

HOUSE BILL No. 5457

January 28, 1992, Introduced by Reps. Jonker, Keith, Saunders, Harder, Munsell, Middleton, Kosteva, Byrum, Baade and Sikkema and referred to the Committee on Education.

A bill to amend section 21 of Act No. 94 of the Public Acts of 1979, entitled as amended

"The state school aid act of 1979,"

as amended by Act No. 118 of the Public Acts of 1991, being section 388.1621 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 21 of Act No. 94 of the Public Acts of
2 1979, as amended by Act No. 118 of the Public Acts of 1991, being
3 section 388.1621 of the Michigan Compiled Laws, is amended to
4 read as follows:

5 Sec. 21. (1) Except as otherwise provided in this act, from
6 the amount appropriated in section 11, there is allocated to each
7 district an amount per membership pupil sufficient to guarantee
8 the district for 1991-92 a combined state-local yield or gross
9 allowance of \$266.00 plus \$94.38 for each mill of operating tax

1 levied. For purposes of this section, only taxes levied for
2 purposes included in the operation cost of the district as pre-
3 scribed in section 7 shall be considered operating tax. The net
4 allocation for each district shall be an amount per membership
5 pupil computed by subtracting, from the gross allowance guaran-
6 teed the district, the product of the district's state equalized
7 valuation behind each membership pupil and the millage utilized
8 for computing the gross allowance.

9 GRADUATION AND CLASS INCENTIVES

10 An additional \$30.00 per pupil in gross allowance is allo-
11 cated to any district that satisfies the requirements specified
12 in subdivisions (a) and (b).

13 (a) The district requires pupils to have completed as a con-
14 dition for graduation in 1991-92 all of the following:

15 (i) A total of 10 years of English or communication skills,
16 mathematics, science, and social science, with not less than 2
17 years of each subject specified in this subparagraph.

18 (ii) One year of health, or consumer home economics essen-
19 tial health and living skills, or physical education, or any com-
20 bination thereof.

21 (iii) One year of fine or performing arts, foreign language,
22 or of vocational education or practical arts, or any combination
23 thereof.

24 (iv) One semester of computer education or the equivalent,
25 which may be demonstrated by the passage of an appropriate
26 computer competency test, as approved by the department.

1 If a class taught in a district reasonably falls within more
2 than 1 of the subject categories listed in subparagraphs (i) to
3 (iv), the district may determine which subject category the class
4 falls within as long as teacher certification requirements are
5 not violated.

6 (b) The district provides for its pupils in grades 9 through
7 12 at least six classes, each consisting of at least 50 minutes
8 of classroom instruction, or a total of not less than 300 minutes
9 of classroom instruction. In either case, at least 30% of the
10 pupils in grades 9 through 12 shall be enrolled in the last
11 period, with the last period being a class of an academic nature
12 that normally would be credited toward high school graduation.
13 This subdivision does not apply to pupils in grade 9 who do not
14 attend classes in the same building as pupils in grades 10
15 through 12.

16 The department may waive the requirements of subdivision (b)
17 for a district with unusual circumstances that is making a good
18 faith effort to comply with this subdivision and has a plan in
19 place to meet the requirements during the following year.

20 In order to be eligible for the additional \$30.00 per pupil
21 permitted under this subsection, unless it has received a waiver
22 under subdivision (b), a district shall submit to the department,
23 not later than October 31, 1991, a board-adopted resolution indi-
24 cating compliance with the requirements specified in subdivisions
25 (a) and (b).

26 A primary or fourth class school district that sends its
27 resident high school pupils to 1 or more districts shall receive

1 the additional \$30.00 per pupil permitted under this subsection
2 if at least 90% of its resident high school pupils attend schools
3 in districts that satisfy the requirements of subdivisions (a)
4 and (b). In this case, the primary or fourth class district
5 shall submit to the department not later than October 31, 1991,
6 a resolution adopted by its board indicating that it complies
7 with this requirement.

8 CLASS SIZE INCENTIVES

9 In 1991-92, an additional \$14.00 per pupil in gross allow-
10 ance is allocated to any district that satisfies the requirements
11 specified in either of the following subdivisions:

12 (a) The district attains an average class size in each
13 building of not more than 25 pupils for grades K, 1, 2, and 3,
14 taken collectively.

