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BILL ANALYSIS

Senate Fiscal Agency

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House Bill 4312 (Substitute H-4)
Sponsor: Representative Dominic Jacobetti
First House Committee: Education
Second House Committee: Appropriations
Senate Committee: Education and Mental Health

Date Completed: 6-7-88

SUMMARY OF HOUSE BILL 4312 (Substitute H-4) as passed by the House:

The bill would amend the State School Aid Act to specify that State aid deductions for aid received by a school district under the Federal impact aid law (20 U.S.C. 236-244) could be applied only against aid received under one section of the Federal Act, rather than the entire Act. The section to which the bill would restrict deductions from State aid payments provides for the standard impact aid distribution to school districts. Under the bill, supplemental Federal impact aid could not be deducted from State allocations to school districts.

School districts in which Federal installations, such as military bases, are located are eligible for Federal "impact aid" because the districts must serve an increased number of students without an increase in their tax base. State aid to such school districts is decreased by the amount of Federal aid received by the district, up to a maximum of \$160 per pupil. Currently, any supplemental Federal impact aid received by a school district also would be subject to a State aid deduction.

MCL 388.1621

Legislative Analyst: P. Affholter

FISCAL IMPACT

The bill would have no fiscal impact on State government.

Federal impact aid is paid to local school districts which sustain reduced property tax collections due to the presence of Federally-owned property in the district. The corresponding reduction of State membership aid under Section 21(3) of the School Aid Act, which is limited to a maximum of \$160/pupil, is designed to avoid double compensation to local districts with Federal property.

House Bill 4312 (H-4) would properly narrow the reference in Section 21(3) of the School Aid Act to the basic Federal impact aid grant program against which this State aid deduction is applied. (Section 21(3) currently refers to the entire Federal statute, although the State aid deduction is applied only to the basic federal aid cited in the bill.) Thus, the bill would

allow the Gwinn Area Community School District in Marquette County to apply for supplementary Federal impact aid with no cost or saving to the State.

Fiscal Analyst: M. Addonizio

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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.