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SFA**BILL ANALYSIS**

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Senate Bill 367 (Substitute S-3)
Sponsor: Senator Wayne Kuipers
Committee: Education

Date Completed: 5-1-03

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 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 receiving at-risk funds under Section 31a of the Act, that had been determined by the Michigan Department of Education (MDE) to meet the adequate yearly progress 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 public school academy could submit to the Department an application for flexibility in using the at-risk funds attributable to the pupils in the school or schools.

The application would have to identify the affected school or schools and the affected funds. The application also would have to contain a plan for using the funds for specific purposes identified by the district that were designed to benefit at-risk pupils in the school, but that could be different from the purposes otherwise allowed under Section 31a.

The MDE would have to approve the application if it determined that the purposes identified in the plan were reasonably designed to benefit at-risk pupils in the school. 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. If an application were approved, the district could use the funds identified in the application for any purpose identified in the plan.

Under the Act, Section 31a allocates a sum from the State School Aid Fund to eligible districts and public school academies, based on the number of pupils in membership in the district or academy who met the income eligibility criteria for free breakfast, lunch, or milk in the preceding fiscal year (commonly referred to as "at-risk funding"). A district or public school academy must use this funding only to provide instructional programs and direct noninstructional services, including medical or counseling services, for at-risk pupils; for school health clinics; and for school breakfast programs.

The Act requires a district or academy to spend \$10 per at-risk pupil on a school breakfast program, if the district provides a breakfast program; under the bill, this requirement would apply except as otherwise provided in the proposed flexibility language. The Act also allows a district to 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 under former Section 32e in the preceding year. The district must use the funds resulting from the adjustment for purposes allowed under that

section. (Section 32e had allocated funding in 2000-2001 and 2001-2002 for grants to eligible districts for programs to maintain or establish small classes in grades K-3 in eligible buildings. Section 32e was repealed by Public Act 191 of 2002.) The bill would allow flexibility in the use of the funds for a school that meet the adequate yearly progress standards in math and English. The district would have to submit to the MDE an application identifying the school and the affected funds, as well as contain a plan for using the funds for specific purposes designed to benefit the pupils in the school, which could be different from the purposes otherwise allowed.

MCL 388.1620 & 388.1631a

Legislative Analyst: Suzanne Lowe

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.

Fiscal Analyst: Joe Carrasco

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