

Fiscal Analysis

REVISIONS TO PUBLIC SCHOOL ACADEMY LAW



Bill/Sponsor HOUSE BILL 4148 Substitute H-7, Rep. Brian Palmer

House Committee Education

Analysis **Summary**

The current cap on the number of public school academies (PSAs) that may be chartered by public universities is 150 schools, a cap that was reached in the fall of 2000. HB 4148 (H-7) would raise the cap on university-chartered schools by 50 schools each calendar year, CY 2003 to CY 2008. After CY 2008, the cap would be 500 public school academies. The bill would also place public school academies authorized by federal tribally controlled community colleges under the cap.

Assumptions

The average size of a new public school academy is estimated to be 250 students, and it is assumed that schools will open in the fall, so that, for example, schools opening in CY 2003 would receive a FY 2004 foundation allowance. It is also assumed that the cap will be reached each year. It is assumed that 25% of the pupils in the new PSAs would transfer from nonpublic or home schools or, in the case of kindergarten students, would have otherwise enrolled in a nonpublic school. (To the extent that larger or smaller percentages transfer from nonpublic schools, state costs will be higher or lower, respectively, than the estimated amount.) It is assumed that the remaining 75% of students in new PSAs would transfer from existing public schools, creating no additional cost to the state, but creating a local fiscal impact to school districts.

Fiscal Impact

If these assumptions hold true, there would be approximately 3,125 additional students in the public school system enrolling in the 50 new PSAs in CY 2003 (FY 2004). Multiplying these new enrollments by the FY 2003 PSA pupil-weighted average allowance of \$6,931 gives an additional state cost of \$21.7 million. There would also be a subsequent revenue loss to the local school districts from which the 75% of public school students transferred of approximately \$65.0 million. The costs of the schools that opened in FY 2004 would continue into FY 2005 and the costs of additional new schools opening in FY 2005 (estimated to be the same amount as the FY 2004 costs) would be added to this ongoing cost. A similar impact would be realized annually through FY 2009 due to the creation of new schools and continuing support of schools already created.

Analyst(s)

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