

Fiscal Analysis

TRANSFER OF TERRITORY TO A NEW SCHOOL DISTRICT



Bill/Sponsor **HOUSE BILL 5065 as Introduced**, Rep. Shelly Goodman Taub

House Committee Education

Analysis

Summary

HB 5065 allows certain territories to transfer from one district to another. Eligible territories must be a village, city, or township that includes property in more than one school district, or be a subdivision that is located in a village, city or township that includes property in more than one school district. Eligible territories must petition their local Intermediate School District to make the transfer and get approval from the school district to which it seeks to transfer. HB 5065 requires that if the new school district approves the transfer, it must conduct an election in which the electors living in the territory to be transferred vote on the question of attaching to the new district.

Fiscal Impact

It is not feasible to estimate the number or size of territories that would transfer to a different school district due to this bill, and specific estimates of the bill's fiscal impact are therefore not made. However, some potential impacts of the bill are discussed in general terms.

Local Impacts

One potential impact of HB 5065 is fund shifts among local school districts. For each student entering a different school district due to a property transfer under HB 5056, a foundation allowance payment would also be transferred. Specifically, for each student that transfers, there would be a loss to the local district from which the pupil leaves equal to the foundation allowance for that district and a gain for the district to which he or she enrolls equal to the foundation allowance in the new district.

HB 5065 could also create election costs for the new local school district to which a territory attaches, since it must conduct an election for those living in the territory to be transferred. There would be an indeterminate cost to the local school district of conducting such an election.

State Impacts

A potential state impact could occur if students transfer to a district with a higher or lower foundation allowance. If, for example, a student leaves a district with a foundation allowance of \$6,700 and enters one with a

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foundation allowance of \$7,200, the state would pay an additional \$500 to educate that pupil. (Due to a cap of \$8,000 on the amount of per-pupil funding that the state contributes towards a foundation allowance, the maximum amount of additional foundation allowance the state could pay for a student transferring to a higher foundation-allowance district is \$1,300.) In contrast, a student transferring from a \$7,200 district to a \$6,700 district would save the state \$500.

Another potential state impact is that to the extent that HB 5065 results in non-public students entering the public school system, HB 5065 would increase state costs. If a nonpublic student enters the public school system, a new foundation allowance would be paid. It is not feasible to estimate the number of nonpublic pupils who might enroll in public schools because of this bill. However, the average foundation allowance in Michigan is approximately \$7,000, meaning that for every nonpublic pupil that enters the public school system, it would cost the state approximately \$7,000.

Analyst(s)

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