

SCHOOL AID PAYMENTS: PUPILS IN STRICT DISCIPLINE ACADEMIES

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Senate Bill 691 (H-2)

Sponsor: Sen. Dave Hildenbrand

House Committee: Appropriations

Senate Committee: Appropriations

Complete to 12-7-11

A SUMMARY OF SENATE BILL 691 (H-2)

Senate Bill 691 (H-2) would amend Section 25 of the State School Aid Act to revise school aid payments to strict discipline academies (SDAs), a type of public school academy for pupils who have been expelled or suspended from school or referred from a court, such that a portion of foundation allowance funding would automatically follow the pupil if they transfer from a district or ISD after the pupil membership count day.

Currently under Section 25, when a pupil who was expelled or suspended from school or referred from a court enrolls in an alternative education program for such students or a strict discipline academy after the fall membership count date, the newly enrolling district has to report the enrollment to the original district that counted the pupil in membership and the Michigan Department of Education (MDE). The original district has 30 days to pay the enrolling district after which the MDE shall adjust the school aid payments to each district or ISD. However, there is no process explicitly identified in statute to make MDE aware of the original district's failure to make the payment and thus initiate the adjustments.

The bill would revise the process for SDAs only to do the following:

- Require that the SDA report to the MDE the first date of the pupil's enrollment in the SDA.
- Require that the MDE, upon receipt of a report from an SDA regarding an enrollment change, adjust the membership and state school aid calculations for foundation allowances for both the original district or ISD and the SDA. Each district, ISD, or SDA would receive 1/180 of the foundation allowance for each day the pupil was enrolled in that district, ISD, or SDA (capped at 180 days minus the number of days the pupil was previously enrolled in any other district or ISD).

The bill would apply to state school payments made for FY 2011-12.

FISCAL IMPACT:

The bill could have minimal fiscal implications for the State to the extent that pupils transfer among districts and SDAs with varying foundation allowances, but the number of eligible pupils under this section and the total potential impact are likely to be small. Currently there

are 8 SDAs that counted approximately 1,000 pupils in enrollment in FY 2010-11, although one would expect their pupil counts to increase under the bill's provisions.

The bill also could create administrative costs for the Department of Education and the Center for Educational Performance and Information (CEPI) related to tracking the transferred pupils and processing changes in state aid payments.

However, the bill would have a significant fiscal impact for certain districts, ISDs, and SDAs. While the current process requires that districts and ISDs reimburse SDAs for pupils transferring after the fall pupil membership count date, the process does not provide for explicit enforcement, thus the original enrolling district or ISD retains much or all of the funding for that pupil even if the pupil is enrolled in an SDA for most of the school year. SDAs are likely to see an increase in foundation allowance funding under the bill, while other districts or ISDs would see funding reductions related to those pupils who transfer to an SDA.

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