



HOUSE BILL No. 5424

March 17 1994 Introduced by Reps Gilmer and Munsell and referred to the Committee on Appropriations

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 175 of the Public Acts of 1993 being section 388 1621 of the Michigan Compiled Laws to add section 25a and to repeal certain parts of the act on specific dates

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 175 of the Public Acts of 1993 being
3 section 388 1621 of the Michigan Compiled Laws, is amended and
4 section 25a is added to read as follows

5 Sec 21 (1) Except as otherwise provided in this act, from
6 the appropriation in section 11, there is allocated to each
7 district an amount per membership pupil sufficient to guarantee
8 the district for 1993-94 a combined state-local yield or gross

1 allowance of \$326 00 plus \$102 50 for each mill of operating tax
 2 used to compute the gross allowance , The number of mills of
 3 operating tax to be used to compute the gross allowance for a
 4 district is ~~the greater of (a)~~ the number of mills of operating
 5 tax levied by the district for 1993 — For purposes of this
 6 section only taxes levied for purposes included in the operating
 7 cost of the district as prescribed in section 7 shall be consid-
 8 ered operating tax The net allocation for each district shall
 9 be an amount per membership pupil computed by subtracting from
 10 the gross allowance guaranteed the district under this subsec-
 11 tion including the additions applicable to the district under
 12 this subsection the product of the district's state equalized
 13 valuation behind each membership pupil and the millage used for
 14 computing the gross allowance The amount allocated to a dis-
 15 trict under this subsection shall also include all of the follow-
 16 ing additions that are applicable to the district

17 GRADUATION AND CLASS INCENTIVES

18 An additional \$30 00 per pupil in gross allowance is allo-
 19 cated to any district that satisfies the requirements specified
 20 in subdivisions (a) and (b)

21 (a) The district requires pupils to have completed as a con-
 22 dition for graduation in 1993-94 all of the following

23 (1) A total of 10 years of English or communication skills
 24 mathematics, science, and social science, with not less than 2
 25 years of each subject specified in this subparagraph

1 (11) One year of health or consumer home economics
2 essential health and living skills, or physical education or any
3 combination thereof

4 (111) One year of fine or performing arts foreign language
5 or of vocational education or practical arts or any combination
6 thereof

7 (1v) One semester of computer education or the equivalent
8 which may be demonstrated by the passage of an appropriate com-
9 puter competency test, as approved by the department

10 If a class taught in a district reasonably falls within more
11 than 1 of the subject categories listed in subparagraphs (1) to
12 (1v), the district may determine which subject category the class
13 falls within as long as teacher certification requirements are
14 not violated

15 (b) The district provides for its pupils in grades 9 through
16 12 at least ~~six~~ 6 classes each consisting of at least 50
17 minutes of classroom instruction or a total of not less than 300
18 minutes of classroom instruction In either case at least 30%
19 of the pupils in grades 9 through 12 shall be enrolled in the
20 last period, with the last period being a class of an academic
21 nature that normally would be credited toward high school
22 graduation This subdivision does not apply to pupils in grade 9
23 who do not attend classes in the same building as pupils in
24 grades 10 through 12

25 The department may waive the requirements of subdivision (b)
26 for a district with unusual circumstances that is making a good

1 faith effort to comply with this subdivision and has a plan in
2 place to meet the requirements during the following year

3 In order to be eligible for the additional \$30 00 per pupil
4 permitted under this subsection unless it has received a waiver
5 under subdivision (b), a district shall submit to the department,
6 not later than October 31 1993 a board-adopted resolution indi-
7 cating compliance with the requirements specified in subdivisions
8 (a) and (b)

9 A primary or fourth class school district that sends its
10 resident high school pupils to 1 or more districts shall receive
11 the additional \$30 00 per pupil permitted under this subsection
12 if at least 90% of its resident high school pupils attend schools
13 in districts that satisfy the requirements of subdivisions (a)
14 and (b) In this case, the primary or fourth class district
15 shall submit to the department not later than October 31 1993 a
16 resolution adopted by its board indicating that it complies with
17 this requirement

18 CLASS SIZE INCENTIVES

19 In 1993-94 an additional \$14 00 per pupil in gross allow-
20 ance is allocated to any district that satisfies the requirements
21 specified in either of the following subdivisions

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

25 (b) The district reduces its average class size in each
26 building in grades K 1 2 and 3 taken collectively by at

1 least 1% from the average class size in the immediately preceding
2 school year

