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SFA**BILL ANALYSIS**

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Senate Bill 146 (Substitute S-4 as reported)
Sponsor: Senator Glenn D. Steil
Committee: Education

CONTENT

The bill would amend the Revised School Code's provisions on public school academies to specify that the limit on the number of contracts to organize and operate a public school academy, that may be issued by State public universities, would not apply to a contract issued either for a public school academy that received or qualified for Federal funds designated for charter school purposes, or for an academy located in a school district that, at the time the contract was issued, had at least 2,000 pupils eligible for the Federal free or reduced price lunch program. (Currently, the combined total of contracts that may be issued by all State public universities is 100 through 1997, 125 through 1998, and 150 thereafter. The total that may be issued by any one university may not exceed 50% of the maximum combined total number.)

The bill also would permit a public school academy to limit enrollment either to: pupils whose primary disability had been determined to be a specific learning disability or another particular characteristic or set of characteristics recognized under State Board of Education special education rules, or pupils placed in the academy by a court. The contract authorizing the academy would have to state that it was established specifically for enrolling one of these types of pupils.

In addition, the bill would repeal a section of the Code under which Part 6b (Public School Academies) is to be repealed "if the final disposition of *council of organizations and other for education about parochial aid, inc., et al., v John Engler...* is that Part 6a, as added by Act No. 362 of the Public Acts of 1993, is held by a court of competent jurisdiction to be constitutional, effective, or otherwise valid" (MCL 380.518).

The bill specifies that it would not take effect unless the Department of Education certified that State school aid to school districts under the State School Aid Act would be paid for the 1997-98 State fiscal year based on a current year pupil count.

MCL 380.502 et al.

Legislative Analyst: L. Arasim

FISCAL IMPACT

The bill would have a fiscal impact on State and local government as follows:

Increase Public School Academy Authorizations by Universities: The exclusion of certain types of public school academies from the cap on the number of schools that may be authorized by universities would increase public school academy authorizations by State public universities. For example, under the bill, no cap would apply to academies authorized in the State's largest city school districts such as Detroit, Flint, Grand Rapids, and approximately 20 others. New public school academies are estimated to attract approximately 25% of their pupils from nonpublic schools; thus, increased authorizations of academies are expected to increase total State pupil membership,

increasing the State cost of the foundation allowance. The magnitude of this impact is unknown.

Potential Loss of Federal Funds: The bill would permit academies to limit enrollment to students with a specific handicapping condition. This raises the issue of whether such schools would violate the antidiscrimination policies required for the State to receive Federal funds under the Individuals with Disabilities Education Act (IDEA). This funding is estimated at \$73 million in FY 1996-97 and \$87 million in FY 1997-98. Most IDEA money currently is distributed by the State to local school districts, intermediate school districts, and public school academies.

If a public school academy with enrollment restricted to a certain special education population opened pursuant to the bill, it is possible that Michigan's compliance with Federal special education law could come under review. A determination by the U.S. Department of Education that the State did not comply with the requirement described above, could make the State ineligible for Federal special education funding.

Change in Pupil Membership Definition: The bill would not take effect unless the Department of Education certified that FY 1997-98 State school aid payments would be made based on a current year pupil membership count. This would require amending the State School Aid Act definition of pupil membership. Changing from the current blend of pupil counts taken in February of the prior school year and September of the current school year, to an average of September and February counts within the same school year, would raise pupil membership, increasing the foundation allowance by approximately \$31 million in FY 1997-98. Changing to a single September count day would cost approximately \$77 million in FY 1997-98. The change would alter local district membership, increasing the FY 1997-98 pupil membership of growing districts and decreasing the pupil membership of declining districts. Enacting the change in definition without a corresponding increase in foundation allowance funding would result in proration of State payments to school districts.

Date Completed: 3-5-97

Fiscal Analyst: E. Pratt

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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.