

# Fiscal Analysis

## PUBLIC SCHOOL ACADEMY LAW REVISIONS



---

**Bill/Sponsor**                      **SENATE BILL 393 S-1**, Sen. Wayne Kuipers

**House Committee**                Education

**Analysis**                              **Summary**

The current cap on the number of public school academies (PSAs) that may be chartered by public universities is 150 schools, a cap that was reached in the fall of 2000. SB 393 would raise the cap on university-chartered schools by 20 schools each calendar year, from CY 2003 to CY 2012. After CY 2012, the total cap would be 350 university-authorized public school academies, an increase of 200 schools from current law. The bill would place public school academies authorized by federal tribally controlled community colleges under this cap.

Beginning in 2003, SB 393 would also allow five new “high school public school academies” to be chartered each year until 2007, for a total of 25 schools over five years. In addition to the high school public academies, the bill would also allow universities to charter up to 15 “urban high school academies” to be operated within the boundaries of the Detroit school district.

SB 393 also states that PSAs are not prohibited under this bill from counting in membership certain pupils enrolled in a distance learning program, if allowed in the School Aid Act. (HB 4719 would allow districts to count pupils for distance learning and must be enacted before this provision could take effect.) HB 4719 would require students to meet certain criteria (such as being unable to attend school due to health conditions or being expelled) and would limit the number of pupils that may be counted in membership for distance learning programs to 5% of a district’s membership.

**Assumptions**

The average size of a new public school academy is estimated to be 250 students. Since SB 393 will likely not be enacted early enough in the year for schools to begin opening in FY 2003, this analysis estimates the fiscal impact for FY 2004. However, since the cap in FY 2004 includes additional schools allowed in 2003, there is potential for more schools to open in FY 2004 than estimated in this analysis. This analysis assumes that 20 university-chartered schools and 5 high school academies will open in FY 2004. It also assumes that 3 of the 15 new urban high school academies per year will open in FY 2004.

It is assumed that 25% of pupils in the new PSAs would transfer from nonpublic or home schools or, in the case of kindergarten students, would have otherwise enrolled in a nonpublic school. (To the extent that larger or smaller percentages transfer from nonpublic schools, state costs will be higher or lower, respectively, than the estimated amount.) It is assumed that the remaining 75% of students in

Mitchell Bean, Director – House Fiscal Agency  
124 N. Capitol Avenue, Lansing, MI 48909  
Phone: (517)373-8080, Fax: (517)373-5874  
<http://www.house.mi.gov/hfa>

new PSAs would transfer from existing public schools, creating no additional cost to the state, but creating a loss to local school districts.

### **Fiscal Impact**

Under these assumptions, there would be approximately 28 additional schools in FY 2004 (20 university-chartered schools, 5 high school PSAs, and 3 urban high school academies). This would result in approximately 7,000 students in new PSAs, with 1,750 students (25% of the 7,000) newly entering public schools from the non-public school system.

Multiplying these new enrollments by the estimated FY 2004 PSA pupil-weighted average allowance for PSAs of \$6,931 gives an additional state cost of \$12.1 million. There would also be a subsequent revenue loss to the local school districts from which the 75% of public school students transferred of approximately \$36.4 million. The costs of new schools that opened in FY 2004 would continue into FY 2005 and the costs of additional new schools opening in FY 2005 would be added to this ongoing cost. A similar impact may be realized annually through FY 2012 due to the creation of new schools and continuing support of schools already created.

The provision to allow students receiving distance learning to be counted in membership could also have a fiscal impact by increasing the number of pupils for which PSAs receive a foundation allowance. The state does not currently collect data estimating the number of students in distance learning programs, so the total number of such pupils is unknown. It is also unknown how many PSAs would elect to operate a distance learning program or how many pupils would be enrolled in each school. However, for every eligible pupil that is counted under this bill (which is limited to 5% of enrollment), a district would receive a foundation allowance of approximately \$6,931.

### **Analyst(s)**

Laurie Cummings

FLOOR ANALYSIS - 7/1/03

Mitchell Bean, Director – House Fiscal Agency  
124 N. Capitol Avenue, Lansing, MI 48909  
Phone: (517)373-8080, Fax: (517)373-5874  
<http://www.house.mi.gov/hfa>