3 If 1 or more buildings in a district do not meet the average
4 class size incentive requirement of not more than 25 pupils for
5 grades K, 1, 2, and 3, taken collectively, and the district has
6 not received a waiver from the department for the requirements of
7 subdivision (a) or (b), the district's allocation shall be
8 reduced by \$14 00 multiplied by the number of K-6 pupils in each
9 of those buildings

10 For purposes of computing average class size, only the fol-
11 lowing pupils shall be counted

12 (i) All full-time general education pupils in grades 1, 2,
13 and 3, plus 1/2 of the general education pupils in kindergarten

14 (ii) Special education pupils only for the portion of time
15 they are in general education classes

16 For purposes of computing average class size, only the fol-
17 lowing staff shall be counted

18 (i) General subject classroom teachers, such as teachers of
19 reading, language arts mathematics, science or social studies,
20 and kindergarten teachers

21 (ii) Special subject teachers, such as teachers of art,
22 music, or physical education to the extent that they provide
23 instruction to eligible pupils

24 (iii) Special needs teachers, in areas such as compensatory
25 education, bilingual education, migrant education, or gifted and
26 talented education, to the extent that they provide instruction
27 to eligible pupils The following staff shall not be counted

1 (A) Special education teachers

2 (B) Adult education teachers

3 (C) Professional or nonprofessional support staff

4 (D) Teacher aides paraprofessionals, or volunteers

5 (E) Administrators or supervisors

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

12 In order to be eligible for the additional \$14 00 per pupil
13 permitted under this subsection, unless it has received a waiver
14 for subdivision (a) or (b) a district shall submit to the
15 department not later than October 31 1993, a resolution adopted
16 by its board indicating that the district complies with the
17 requirements of either subdivision (a) or (b) In addition, the
18 district shall report its average class size in grades K 1, 2
19 and 3 in each building that houses those grades on the pupil mem-
20 bership count day

21 LOCAL DISTRICT FOREIGN LANGUAGE INCENTIVES

22 In 1993-94, an additional \$5 00 per pupil in gross allowance
23 is allocated for the establishment or expansion of foreign lan-
24 guage study programs to each district that meets the following
25 requirements The district shall submit to the department not
26 later than October 31, 1993 a board-adopted resolution indicating

1 that the district will establish or expand the study of foreign
2 language by pupils in the elementary grades or middle or junior
3 high school grades, or both To be eligible for funding under
4 this incentive, the district shall offer the foreign language
5 program or programs during the regular school day or immediately
6 preceding or following the regular school day The resolution
7 required under this incentive shall be accompanied by a plan that
8 describes all of the following

9 (a) How the district will achieve foreign language outcomes
10 defined in the core curriculum

11 (b) How the pupil selection process will ensure pupils in
12 the elementary grades or middle or junior high school grades or
13 both, fair access to the instructional study of foreign
14 language

15 (c) How the district will ensure substantial continuity or
16 uninterrupted sequence of foreign language studies from the ele-
17 mentary grade levels or middle or junior high school grade
18 levels, or both, through the high school grade levels

19 (d) How the district will account for the incentive alloca-
20 tion to ensure that at least \$5 00 per pupil is used to establish
21 or expand the study of foreign language by pupils in the elemen-
22 tary or middle or junior high school grades, or both

23 (e) Whether the foreign language program will be offered
24 during the regular school day or immediately preceding or follow-
25 ing the regular school day

QUALITY INCENTIVES

In 1993-94, an additional \$25 00 per pupil in gross allowance is allocated to a district that satisfies the requirements of subdivisions (a) through (e), as follows

(a) The district makes available to the state board and the department, through the intermediate district, and to the public an annual educational report and ensures that each school in the district distributes to the public an annual education report as described in section 1204a of the school code of 1976, being section 380 1204a of the Michigan Compiled Laws To be eligible for quality incentive funds under this subsection, a district shall submit to the department not later than October 31, 1993 a board-adopted resolution indicating the board's intent to comply with section 1204a of the school code of 1976, and shall submit to the department not later than July 31 1991 for quality incentive funding for the 1990-91 fiscal year and not later than September 1 for funding under this subsection for a subsequent fiscal year a copy of the annual educational report prepared and made available pursuant to section 1204a of the school code of 1976 In addition, the district shall make available to the public the annual educational report not later than October 15 An applicant district that fails to comply with the requirements of this subdivision shall have an appropriate state aid adjustment in the next state fiscal year

(b) The district adopts and implements a 3- to 5-year school improvement plan and continuing school improvement process for each school within the district as described in section 1277 of

