
Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

SFA**BILL ANALYSIS**

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 4329 (Substitute H-2 as discharged)
Sponsor: Representative Sharon Gire
House Committee: Education
Senate Committee: Education

CONTENT

The bill would amend the Revised School Code to change the condition under which the required minimum number of pupil instruction days or hours will increase as scheduled. Under current law, school districts and public school academies must provide a minimum number of days and hours of instruction as a condition of receiving State school aid payments. The Revised School Code contains a schedule of increases in the required days and hours of instruction; however, the increase is only effective for a school year in which the basic foundation allowance increases by at least the rate of inflation. The required number of hours of instruction is scheduled to increase from 990 in FY 1996-97 to 1041 in FY 1997-98.

The minimum number of days or hours will not increase, however, if the percentage growth in the basic foundation allowance under the State School Aid Act for a State fiscal year, as compared to the basic foundation allowance for the immediately preceding State fiscal year, is less than the percentage increase in the average consumer price index (CPI) for the 12-month period ending on the June 30 immediately preceding the beginning of the State fiscal year.

The bill specifies, instead, that for a particular school year, if the Department of Education determined that the percentage growth of the basic foundation allowance for the State fiscal year in which the school year began, as compared to the foundation allowance for the immediately preceding State fiscal year, was less than the percentage increase in the average United States CPI for the calendar year immediately preceding the calendar year in which the school year began as compared to the second preceding calendar year before the calendar year in which the school year began, then there would be no increase in the required number of pupil instruction days and hours for that particular school year.

MCL 380.1284

Legislative Analyst: L. Arasim

FISCAL IMPACT

The bill would have an unknown fiscal impact on State and local government.

The bill would change the measure used to trigger the scheduled increase in the required hours of instruction. The Revised School Code currently specifies that the increase is effective if the increase in the basic foundation allowance for the fiscal year is at least as great as the change in the consumer price index for the period from July 1 to June 30 prior to the start of the school year. For example, for FY 1997-98, this compares the increase in the basic foundation allowance from FY 1996-97 to FY 1997-98 with the percent change in inflation from July 1, 1996, to June 30, 1997. The consumer price index for that period currently is estimated at 29%, the same as the Senate-passed increase in the basic foundation allowance. The consumer price index for the period from July 1,

1996, to June 30, 1997 will not be determined until late July. The increase in the basic foundation allowance for FY 1997-98 will not be known until the School Aid budget for FY 1997-98 is enacted.

Under the bill, the days and hours trigger would compare the percentage change in the basic foundation allowance in the prior State fiscal year to the percentage change in inflation for the prior calendar year. For example, if the bill applied to FY 1997-98, the days and hours increase for FY 1997-98 would be triggered if the percentage increase in the basic foundation allowance from FY 1995-96 to FY 1996-97 is at least as great as the increase in the consumer price index from 1995 to 1996. This would compare the 3% increase in the basic foundation allowance for FY 1995-96 to FY 1996-97 with a 3% increase in the consumer price index from 1995 to 1996.

Based on current estimates, it is anticipated that the days and hours increase for FY 1997-98 would be required under both scenarios; however, it is unknown if in a future year the impact of the calculations would differ. Under the proposed law, local school districts and public school academies would know approximately six months earlier whether an increase in the days and hours of instruction would be required for the next school year.

Date Completed: 6-11-97

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.