

Lansing, Michigan 48909-7536

P. O. Box 30036

DUAL ENROLLMENT: NONPUBLIC STUDENTS



Telephone: (517) 373-5383 Fax: (517) 373-1986 TDD: (517) 373-0543

Senate Bill 709 (Substitute S-3 as reported) Senate Bill 710 (Substitute S-3 as reported)

Sponsor: Senator Judy K. Emmons

Committee: Education

## **CONTENT**

Senate Bills 709 (S-3) and 710 (S-3) would amend the Career and Technical Preparation Act and the Postsecondary Enrollment Options Act, respectively, to:

- -- Extend provisions for dual enrollment in postsecondary institutions to students in Stateapproved nonpublic schools and home-schooled children.
- -- Require the Department of Treasury to pay eligible charges to a postsecondary institution for a course taken by a nonpublic school student or home-schooled child.
- -- Revise the calculation of the payment that a school district currently must make to a postsecondary institution for a dually enrolled student.
- -- Require the Legislature to appropriate funds to the Department of Treasury for making required payments.
- -- Extend repayment provisions to nonpublic school and home-schooled students who did not complete an eligible course.
- -- Require repayment by a public, nonpublic, or home-schooled student who enrolled in an eligible course for postsecondary credit only and did not successfully complete it.
- -- Allow a dually enrolled nonpublic school student or home-schooled child to receive only postsecondary credit for a course, unless it would be considered a "nonessential elective course".
- -- Require a postsecondary institution to report annually to the Department of Education.

The payment made to a postsecondary institution by the Treasury Department on behalf of a nonpublic or home-schooled student would have to be the lesser of the amount of the eligible charges or the prorated percentage of the statewide pupil-weighted average foundation allowance for all school districts, with the proration based on the proportion of the school year that the student attended the postsecondary institution. In this calculation, however, if a school district's foundation allowance were above the basic foundation, the district's foundation allowance would have to be considered the basic foundation allowance.

Currently, for a dually enrolled public school student, the school district must pay the postsecondary institution an amount equal to the lesser of the eligible charges or a prorated percentage of the State portion of the foundation allowance paid on behalf of the student. The bills, instead, would require the payment calculation to be the same as proposed for a nonpublic or home-schooled student.

The bills would take effect on July 1, 2012. They are tie-barred to each other and to Senate Bills 622 and 623. Senate Bills 622 (S-4) and 623 (S-4) would amend the same Acts to include in the definitions of "eligible student" a student enrolled in a State-approved nonpublic school and a home-schooled child enrolled in high school, remove the

Page 1 of 3 sb709&710/1112

requirement that a student be in at least grade 11 to participate, and limit the number of postsecondary courses in which an eligible student could enroll.

MCL 388.1903a et al. (S.B. 709) 388.513a et al. (S.B. 710)

## Legislative Analyst: Suzanne Lowe

## FISCAL IMPACT

<u>State</u>: The bills would require the Department of Treasury to make payments to eligible postsecondary institutions for eligible courses, on behalf of nonpublic or home-schooled students participating in dual enrollment as allowed under the bills. Under current practice, a nonpublic or home-schooled student is able to participate in dual enrollment and generate State payment for the course if the student first enrolls in at least one nonessential elective course at a public school. When a nonpublic or home-schooled student enrolls in at least one elective course at a public school, the public school can count the portion of the day that student is enrolled in both the elective and the dual enrollment course, and the school district, using State funds, is responsible for a portion of the district's foundation allowance equal to the portion of time spent in the elective course and eligible postsecondary course.

The bills would allow a nonpublic or home-schooled student to dual enroll directly in an eligible postsecondary course and would require the Department of Treasury to pay for that portion of the day spent in the dually enrolled course, without requiring the student to first enroll in a class at the public school. The bills include language requiring the Legislature to make an appropriation to the Department of Treasury for making payments required under the Act, for a dually enrolled nonpublic or home-schooled student, and this direct appropriation to the Department would likely be from the State's General Fund. This would be different from the current practice, because current practice has the public school count the student, receive a foundation allowance payment, and pay the postsecondary institution out of the State portion of that foundation allowance funding.

The bills also would change the basis for payments from the State portion of a district's foundation allowance to the statewide pupil-weighted average foundation allowance, which could result in some changes at both the public school and the postsecondary institution. In addition, the bills would require a dually enrolled student to reimburse the district or State for any funds spent by the district or State that were not refunded by the postsecondary institution, when a student failed to successfully complete a course. This requirement is not in current statute, and could result in some slight new revenue being returned in some situations.

The net fiscal impact on the State is indeterminate. First, by removing the requirement that a nonpublic or home-schooled student enroll with a public school first before dually enrolling, the bills likely would lead to increased participation, which would result in increased State costs. At the same time, if some of the existing participants (those who are enrolled in at least one public school course plus the dual enrollment course) chose to disenroll from the public school and directly enroll at the postsecondary institution, there would be some State savings because the State would be paying only for the portion of the day spent at the postsecondary institution, rather than also the portion of the day enrolled at the public school. However, it seems likely that the probable increase in participation would outweigh the potential savings (which would occur only when those students who would have dually enrolled instead enrolled only at the postsecondary institution), though the magnitude is unknown. For each additional dual enrollment course taken by a nonpublic or home-schooled student who does not currently first enroll in a public district the cost would be about \$1,200 per year, if the eligible charges totaled 1/6 of the statewide average foundation allowance. Again, a direct appropriation to the Department of Treasury would be necessary in order to provide funding for the eligible expenses. In FY 2010-11, \$12.6

million was spent by school districts to pay for eligible expenses under the dual enrollment provisions; this included the costs for both public and nonpublic students.

The Department of Education would be required to process and calculate eligible costs of the dual enrollment courses taken by nonpublic and home-schooled students, and forward that information to the Department of Treasury for payment to the postsecondary institutions providing dual enrollment courses. Therefore, the Department of Education could see some increased costs related to these processes, and Treasury could see some increased costs associated with processing the new payments.

<u>Local</u>: Because the legislation would allow nonpublic or home-schooled students to use dual enrollment provisions without first enrolling in a public school, it is likely that public schools would see a decrease in revenue tied to this occurrence. Under current practice, a public school that enrolls a nonpublic or home-schooled student in at least one course, as well as a dual enrollment course, receives foundation allowance payments for the portion of the school year the student is enrolled. Therefore, if removing the requirement that a nonpublic student first enroll in the public school before dually enrolling resulted in fewer nonpublic students enrolling at the public school, the public schools would see decreased foundation allowance revenue from the State.

The change in the basis for payments from the State portion of a district's foundation allowance to the pupil-weighted average foundation also could result in some local impacts, which likely would cost districts additional funding to pay for dual enrollment. A district's foundation allowance is a mix of State and local funding, and current law requires the district to pay to the postsecondary institution only the prorated piece of the State portion of the foundation allowance. However, the proposed change would require a district to pay to the postsecondary institution the prorated piece of the entire statewide pupil-weighted average foundation allowance, which is estimated at roughly \$7,200 in FY 2011-12.

Date Completed: 10-25-11 Fiscal Analyst: Kathryn Summers

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.