1 the school code of 1976, being section 380 1277 of the Michigan
2 Compiled Laws To be eligible for quality incentive funds under
3 this subsection, a district shall have submitted to the depart-
4 ment not later than October 31 of the state fiscal year a
5 board-adopted resolution indicating that the district has devel-
6 oped a 3- to 5-year school improvement plan and continuing school
7 improvement process in compliance with section 1277 of the school
8 code of 1976, and shall submit not later than September 1 of each
9 fiscal year a copy of the 3- to 5-year school improvement plan
10 and continuing school improvement process for each school within
11 the district An applicant district that fails to comply with
12 the September 1 requirement of this subdivision shall have an
13 appropriate state aid adjustment in the next state fiscal year
14 (c) The district makes available in 1991-92 to all pupils
15 attending public school in the district a core curriculum as
16 described in section 1278 of the school code of 1976, being sec-
17 tion 380 1278 of the Michigan Compiled Laws, in at least 1 of the
18 curricular areas specified in the recommended model core curricu-
19 lum approved by the state board In 1992-93 the district shall
20 make available to all pupils attending public school in the dis-
21 trict a core curriculum in at least 2 of those curricular areas
22 In 1993-94 and each succeeding state fiscal year until a core
23 curriculum is made available to its pupils in all of the curricu-
24 lar areas, the district shall make available to its pupils a core
25 curriculum in at least 1 curricular area in addition to the cur-
26 ricular areas for which a core curriculum was available in the
27 immediately preceding state fiscal year For each state fiscal

1 year, the district also shall specify to the department by
2 September 1 before the beginning of the state fiscal year the
3 curricular area or areas that are to be made available and the
4 specific outcomes to be achieved in each curricular area for ele-
5 mentary, middle, and secondary levels for all pupils In addi-
6 tion, the district shall submit to the department not later than
7 October 31 a board-adopted resolution indicating the district s
8 compliance with the requirements of this subdivision

9 (d) The district submits to the department not later than
10 October 31, 1993 a board-adopted resolution indicating that by
11 the start of the 1993-94 school year each public school within
12 the district will be accredited or be in the process of becoming
13 accredited as provided in section 1280 of the school code of
14 1976, being section 380 1280 of the Michigan Compiled Laws

15 (2) A district that supported a district library in 1979-80
16 and continues to provide support for the district library through
17 a millage levied pursuant to former Act No 164 of the Public
18 Acts of 1955, as amended, being sections 397 271 to 397 276 of
19 the Michigan Compiled Laws, shall be credited for all computa-
20 tions made under this section with the amount of millage levied
21 for library purposes, but not to exceed 0 7 mills, if the dis-
22 trict levies not more than 0 7 mills less than its authorized
23 operating millage rate

24 (3) State equalization allocations to a district shall be
25 adjusted by subtracting from the allocations money received under
26 section 3(c)(1) of title I of chapter 1124, 64 Stat 1100, 20
27 U S C 238, in the same proportion as the total local revenues

1 covered under the state equalization program are to total local
2 revenues for education in the district, except that not more than
3 the lesser of 50% of the money received under section 3(c)(1) of
4 title I of chapter 1124, 64 Stat 1100, 20 U S C 238, or \$160 00
5 per pupil shall be subtracted The proportion shall be based on
6 prior year revenue and prior year impact aid A deduction in any
7 year shall not exceed the amount of deductible impact aid for
8 which a district is eligible under section 3(c)(1) of title I of
9 chapter 1124, 64 Stat 1100, 20 U S C 238 Any deductions made
10 under this act shall be consistent with the requirements of sec-
11 tion 5 of title I of chapter 1124, 64 Stat 1100, 20 U S C 240
12 and its regulations

13 (4) As used in subsection (5)

14 (a) 'In-formula district' means a district that receives
15 membership aid under subsection (1), unless the district is eli-
16 gible to file a statement under section 17b(4) for the state
17 fiscal year

18 (b) 'Local district AGI' means in 1993-94 the result
19 obtained by dividing the district's latest calendar year adjusted
20 gross income for which data is available as of June 1 before the
21 beginning of the fiscal year, as certified by the department of
22 treasury by the total number of state income tax returns by res-
23 idents of the district for that calendar year, as certified by
24 the department of treasury

25 (c) 'Local district SEV per pupil' means a district's state
26 equalized valuation divided by the district s membership

1 (d) 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 17b(5) for the state fiscal year

5 (e) 'State average AGI' means the sum of the adjusted gross
6 income of all districts, as certified by the department of trea-
7 sury, divided by the number of all state income tax returns that
8 identify a district, as certified by the department of treasury

