



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bills 493 and 494 (as introduced 8-12-25)
Sponsor: Senator Dayna Polehanki (S.B. 493)
Senator Darrin Camilleri (S.B. 494)
Committee: Education

Date Completed: 8-12-25

CONTENT

Senate Bill 493 would amend the State School Aid Act to establish a grant program operated by the Michigan Department of Education (MDE) for the purpose of reducing kindergarten (K) through 3 class sizes to no more than 19 pupils per class in eligible districts.

Senate Bill 494 would amend the State School Aid Act to appropriate \$65.0 million from the School Aid Fund (SAF) to the State's public schools for the purpose of carrying out Senate Bill 493.

Senate Bill 493 is tie-barred to Senate Bill 494.

Senate Bill 493

The bill would create a grant program to allocate the money appropriated by Senate Bill 494 to eligible districts for the creation of pilot programs to establish and maintain small classes in grades K through 3. A small class would be considered a class containing 17 pupils on average, with a maximum of 19 pupils.

To be eligible for a grant, a district would have to have at least one eligible school building. For a school building to be considered eligible, the school building would have to meet the following requirements:

- Operate at least one of grades K through 3.
- Be operated by a district that provided all grades K through 12 *and* received funding under Section 31a.¹
- Be in a district identified as an opportunity index band of four or higher (see **BACKGROUND**).

The district would have to apply to the MDE for a grant in a form and manner prescribed by the MDE. The district would have to include in its application a projected budget and demonstrate in the budget that at least 30% of the funds received by the district under Section 31a would be used to support small class sizes.

The bill would restrict a single district's allocation to a quarter of the total allocation of \$65.0 million. The MDE would have to make allocations on a schedule determined by the MDE. The bill would require the MDE to make allocations to districts that were geographically diverse,

¹ Generally, Section 31a of the Act codifies the amount of SAF and General Fund appropriated by the Legislature for eligible school districts each fiscal year. The Section also prescribes the requirements for eligibility and use of funds. For more information, see MCL 388.1631a.

including urban, suburban, and rural districts. Grants would have to be awarded to at least the following districts:

- Muskegon Heights Public School Academy System.
- Benten Harbor Area Schools.
- Flint School Districts.
- Wayne-Westland Community School District.

Any unspent funds in Fiscal Year (FY) 2025-26 would carry over to FY 2026-27.

Senate Bill 494

The bill would appropriate the following to State public schools for FY 2025-26:

- \$65.0 million from the SAF.
- \$100 from the General Fund.
- An amount not to exceed the remaining balance (estimated at \$100) from the School Consolidation and Infrastructure Fund.
- An amount not to exceed \$100 from the School Transportation Fund.
- An amount not to exceed \$100 from the Enrollment Stabilization Fund.
- An amount not to exceed \$100 from the Great Start Readiness Program Reserve Fund.
- An amount not to exceed \$100 from the Educator Fellowship Public Provider Fund.

Generally, the latter funds are reserve funds contained within the SAF.

Proposed MCL 388.1631c (S.B. 493)
MCL 388.1611 (S.B. 494)

BACKGROUND

In 2023, the Legislature introduced the Opportunity Index, which measures the concentration of poverty in a school district. There are six opportunity bands:

Opportunity Band	Percentage of Economically Disadvantaged Students	Goal Funding Weights
1	0.0% - 19.9%	35%
2	20.0%- 43.9%	36%
3	44.0% - 58.9%	37.5%
4	59.0% - 72.9%	39%
5	73.0% - 84.9%	42%
6	85.0% - 100.0%	47%

Generally, a district placed in Band Six receives more at-risk funding per-pupil than a district placed in a lower band. A district's per-pupil funding weight is determined by where a district falls within the band. Additionally, the actual funding weight a district may receive is prorated depending on available funding.

Legislative Analyst: Abby Schneider

FISCAL IMPACT

The bills would appropriate \$65.0 million from the SAF for FY 2025-26. The gross increase in appropriations would be \$65.0 million in FY 2025-26.

The bills would have no fiscal impact on the MDE.

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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.