15 (b) The district reduces its average class size in each
16 building in grades K, 1, 2, and 3, taken collectively, by at
17 least 1% from the average class size in the immediately preceding
18 school year.

19 If 1 or more buildings in a district do not meet the average
20 class size incentive requirement of not more than 25 pupils for
21 grades K, 1, 2, and 3, taken collectively, and the district has
22 not received a waiver from the department for the requirements of
23 subdivision (a) or (b), the district's allocation shall be
24 reduced by \$14.00 multiplied by the number of K-6 pupils in each
25 of those buildings.

1 For purposes of computing average class size, only the
2 following staff shall be counted:

3 (i) General subject classroom teachers, such as teachers of
4 reading, language arts, mathematics, science or social studies,
5 and kindergarten teachers.

6 (ii) Special subject teachers, such as teachers of art,
7 music, or physical education, to the extent that they provide
8 instruction to eligible pupils.

9 (iii) Special needs teachers, in areas such as compensatory
10 education, bilingual education, migrant education, or gifted and
11 talented education, to the extent that they provide instruction
12 to eligible pupils. The following staff shall not be counted:

13 (A) Special education teachers.

14 (B) Adult education teachers.

15 (C) Professional or nonprofessional support staff.

16 (D) Teacher aides, paraprofessionals, or volunteers.

17 (E) Administrators or supervisors.

18 The department may waive the requirements of subdivision (a)
19 or (b) for a district with unusual circumstances that is making a
20 good faith effort to comply with either of these subdivisions and
21 has a plan in place to meet the requirements for the following
22 year. However, the department shall not grant waivers to a dis-
23 trict in more than 2 consecutive school years.

24 In order to be eligible for the additional \$14.00 per pupil
25 permitted under this subsection, unless it has received a waiver
26 for subdivision (a) or (b), a district shall submit to the
27 department not later than October 31, 1991, a resolution adopted

1 by its board indicating that the district complies with the
2 requirements of either subdivision (a) or (b). In addition, the
3 district shall report its average class size in grades K, 1, 2,
4 and 3 in each building that houses those grades on the pupil mem-
5 bership count day and on the subsequent membership reporting day
6 specified in section 3(2).

7 QUALITY INCENTIVES

8 In 1991-92, an additional \$25.00 per pupil in gross allow-
9 ance is allocated to a district that satisfies the requirements
10 of subdivisions (a) through (e), as follows:

11 (a) The district makes available to the state board and the
12 public an annual educational report and ensures that each school
13 in the district distributes to the public an annual education
14 report as described in section 1204a of the school code of 1976,
15 being section 380.1204a of the Michigan Compiled Laws. To be
16 eligible for quality incentive funds under this subsection, a
17 district shall submit to the department not later than October
18 31, 1991 a board-adopted resolution indicating the board's intent
19 to comply with section 1204a of the school code of 1976, and not
20 later than July 31, 1991 for the 1990-91 fiscal year, and
21 ~~September 1~~ NOVEMBER 15 for each subsequent fiscal year, a copy
22 of the annual educational report prepared and made available pur-
23 suant to section 1204a of the school code of 1976. In addition,
24 the district shall make available to the public the annual educa-
25 tional report not later than 45 days after the due date for
26 submission of a copy of the annual education report to the

1 department. An applicant district that fails to comply with the
2 requirements of this subdivision shall have an appropriate state
3 aid adjustment in the next state fiscal year.

4 (b) The district adopts and implements a 3- to 5-year school
5 improvement plan and continuing school improvement process for
6 each school within the district as described in section 1277 of
7 the school code of 1976, being section 380.1277 of the Michigan
8 Compiled Laws. To be eligible for quality incentive funds under
9 this subsection, a district shall submit to the department not
10 later than October 31, 1990 a board-adopted resolution indicating
11 that the district is developing a 3- to 5-year school improvement
12 plan and continuing school improvement process in compliance with
13 section 1277 of the school code of 1976, and not later than
14 July 31, 1991, a copy of the 3- to 5-year school improvement plan
15 and continuing school improvement process for each school within
16 the district. An applicant district that fails to comply with
17 the July 31, 1991 requirement of this subdivision shall have an
18 appropriate state aid adjustment in the 1991-92 state fiscal
19 year.

