

SCHOOL DISTRICT TERRITORY TRANSFERS

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House Bill 4114

Sponsor: Rep. Chuck Moss

Committee: Government Operations

Complete to 2-16-07

A SUMMARY OF HOUSE BILL 4114 AS INTRODUCED 1-24-07

The bill would amend the Revised School Code to amend the procedures used to transfer territory from one school district to another.

Under the bill, an intermediate school district (ISD) would be required to detach territory from one school district and attach it to another district contiguous to that territory, if *all* of the following conditions were met.

- The territory to be transferred was a subdivision, village, city, or township that included property in more than one school district, or was a subdivision located in a village, city or township that included property in more than one school district.
- The territory to be transferred had not been previously transferred within the preceding 15 years.
- The intermediate school board had been petitioned to make the transfer by not less than 80 percent of the school electors residing in the territory to be transferred. If the affected school districts were in more than one ISD, then the petition could be filed with either intermediate school board. (Information to be contained in the petition is detailed later.)
- The intermediate school board determined that the number of students who resided in the territory to be transferred and currently enrolled in the school district from which the territory was to be detached did not exceed 125.
- The school district from which territory is to be detached had aggregate districtwide test scores on MEAP tests (the state's educational assessment program tests) that are lower than the statewide aggregate test scores, using most recently available data.
- The board of the school district to which the territory was to be attached approved the proposed transfer.
- The transfer was approved by a majority of the school electors residing in the territory to be transferred voting on the question. [The election would be arranged by the board of the school district to which the territory would be attached.]

Contents of Petition. The petition to be submitted to the ISD board would have to include all of the following: 1) the boundaries of the territory to be transferred; 2) the total number of mills of ad valorem property tax levied by the school district from which the territory was to be detached, including both operating millage and debt millage; 3) the total number of mills of ad valorem property tax levied by the school district to which the territory was to be attached, including both operating millage and debt millage; and 4) a statement that the territory might continue to be part of the school district from which it would be detached for the purpose of levying debt retirement taxes for bonded indebtedness existing at the time of the transfer until the bonds were redeemed, but that the territory would be part of the school district to which it was to be attached for all other purposes.

ISD Transfer Procedure. The bill specifies that if an intermediate school board received a petition under this subsection, the following would occur. 1) The intermediate board would notify the board of the school district to which the territory was to be attached of the petition, and then forward the petition to that board within three days after receiving it. 2) The board of the school district to which the territory was to be attached would act to approve or disapprove the proposed transfer within 45 days after receiving the petition. 3) If the board of the school district to which the territory was to be attached approved the transfer, then that board would arrange for the ballot question to be put before voters at the next available election date under the Michigan Election Law. 4) If the transfer of territory was approved at the election, then the transfer of territory would take effect at the beginning of the next school fiscal year immediately following final certification of the election results.

MCL 380.951 et al

FISCAL IMPACT:

It is not possible 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 impact. One impact of House Bill 4114 would be potential fund shifts among local school districts. For each student entering a different school district due to a property transfer, a foundation allowance payment would also be transferred. Specifically, for each student who transferred, there would be a loss to the local district from which the pupil left, equal to the foundation allowance for that district, and a gain for the district in which the student enrolled, equal to the foundation allowance in the new district.

The bill also could create election costs for the new local school district to which a territory attached, since that district would be required to conduct an election for those living in the territory to be transferred. There would be an indeterminate cost to the local school district for conducting such an election.

State impact. A potential state impact could occur if students transferred to and from districts with different foundation allowances or where the mix of state/local contribution toward the foundation allowance is significantly different. If, for example, a student left a district where the local revenue contributes a higher proportion of the foundation allowance than the state revenue and transferred to a district with a larger state contribution, then the state would have to provide additional funding to educate that pupil. In contrast, a student transferring from a district where the state's contribution is higher than that of the receiving district would save the state money.

Another potential state impact would be that to the extent the bill resulted in non-public students entering the public school system, the bill would increase state costs. If a nonpublic student entered the public school system, a new foundation allowance would be paid. It is not feasible to estimate the number of non-public pupils who might enroll in public schools because of the bill. However, the average foundation allowance in Michigan is approximately \$7,650, meaning that for every non-public pupil that entered the public school system, it would cost the state about \$7,650.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.