

COMMUNITY COLLEGE INVESTMENTS

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Senate Bill 1088

Sponsor: Sen. Darwin Booher

House Committee: Appropriations

Senate Committee: Appropriations

Complete to 12-8-14

A SUMMARY OF SENATE BILL 1088 AS PASSED BY THE SENATE:

The bill would amend the Community College Act to allow community colleges to invest in obligations of any of the state's political subdivisions that at the time of purchase are rated as investment grade by at least one standard rating service. The requirement that an obligation be rated as investment grade by at least one standard rating service also would be extended to apply to investments in obligations of the State of Michigan.

MCL 389.142

BACKGROUND INFORMATION:

At present, upon approval of a community college's board of trustees, a community college's treasurer may invest debt retirement funds, building and site funds, building and site sinking funds, or general funds of the community college district, but only in the following:

- Bonds, bills, or notes of the United States, or of an agency or instrumentality of the United States, or obligations of the State of Michigan.
- Negotiable certificates of deposit, savings accounts, or other interest-earning accounts of a financial institution.
- Certain bankers' acceptances
- Commercial paper that is either supported by an irrevocable letter of credit or rated prime by at least one standard rating service.
- Repurchase agreements against eligible collateral, under certain circumstances.
- Certain investment pools under the surplus funds investment pool act.
- Certificates of deposit issued according to certain standards.
- Certain deposit accounts.

FISCAL IMPACT:

The bill's fiscal impact would depend on the degree to which one or more community colleges utilized the expanded investment options, and the yield obtained under those options compared to other governmental obligations.

Fiscal Analyst: Marilyn Peterson

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