



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 866 (as reported without amendment)
Sponsor: Senator Jud Gilbert, II
Committee: Education

CONTENT

The bill would amend the State School Aid Act to allow an intermediate school district (ISD) that purchased a special education transportation service from a constituent district under specific conditions, to continue to report to the State for reimbursement the cost associated with the service; and require the Department of Education to remove that amount from the costs reported by the constituent district.

Under the bill, beginning with calculations for 2004-2005, if an ISD purchased a special education pupil transportation service from a constituent service at a lower cost, adjusted for changes in fuel costs, than the cost of the service when previously purchased from a private entity, and if the cost shift from the ISD to the constituent district did not result in any net change in the revenue that the constituent district received under Sections 22b and 51c of the Act, then upon request the Department would have to direct the ISD to continue to report the cost associated with the special education pupil transportation service, and would have to adjust the costs reported by the constituent district to remove the cost associated with that specific service.

(Section 22b includes a special education hold harmless provision that requires the State to maintain special education funding at or above the FY 1997-98 level. Section 51c provides for the reimbursement of a portion of the costs of special education and special education transportation as required under *Durant, et al. v State of Michigan*.)

MCL 388.1651a

Legislative Analyst: Curtis Walker

FISCAL IMPACT

State: Compared with current law, and assuming the ISD continues to use the services at the local district (which actually is more expensive for the ISD), if this bill were enacted, the State would see an increased cost estimated at \$46,000, since the ISD's claim for reimbursement would become allowable under this bill. Moreover, if this bill were enacted, the State would see savings estimated at \$34,000, if comparing what would be paid out in reimbursement as allowed under the bill to a scenario in which the ISD returned to using the private contractor (which would save the ISD money compared with current law, but would cost the State more dollars due to higher reimbursement).

Local: The ISD in question would see \$46,000 more in revenue from the State compared with current law, if this bill were enacted.

Date Completed: 1-19-06

Fiscal Analyst: Kathryn Summers-Coty