9 (f) 'State average millage rate' means the sum of the local
10 operating revenue of all districts divided by the sum of the
11 state equalized valuation of all districts

12 (g) "State average SEV per pupil means the sum of the state
13 equalized valuation of all districts divided by the total state-
14 wide membership

15 (5) Subject to subsection (8), if a district has 500 or more
16 pupils, if the net allocation computed for the district pursuant
17 to subsection (1) is a negative amount, AND IF THE DISTRICT HAD A
18 DEDUCTION UNDER THIS SUBSECTION IN 1992-93 there shall be a
19 deduction against any funds otherwise tentatively allocated to
20 the district under all other sections of this act In 1991-92
21 if section 752 or 753 of the school code of 1976, being sections
22 380 752 and 380 753 of the Michigan Compiled Laws, is in effect
23 not later than October 15, 1991, the total amount of the deduc-
24 tion under this subsection combined with a deduction under any
25 other provision of this act that provides for a deduction applied
26 against a district's allocation in a manner that treats
27 out-of-formula districts differently than in-formula districts

1 shall be not more than the deduction under this subsection for
2 the district in the 1990-91 state fiscal year reduced by an
3 amount equal to \$1 00 for every \$2 00 that the district has paid
4 in tax base sharing payments under section 752 or 753 of the
5 school code of 1976 in the school fiscal year ending in the
6 1991-92 state fiscal year

7 Subject to section 17b(8), beginning in 1993-94 and in each
8 succeeding state fiscal year, if section 752 or 753 of the school
9 code of 1976 is in effect in the state fiscal year, the total
10 amount of the deduction under this subsection combined with a
11 deduction under any other provision of this act that provides for
12 a deduction applied against a district's allocation in a manner
13 that treats out-of-formula districts differently than in-formula
14 districts shall be not more than the deduction for the district
15 in the 1990-91 state fiscal year reduced by an amount equal to
16 the amount that the district has paid in tax base sharing pay-
17 ments under section 752 or 753 of the school code of 1976 and
18 that has been disbursed to in-formula districts under section 752
19 or 753 of the school code of 1976 in the school fiscal year
20 ending in the state fiscal year for which the deduction is
21 applied

22 For 1992-93, or for another state fiscal year if neither
23 section 752 nor 753 of the school code of 1976 is in effect in
24 that other state fiscal year, there shall not be any reduction
25 made for tax base sharing payments and the deduction made under
26 this subsection shall be a percentage of a district s total

1 tentative state aid allocation under all other sections of this
2 act, which percentage is determined by the following formula

3 Deduction percentage = $100 \times (1 - 35 - [(\text{state average SEV per}$
4 pupil divided by the local district SEV per pupil) \times (local mill-
5 age rate for the year in which the calculation is made divided by
6 the state average millage rate for the immediately preceding
7 year) \times (state average AGI divided by the local district AGI))

8 (6) In a state fiscal year in which the percentage deduction
9 is applied under subsection (5) the percentage obtained under
10 subsection (5) is subject to the following

11 (a) The percentage shall not exceed 100% and shall be
12 applied after the following adjustments which shall be based upon
13 per pupil or per professional staff member cost in each
14 section 61 program and the statewide average per pupil cost in
15 section 52 programs as determined by the department

16 (1) The categorical allocations for sections 52 and 61 shall
17 be reduced a proportionate amount for nonresident pupils

18 (2) The categorical allocations for section 52 shall be
19 increased a proportionate amount for pupils enrolled in a program
20 operated by another district or the intermediate district

21 (B) FOR A DISTRICT THAT LEVIES MORE THAN 40 MILLS OF OPERAT-
22 ING TAX, THE PERCENTAGE SHALL BE REDUCED BY 5 PERCENTAGE POINTS
23 FOR EACH MILL OR PORTION OF A MILL OF OPERATING TAX OVER 40
24 MILLS

25 (7) Funds due under sections 27 41, 51(3) 53 75, 143,
26 144, and 147 shall not be counted for purposes of subsection
27 (5)

1 (8) The statewide deductions made under subsection (5) shall
2 not exceed \$87 000,000 00 The department shall prorate the
3 local district deductions as necessary

4 (9) A tax levied pursuant to section 1356(4) of the school
5 code of 1976, Act No 451 of the Public Acts of 1976, being sec-
6 tion 380 1356 of the Michigan Compiled Laws, for the retirement
7 of an operating deficit shall be considered levied for operating
8 purposes in making computations under this section