20 (c) The district makes available in 1991-92 to all pupils
21 attending public school in the district a core curriculum as
22 described in section 1278 of the school code of 1976, being sec-
23 tion 380.1278 of the Michigan Compiled Laws, in at least 1 of the
24 curricular areas specified in the recommended model core curricu-
25 lum approved by the state board. In 1992-93, the district shall
26 make available to all pupils attending public school in the
27 district a core curriculum in at least 4 of those curricular

1 areas. In each state fiscal year, the district also shall
2 specify to the department the curricular area or areas that are
3 to be made available and the specific outcomes to be achieved in
4 each curricular area for elementary, middle, and secondary levels
5 for all pupils.

6 (d) The district submits to the department not later than
7 October 31, 1991 a board-adopted resolution indicating that by
8 the start of the 1992-93 school year each public school within
9 the district will be accredited or be in the process of becoming
10 accredited as provided in section 1280 of the school code of
11 1976, being section 380.1280 of the Michigan Compiled Laws.

12 (e) The district submits to the department not later than
13 October 31, 1991 a board-adopted resolution indicating that
14 beginning in 1991-92 the district will annually administer a
15 state board approved employability skills assessment as described
16 in the school code of 1976.

17 (2) A district that supported a district library in 1979-80
18 and continues to provide support for the district library through
19 a millage levied pursuant to former Act No. 164 of the Public
20 Acts of 1955, as amended, ~~being sections 397.271 to 397.276 of~~
21 ~~the Michigan Compiled Laws,~~ shall be credited, for all computa-
22 tions made under this section, with the amount of millage levied
23 for library purposes, but not to exceed 0.7 mills, if the dis-
24 trict levies not more than 0.7 mills less than its authorized
25 operating millage rate.

26 (3) State equalization allocations to a district shall be
27 adjusted by subtracting from the allocations money received under

1 section 3(c)(1) of title I of chapter 1124, 64 Stat. 1100, 20
2 U.S.C. 238, in the same proportion as the total local revenues
3 covered under the state equalization program are to total local
4 revenues for education in the district, except that not more than
5 the lesser of 50% of the money received under section 3(c)(1) of
6 title I of chapter 1124, 64 Stat. 1100, 20 U.S.C. 238, or \$160.00
7 per pupil shall be subtracted. The proportion shall be based on
8 prior year revenue and prior year impact aid. A deduction in any
9 year shall not exceed the amount of deductible impact aid for
10 which a district is eligible under section 3(c)(1) of title I of
11 chapter 1124, 64 Stat. 1100, 20 U.S.C. 238. Any deductions made
12 under this act shall be consistent with the requirements of sec-
13 tion 5 of title I of chapter 1124, 64 Stat. 1100, 20 U.S.C. 240,
14 and its regulations.

15 (4) As used in subsection (5):

16 (a) "In-formula district" means a district that receives
17 membership aid under subsection (1), unless the district is eli-
18 gible to file a statement under section 17(6) for the state
19 fiscal year.

20 (b) "Local district AGI" means in 1991-92 the result
21 obtained by dividing the district's latest calendar year adjusted
22 gross income for which data is available as of June 1 before the
23 beginning of the fiscal year, as certified by the department of
24 treasury, by the total number of state income tax returns by res-
25 idents of the district for that calendar year, as certified by
26 the department of treasury.

1 (c) "Out-of-formula district" means a district with 500 or
2 more pupils that does not receive membership aid under
3 subsection (1) or that is eligible to file a statement under
4 section 17(6) for the state fiscal year.

5 (d) "State average AGI" means the sum of the adjusted gross
6 income of all local districts, as certified by the department of
7 treasury, divided by the number of all state income tax returns
8 that identify a local district, as certified by the department of
9 treasury.

10 (e) "State average millage rate" means the sum of the local
11 operating revenue of all districts divided by the sum of the
12 state equalized valuation of all districts.

