



**House  
Legislative  
Analysis  
Section**

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**HENRY FORD CC TRANSFER**

**Senate Bill 554 (Substitute H-1)  
First Analysis (5-5-93)**

**Sponsor: Sen. Michael J. Bouchard  
Senate Committee: Education  
First House Committee: Education  
Second House Committee: Higher  
Education**

***THE APPARENT PROBLEM:***

According to administration budget documents, Governor Engler is recommending \$670 million in spending on higher education building projects and public protection projects. Included are about 14 projects at state universities and eight at community colleges involving new buildings or building renovations. Among various projects targeted to receive a portion of this funding is a construction project at Henry Ford Community College, which is one of only two K-14 school systems in Michigan. As a K-14 school system Henry Ford CC falls under the purview of the School Code. The act now requires that before a school board can build on a site, it must first have prior title in fee to the site or a lease for not less than 50 years from the state. Because this will be part of the capital outlay budget, however, the Michigan State Building Authority will oversee both construction of and financing for this school project, as the state can float bonds to finance the work for much less than could the school district itself. But in order for construction on the project to proceed, the act needs to be amended to allow the community college board of trustees to transfer title of the property to the authority and then lease back from it use of the property for school purposes.

***THE CONTENT OF THE BILL:***

The bill would amend the School Code to allow a school district board that operated a community college to transfer title of real or personal property owned by the school district to the state building authority in order to obtain capital financing from the authority for improvements to the property, even though the property continued to be required and used for community college or other school district purposes. The board would have to give proper deeds, bills of sale, or other instruments necessary to pass title to the property.

Notwithstanding a section of the act that requires a board to have prior title in fee to a site before building on it, a board that operated a community college could build or contract to build a school building for the college upon a site for which the district had a lease from the state building authority of less than 50 years.

MCL 380.1606a

***FISCAL IMPLICATIONS:***

The Department of Management and Budget says the bill would not affect state or local budget expenditures, as funding for the Henry Ford Community College building project is provided for in the capital outlay budget. (5-4-93)

***ARGUMENTS:***

***For:***

The bill would authorize the Henry Ford Community College board of trustees to transfer title of property which the board oversees to the state building authority in order for the authority to finance a construction project, and permit the board to lease the property back from the state to use it for school purposes. The renovation work is one of many higher education projects (Henry Ford is a special K-14 school district) targeted to receive state funding by the Engler administration via the capital outlay budget currently being considered. (Under this proposal, the state pays half the costs of a project and finances the rest—at lower rates than if the school floated bonds itself.) But before state bonds can be floated to finance the project, the state must hold title to the property. Thus, provision must be made in the School Code (under which the community college, as a K-14 school district, is governed) to permit the school's board of

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trustees to transfer title of the property to the state building authority so that it can issue bonds to pay for the project, and that would allow the board to then lease back from the state use of the property.

***POSITIONS:***

The Department of Management and Budget supports the bill. (5-4-93)

Henry Ford Community College supports the bill. (5-5-93)