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**SFA****BILL ANALYSIS**

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Senate Bill 367 (Substitute S-3 as reported by the Committee of the Whole)  
Sponsor: Senator Wayne Kuipers  
Committee: Education

### **CONTENT**

The bill would amend the State School Aid Act to allow flexibility in the use of at-risk funding for schools meeting the Federal adequate yearly progress (AYP) standards in both math and English. The bill would take effect on October 1, 2003.

Specifically, for an individual school or schools operated by a district or public school academy (PSA) receiving at-risk funds under Section 31a of the Act, that had been determined by the Michigan Department of Education to meet the AYP standards of the Federal No Child Left Behind Act in both mathematics and English language arts at all applicable grade levels for all applicable subgroups, the district or PSA could submit to the Department an application for flexibility in using the at-risk funds attributable to the pupils in the school or schools. If the Department did not act to approve or disapprove an application within 30 days after it was submitted, the application would be considered approved.

Under the Act, Section 31a allocates a sum from the State School Aid Fund to eligible districts and PSAs, based on the number of pupils who met the income eligibility criteria for free breakfast, lunch, or milk in the preceding fiscal year. A district or PSA must use this funding only to provide instructional programs and direct noninstructional services for at-risk pupils; school health clinics; and school breakfast programs. A district or academy must spend \$10 per at-risk pupil on a school breakfast program, if the district provides a breakfast program; under the bill, this requirement would be subject to the proposed flexibility language. Also, a district may use its at-risk funds to reduce class sizes in buildings having a disproportionate number of at-risk pupils; under the bill, this would be subject to the flexibility provisions.

In addition, the Act provides for an adjustment to a district's foundation allowance for 2002-2003 if the district received a grant in the preceding year under former Section 32e (which had allocated funding for grants to eligible districts for small class size programs in grades K-3 in eligible buildings). Under the bill, for a school that met the AYP standards in math and English a district could use the funds for purposes that were designed to reduce class size but were different from the purposes otherwise allowable under former Section 32e.

MCL 388.1620 & 388.1613a

Legislative Analyst: Claire Layman

### **FISCAL IMPACT**

The bill would allow flexibility in the use of funding received under Section 31a for at-risk pupils. This would have no fiscal impact on local districts since the amount of funding would remain the same. However, the changes allowing more flexibility could enable school districts to use all of the funds allotted to them. Currently, unused funds must be returned to the Department of Education. The flexibility in the use of these funds would allow a district to use the funds for any purpose deemed necessary by the school district, which would enable the district to use the funds rather than having to return unspent funding.

Date Completed: 5-13-03

Fiscal Analyst: Joe Carrasco

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