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BILL ANALYSIS

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Senate Bills 328, 329, and 330 (as introduced 3-17-05)

Sponsor: Senator Bill Hardiman (S.B. 328)
Senator Nancy Cassis (S.B. 329)
Senator Wayne Kuipers (S.B. 330)

Committee: Education

Date Completed: 3-17-05

CONTENT

The bills would amend the State School Aid Act to provide funding for a proposed "Early Learning Success Program". The Program would have to monitor individual pupil learning and provide specific support or learning strategies to pupils as early as possible to reduce the need for special education placement. The Program also would have to include literacy and numeracy supports, sensory motor skill development, behavior supports, instructional consultation for teachers, and the development of a parent/school learning plan.

The bills are described in more detail below.

Senate Bill 328

The bill would permit districts or intermediate districts who receive payments from the *Durant v State of Michigan* settlement to use those funds for the Early Learning Success Program. Currently, *Durant* funds paid to a district must be used only for textbooks, electronic instructional material, software, technology, infrastructure or infrastructure improvements, school buses, school security, training for technology, or the payment of debt service on voter-approved bonds issued by the district or intermediate district. The bill would include the Early Learning Success Program as a permissible use of the *Durant* money.

Senate Bill 329

The bill would allocate \$1.0 million from the State School Aid Fund for 2005-2006 to the Department of Education for 50 grants of \$20,000 each to districts to be used for developing a five-year Early Learning Success Model for grades K-3.

Each site funded by a grant would have to serve as either a model site of practice, or a site of improvement. A model site would serve as an ongoing model that provided the Program for pupils and conducted professional development on-site for personnel visiting from a site of improvement. A site of improvement would be a site that sought to implement the Early Learning Success Program.

The Department would have to establish a competitive process to award the grants. The selection of grant recipients would have to be based on the ability to serve as a model site of practice or, for a site of improvement, on a demonstrated need to improve opportunities

for learning success as reflected by a percentage of learning disabled pupils that was higher than the statewide percentage of learning disabled pupils, as determined by the Department. The Department would have to ensure geographic diversity in awarding grants.

The Department would have to award a maximum of 10 grants for model sites and a minimum of 40 grants for sites of improvement. A model site would have to use the grant funds to provide professional development on how to provide the program on-site to personnel from sites of improvement. A site of improvement would have to use the grant funds to pay for the expenses of obtaining this professional development and other expenses related to implementing an Early Learning Success Program.

The grants could be used for Early Learning Success Programs for pupils at the elementary level only. Payments could be made pursuant to an agreement with the Department.

The bill would require the Department, by January 30 of the next fiscal year, to prepare and submit to the Governor and the Legislature an annual report of outcomes achieved by the grant recipients funded under the bill for a fiscal year. The funded sites would have to collect data and report to the Department on measured changes in special education placement and student achievement attributable to the program.

Also, the bill would reduce the foundation allowance to districts receiving extra State aid under former Section 32e of the Act (as described in **FISCAL IMPACT**, below). Under Section 32e, until it was repealed in 2002, eligible districts received funds to maintain and establish small classes in grades K-3. Under the Act, for fiscal years 2002-2003 and beyond, districts that had received Section 32e funds had the amount of those funds added to their foundation allowances to use in reducing class size. The bill would permit districts to use the remaining 96.15% of the former Section 32e funds for an Early Learning Success Program, in addition to reducing and maintaining small class size.

Senate Bill 330

The bill would require eligible school districts and public school academies (PSAs) currently receiving at-risk funding under the Section 31a of the Act to use at least 25% of those funds to implement and operate Early Learning Success Programs.

To be eligible, a district or PSA would have to meet two requirements: 1) It had a percentage of pupils in membership with learning disabilities that exceeded the statewide percentage of pupils with learning disabilities. 2) For a district, for the most recent school year for which statistics were available, 25% of the schools it operated did not meet adequate yearly progress (AYP) standards under the Federal No Child Left Behind Act in English language arts at one more applicable grade levels for one or more applicable subgroups. For a PSA, for the most recent year for which statistics were available, it failed to meet AYP in English language arts at one or more applicable grade levels, or for one or more applicable subgroups.

Under the Act, to be eligible for at-risk funding, a district's or PSA's adjusted foundation allowance must not exceed \$8,000 for the 2004-2005 school year.

MCL 388.1611f (S.B. 328)
388.1620 et al. (S.B. 329)
388.1631a (S.B. 330)

Legislative Analyst: Claire Layman

FISCAL IMPACT

Senate Bill 328

The bill would have no fiscal impact on the State.

The bill would allow funds received under Section 11f of the School Aid Act under the *Durant* case to be used for the costs associated with an Early Learning Success Program, in addition to the uses currently permitted. As a result, local and intermediate school districts that receive funds under Section 11f would have less funds available for the present uses if they chose to use these funds to implement an Early Learning Success Program.

Senate Bill 329

State Cost: The Department of Education would see increased costs related to the requirement of preparing and submitting an annual report of outcomes achieved by the grant recipients funded under proposed Section 34, as well as costs related to establishing the competitive grant process outlined in the section.

Local Cost: This legislation would reduce the foundation allowances of the 26 districts that received an adjustment in FY 2002-03 in their per-pupil funding under Section 20(19) of the School Aid Act for small class size programs, by decreasing their small class size grant adjustment by 3.85%. This rollback would free up \$1.0 million, which would be used to fund the proposed grant program under Section 34 of the bill. Section 34 would require the Department to award competitive grants of \$20,000 to 50 eligible districts for the purpose of providing or undertaking professional development focused on early intervention.

Of the 26 districts whose foundation allowances would be reduced as directed under this legislation, 14 would see a reduction greater than \$20,000. Therefore, even if those districts were awarded a grant under Section 34, they still would see a net reduction in school aid funding. The other 12 districts would see a reduction of less than \$20,000, so if they were awarded a grant under Section 34, a net gain in school aid funding would be attained. For all districts other than those with foundation allowance adjustments for small class size programs, if awarded a grant under Section 34, a net gain in school aid funding would be achieved.

Senate Bill 330

The bill would have no fiscal impact on the State.

Local school districts and public school academies that currently receive at-risk funds under Section 31a of the School Aid Act and who would meet the proposed criteria under the bill, would have to use at least 25% of the funds to implement and operate an Early Learning Success Program.

Currently, districts and PSAs receive an amount per pupil who is eligible for free breakfast, lunch, or milk. The amount received per eligible pupil is equal to a maximum of 11.5% of their foundation allowance. These funds are used for the costs associated with educating pupils determined to be at-risk as prescribed in the Act. Using the FY 2004-05 statewide average foundation allowance of \$7,100 per pupil, districts and PSAs receive a maximum of \$816.50 (11.5% of \$7,100) per eligible pupil for at-risk uses. The bill would require districts and PSAs meeting the bill's criteria to use at least 25% (or \$204 per pupil) of their current funds to implement and operate an Early Learning Success Program. Thus, districts and PSAs would only have up to \$612.5 per eligible free and reduced-price lunch pupil to use for costs associated with educating at-risk pupils. The total amount of funds required to be used for the proposed program is indeterminate and is dependent upon the number of

districts that would meet the requirements to use at least 25% of their funds for the proposed program.

Fiscal Analyst: Joe Carrasco
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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.