13 (5) Subject to subsection (8), if a district has more than
14 500 pupils and if the net allocation computed for a district pur-
15 suant to subsection (1) is a negative amount, there shall be a
16 deduction against any funds otherwise tentatively allocated to
17 the district under all other sections of this act. In 1991-92,
18 if section 752 or 753 of the school code of 1976, being sections
19 380.752 and 380.753 of the Michigan Compiled Laws, is in effect
20 not later than October 15, 1991, the total amount of the deduc-
21 tion under this subsection combined with a deduction under any
22 other provision of this act that provides for a deduction applied
23 against a district's allocation in a manner that treats
24 out-of-formula districts differently than in-formula districts
25 shall be not more than the deduction under this subsection for
26 the district in the 1990-91 state fiscal year reduced by an
27 amount equal to \$1.00 for every \$2.00 that the district has paid

1 in tax base sharing payments under section 752 or 753 of the
2 school code of 1976 in the school fiscal year ending in the
3 1991-92 state fiscal year. In 1992-93, if section 752 or 753 of
4 the school code of 1976 is in effect in that state fiscal year,
5 the total amount of the deduction under this subsection combined
6 with a deduction under any other provision of this act that pro-
7 vides for a deduction applied against a district's allocation in
8 a manner that treats out-of-formula districts differently than
9 in-formula districts shall be not more than the deduction under
10 this subsection for the district in the 1990-91 state fiscal year
11 reduced by an amount equal to \$2.00 for every \$1.00 that the dis-
12 trict has paid in tax base sharing payments under section 752 or
13 753 of the school code of 1976 in the school fiscal year ending
14 in the 1992-93 state fiscal year. Beginning in 1993-94 and in
15 each succeeding state fiscal year, if section 752 or 753 of the
16 school code of 1976 is in effect in the state fiscal year, the
17 total amount of the deduction under this subsection combined with
18 a deduction under any other provision of this act that provides
19 for a deduction applied against a district's allocation in a
20 manner that treats out-of-formula districts differently than
21 in-formula districts shall be not more than the deduction for the
22 district in the 1990-91 state fiscal year reduced by an amount
23 equal to the amount that the district has paid in tax base shar-
24 ing payments under section 752 or 753 of the school code of 1976
25 in the school fiscal year ending in the state fiscal year for
26 which the deduction is applied. However, if neither section 752
27 nor 753 of the school code of 1976 is in effect in a state fiscal

1 year, the deduction made under this subsection shall be a
2 percentage of a district's total tentative state aid allocation
3 under all other sections of this act, which percentage is deter-
4 mined by the following formula:

5 Deduction percentage = $100 \times (1 - [(\text{gross allowance per pupil} \div \text{local revenue per pupil}) \times (\text{local millage rate for the}$
6 $\text{year in which the calculation is made} \div \text{the state aver-}$
7 $\text{age millage rate for the immediately preceding year}) \times (\text{state}$
8 $\text{average AGI} \div \text{the local district AGI})])$.

10 (6) In a state fiscal year in which the percentage deduction
11 is applied under subsection (5), the percentage obtained under
12 subsection (5) shall not exceed 99%, and shall be applied after
13 the following adjustments which shall be based upon per pupil or
14 per professional staff member cost in each section 61 and
15 section 97 program and the statewide average per pupil cost in
16 section 52 programs:

17 (a) The categorical allocations for sections 52 and 61 shall
18 be reduced a proportionate amount for nonresident pupils, and the
19 categorical allocation for section 97 shall be reduced a propor-
20 tionate amount for each professional staff member not an employee
21 of the district.

22 (b) The categorical allocations for section 52 shall be
23 increased a proportionate amount for pupils enrolled in a program
24 operated by another district or the intermediate district, and
25 the categorical allocation for section 97 shall be increased a
26 proportionate amount for each professional staff member
27 participating in a consortium of districts, or of districts and

1 intermediate districts, where the legal fiscal agency is another
2 district or intermediate district.

3 (7) Funds due under sections 27, 53, 75, 143, and 144 shall
4 not be counted for purposes of subsection (5).

5 (8) The statewide deductions made under subsection (5) shall
6 not exceed \$72,093,600.00. The department shall prorate the
7 local district deductions as necessary.

8 (9) A tax levied pursuant to section 1356(4) of the school
9 code of 1976, Act No. 451 of the Public Acts of 1976, being sec-
10 tion 380.1356 of the Michigan Compiled Laws, for the retirement
11 of an operating deficit shall be considered levied for operating
12 purposes in making computations under this section.