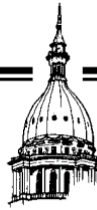




Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 4229 (as enacted)
Sponsor: Representative Joe Haveman
House Committee: Appropriations
Senate Committee: Appropriations

PUBLIC ACT 130 OF 2013

Date Completed: 10-10-13

CONTENT

On September 19, 2013, the House passed House Bill 4229 (H-1), which is a fiscal year (FY) 2013-14 School Aid supplemental bill that would correct several technical errors in the budget in order to properly and accurately implement legislative intent in the upcoming fiscal year. On September 26, 2013, the Senate passed House Bill 4229 (H-1) with amendments. The bill would amend the following sections, with details on each section's proposed changes below: Sections 6, 20, 21f, 24c, 25e, 26a, 74, 104b, 107, and 147a.

Section 6 - Pupil Membership Definitions

The bill would amend Section 6(4)(l)(iii); which pertains to the kindergarten enrollment of students who do not meet the age requirements outlined in Section 1147 of the Revised School Code but who will turn age five by December 1. Existing language in this subsection allows students who *become residents of a district* after June 1 to still enroll in kindergarten, but the proposed amendment would allow any student (not just those who become residents after a certain date) to enroll as long as the child is age five by December 1. This would allow residents for whom notice is not given by June 1 (as required under the School Code), and nonresidents who enroll under schools of choice to be counted in membership.

The bill also would amend Section 6(4)(aa) to add a reference to a new special education rule to allow for enrollment of certain special education pupils. Special education early childhood services previously were delivered under Rule 340.1755. This rule now has been broken up, with services for children ages three, four, and five under Rule 340.1755 and services for children from birth to two under the new Rule 340.1862.

Section 20 - Foundation Allowance

Likely the most substantive and immediate change needed, this amendment would strike language in subsection (3), subdivisions (a), (b), and (c) that conflicts with the appropriated \$30 increase in the basic (\$60 increase in the minimum) foundation because the language says the foundation allowance for FY 2013-14 will be the same as in FY 2012-13. Striking the existing language would allow the budgeted per-pupil increases to be paid out.

Section 21f - Online Learning

The fix in subsection (7)(a) of this section simply would strike "department" and replace it with "Michigan virtual university" (MVU), which was overlooked when the budget bill was prepared for conference committee last May. The Senate version of the budget had tasked the Department of Education with numerous responsibilities, but the conference committee turned the proposed responsibilities over to MVU. One of the changes from "Department" to MVU in this subsection was missed.

Section 24c - Youth Challenge Academy

Battle Creek Public Schools is no longer the fiscal agent for Youth Challenge Academy (a boot-camp style program funded in the Department of Military and Veterans Affairs budget until FY 2006-07), and Marshall Public Schools will be the new fiscal agent. Existing language in the

School Aid Act specifies that funding will go to the district in which the Academy is located (which is Battle Creek). This supplemental would strike that language so the funding can instead go to Marshall.

Section 25e – "Money to Follow the Student" between Count Days

Numerous technical changes to the formula for allowing districts that enroll pupils after the fall count day, but before the spring count day, are necessary in order to accurately record and pay for the number of days enrolled in a new district. This is a new section and writing the formula language has required some tweaks to ensure accuracy. The proposed language recognizes that there are 105 days between the start of school and the spring count day; therefore, if a student moves between the fall and spring count days, the new enrolling district will receive an adjustment equal to 1/105 for each day enrolled (adjusted by the 90% weighting on the fall count and applied to the district's foundation allowance). The existing language is based on an entire school year of 180 days, but since the adjustments only occur during the 105-day window, the changes are necessary to accurately adjust for the days enrolled in the new district.

Section 26a - Renaissance Zone Reimbursement

The section incorrectly retained a reference to taxes levied in 2012, instead of referring to taxes levied in 2013. The supplemental would correct the calendar year reference.

Section 74 - Bus Driver Safety Education

The change in this section would strike the cap on reimbursement, which currently limits reimbursement to no more than 75% of the actual cost of bus driver safety education training. This change had been proposed by the Executive branch and concurred in by the Appropriation subcommittees, but was missed in the preparation of the conference report. This change would allow the Department to better align reimbursements with the new two-year instruction cycle while maintaining a stable level of State funding.

Section 104b – Michigan Educational Assessment Program (MEAP)

The changes in this section would require Michigan Merit Exam tests to be administered, and scores reported, at the local high school in which a middle college pupil is enrolled, for those pupils in grade 11 who receive at least 50% of their instruction at the local high school. In addition, a 5-year on-time graduation rate would be used for the purposes of calculating adequate yearly progress at these programs.

Section 107 - Adult Education

The section incorrectly retained a reference to FY 2012-13, which needs to be updated to FY 2013-14 in regard to the number of adult education students participating in the program.

Section 147a - MPSERS Per-Pupil Reimbursement

This section incorrectly refers to "school" fiscal year as the time frame for Michigan Public School Employees' Retirement System (MPSERS) payroll on which reimbursements to districts are made, when in fact the data used are from the time period coinciding with the State's fiscal year. Therefore, the word "school" would be stricken from the section.

MCL 388.1606 et al.

FISCAL IMPACT

The changes described above are all considered 'technical' fixes necessary to implement the legislative directives for the fiscal year 2013-14 school aid budget enacted as part of Public Act 60 of 2013. The supplemental would appropriate no new dollars.

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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.