de Noc, Gogebic, and St. Clair County Community Colleges are automatically renewed year-to-year unless either state (or Ontario) provides written notice of termination. The remaining reciprocal agreements are scheduled to expire on June 30, 2005.

Public Act 358 of 2004, which makes community college appropriations for the 2004-05 fiscal year, contains the following statement: "It is the intent of the legislature that any existing or new reciprocal tuition agreements entered into under 1972 PA 251...be submitted for review and approval by the house and senate appropriations committees at least once every 3 years." Public Act 358 also states a legislative intent that out-of-State students pay the in-State, out-of-district tuition and fee rate at a Michigan community college participating in a reciprocal agreement.

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Elizabeth Pratt

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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.