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SFA**BILL ANALYSIS**

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Senate Bill 222 (as introduced 2-26-97)
Sponsor: Senator George A. McManus, Jr.
Committee: Education

Date Completed: 3-4-97

CONTENT

The bill would amend the Postsecondary Enrollment Options Act to extend the Act's provisions to students enrolled in nonpublic schools. The bill also would require that tuition and other fees for public and nonpublic school students enrolled in an eligible postsecondary course be paid by the Department of Education, rather than by school districts. (An eligible course is a course offered by a college or university in this State that is not offered by the school district in which an eligible student is enrolled.)

The bill would repeal provisions in the State School Aid Act that require a school district under certain conditions to use funds allocated under the Act to support the attendance of a district pupil at a public or private degree-granting postsecondary institution that is located in the State or that is a party to a reciprocal agreement approved by the State Board of Education with a public or private degree-granting postsecondary institution located in the State (MCL 388.1621b).

Under the Postsecondary Enrollment Options Act, "eligible student" generally refers to a student who is enrolled in at least one high school class in at least grade 11 in a school district. Under the bill, an eligible student enrolled in a nonpublic school also could enroll in, and receive payment by the Department of all or part of eligible charges for, an eligible course under the Act for postsecondary credit only. The bill also would require an eligible student to reside in this State.

The bill would delete the current requirement that a school district pay to an eligible postsecondary institution on behalf of an eligible student an amount equal to the lesser of the amount of the eligible charges or the prorated percentage of the State portion of the foundation allowance paid on behalf of that particular eligible student under the State School Aid Act, with the proration based on the proportion of the school year that the eligible student attends the postsecondary institution. The bill also would delete a provision that permits a school district to pay more money to an eligible postsecondary institution on behalf of an eligible student than is required under the Postsecondary Enrollment Options Act, and to use local school operating revenue for that purpose. The bill would require, instead, that the Department cause to be paid to the eligible postsecondary institution on behalf of the eligible student an amount equal to the lesser of the amount of the eligible charges or an amount not specified in the bill.

The bill specifies that it is tie-barred to another bill that has not been introduced.

MCL 388.513 et al.

Legislative Analyst: L. Arasim

FISCAL IMPACT

The bill would have a fiscal impact on State and local government. It is estimated that the bill would decrease local school district costs and increase State costs.

The Department of Education reported that in FY 1994-95 (the most recent year for which data are available), 1,500 students participated in dual enrollment at an estimated cost to local school districts of \$525,652. On average, this was a cost of \$350.43 for each dually enrolled student. Currently, for each eligible, dually enrolled student, a local school district must pay the lesser of the actual tuition and fees or a prorated share of the State portion of the foundation allowance, with the proration determined by the portion of the school year that the student spends at the postsecondary institution.

The bill would require the Department of Education to pay postsecondary institutions for dually enrolled pupils and extend eligibility for the program to students in nonpublic schools. Assuming the program becomes effective in FY 1997-98, it is estimated that 1,800 students (1,600 public school pupils and 200 nonpublic school students) would participate in the program. The cost to the State is unknown, however, because the bill specifies that the payment would be the lesser of the actual, eligible charges per student or an unspecified amount. If payment were based on eligible charges, it is estimated that the cost would be approximately \$406 per participating student or \$731,000. Capping the payment per student at a fixed dollar amount could reduce the cost, depending on the amount specified. For example, limiting the State payment on behalf of each eligible, dually enrolled student to \$275 per year would reduce the cost of the program to approximately \$495,000 in FY 1997-98. It is estimated that the Department of Education would need an additional 0.5 full-time equivalent (FTE) employee to administer the program. This would cost approximately \$35,000 in FY 1997-98.

Although the bill would require the Department of Education to make payments for dually enrolled pupils, it makes no appropriation for payments or administrative costs.

Under the bill, local school district expenditures for dually enrolled pupils would decline by approximately \$650,000 in FY 1997-98.

The bill is tie-barred to request no. 01493'97 which has not been introduced; thus, its impact is unknown.

Fiscal Analyst: E. Pratt
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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.