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BILL ANALYSIS

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Senate Bill 691 (as introduced 9-21-11)  
Sponsor: Senator Dave Hildenbrand  
Committee: Appropriations

Date Completed: 10-4-11

### **CONTENT**

Senate Bill 691 would amend Section 25 of the State School Aid Act, which provides for adjustments in foundation allowance funding for pupils enrolled in alternative education programs or strict discipline academies, when those pupils are enrolled after the count date after having been counted in membership by another district. Specifically, the bill would:

- Require the Department of Education to automatically adjust the pupil counts of the enrolling and educating districts to reflect the portion of school year spent in each by alternative education pupils or pupils in strict discipline academies.
- Require the Department of Education to include in the calculation of State aid payments to districts or intermediate districts operating alternative education programs or to strict discipline academies the portion of school year a student was enrolled, for the purpose of foundation allowance or categorical payments.
- Require the adjustments in funding to occur upon the student's enrollment in an alternative education program or strict discipline academy.

The State School Aid Act is structured to pay for education funding on a per-pupil basis, where the enrolling district that counts a student is paid for that student, in both foundation allowance funding and categorical aid tied to student counts. Under current law, if a student who was counted in one district is then suspended or expelled after the count date and subsequently attends an alternative education program or strict discipline academy (SDA), Section 25 of the Act allows for the alternative education program or SDA to essentially "bill" the enrolling district for that portion of the school year the student attends the alternative schooling, and the enrolling district is to forward the foundation allowance funding to the educating district based on that proportion.

The bill would require the Department of Education to make the adjustments in funding, rather than requiring the educating district to "bill" the enrolling district. In addition, while current law only addresses foundation allowance funding, Senate Bill 691 also includes categorical aid, so the Department would be required to forward both foundation allowance and categorical aid behind the student to the educating district, again based on that portion of the year educated in the alternative program that occurred after the count date.

MCL 388.1625

## **FISCAL IMPACT**

State: Since the State pays for the student already, there would be no fiscal impact on the State from this legislation, except for the minimal processing and staff time costs related to the calculation and adjustment of State aid payments between enrolling and educating districts.

Local: The bill has the potential to reduce the revenue of affected enrolling school districts (those that suspend or expel students after the count day), particularly with respect to categorical aid, by recalculating the pupil membership of the enrolling district to be based on the portion of year spent at the enrolling district, and redistributing the funding attributed to that portion of the school year spent in an alternative program to the educating districts or SDAs. Again, current law allows for this redistribution of funding, but only for foundation allowance dollars, and not for categorical aid as the bill would allow.

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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.