9 SEC 25A (1) FROM THE APPROPRIATION IN SECTION 11, THERE
10 IS ALLOCATED FOR 1993-94 ONLY AN AMOUNT NOT TO EXCEED
11 \$30,000,000 00 FOR MAKING PAYMENTS TO ELIGIBLE APPLICANT DIS-
12 TRICTS THAT HAVE FUND EQUITY EXPENDITURES BUDGETED FOR 1993-94
13 A DISTRICT IS ELIGIBLE FOR A PAYMENT UNDER THIS SECTION IF THE
14 DISTRICT MEETS THE REQUIREMENTS OF SUBSECTION (2) OR (3) AND
15 APPLIES IN THE FORM AND MANNER PRESCRIBED BY THE DEPARTMENT

16 (2) FROM THE MONEY ALLOCATED IN SUBSECTION (1), AN AMOUNT
17 NOT TO EXCEED \$20,000,000 00 SHALL BE PAID TO DISTRICTS THAT DO
18 NOT QUALIFY FOR A PAYMENT UNDER SUBSECTION (3) AND THAT HAVE FUND
19 EQUITY EXPENDITURES BUDGETED FOR 1993-94 THE AMOUNT OF THE PAY-
20 MENT TO A DISTRICT UNDER THIS SUBSECTION SHALL BE AN AMOUNT CAL-
21 CULATED BY THE DEPARTMENT, EQUAL TO THE DISTRICT S BUDGETED
22 EXPENDITURES FROM THE DISTRICT S FUND EQUITY FOR 1993-94 AS PRO-
23 VIDED FOR IN THE DISTRICT S OFFICIAL BOARD ADOPTED BUDGET AS OF
24 DECEMBER 31, 1993 AND REPORTED TO THE DEPARTMENT NOT LATER THAN
25 FEBRUARY 1, 1994, AND AS ADJUSTED NOT LATER THAN MAY 1, 1994,
26 PRORATED SO THAT THE TOTAL STATEWIDE AMOUNT UNDER THIS SUBSECTION

1 DOES NOT EXCEED \$20 000 000 00 WITH THE PRORATION WEIGHTED AS TO
2 A DISTRICT'S MEMBERSHIP

3 (3) FROM THE MONEY ALLOCATED IN SUBSECTION (1), AN AMOUNT
4 NOT TO EXCEED \$10,000,000 00 SHALL BE PAID TO DISTRICTS THAT ARE
5 CLASSIFIED UNDER THE SCHOOL CODE OF 1976 AS SCHOOL DISTRICTS OF
6 THE FOURTH CLASS THAT HAD COMBINED STATE AND LOCAL REVENUE PER
7 MEMBERSHIP PUPIL FOR 1993-94, EXCLUDING THE ALLOCATION UNDER THIS
8 SUBSECTION, OF \$5,500 00 OR LESS AND THAT HAVE FUND EQUITY
9 EXPENDITURES BUDGETED FOR 1993-94 THE AMOUNT OF THE PAYMENT TO
10 A DISTRICT UNDER THIS SUBSECTION SHALL BE AN AMOUNT, CALCULATED
11 BY THE DEPARTMENT, EQUAL TO THE AMOUNT OF THE DISTRICT'S BUDGETED
12 FUND EQUITY EXPENDITURES IN THE DISTRICT'S OFFICIAL BOARD-ADOPTED
13 BUDGET, AS ADOPTED BY THE DISTRICT BOARD NOT LATER THAN
14 DECEMBER 31, 1993 AND REPORTED TO THE DEPARTMENT OF TREASURY NOT
15 LATER THAN MAY 1 1994 UP TO A MAXIMUM OF \$3,000 000 00 FOR EACH
16 DISTRICT DESCRIBED IN THIS SUBSECTION, AND PRORATED SO THAT THE
17 TOTAL STATEWIDE AMOUNT UNDER THIS SUBSECTION DOES NOT EXCEED
18 \$10 000,000 00, WITH THE PRORATION WEIGHTED AS TO A DISTRICT'S
19 MEMBERSHIP HOWEVER, A DISTRICT MEETING THE CRITERIA UNDER THIS
20 SUBSECTION THAT HAD ELIGIBLE FUND EQUITY EXPENDITURES GREATER
21 THAN \$2 500 000 00 BUT LESS THAN \$3 000 000 00 SHALL RECEIVE PRI-
22 ORITY UNDER THIS SUBSECTION AND IS NOT SUBJECT TO THE PRORATION
23 UNDER THIS SUBSECTION UNLESS THE TOTAL AMOUNT OF PAYMENTS TO ALL
24 DISTRICTS DESCRIBED IN THIS SENTENCE EXCEEDS \$10,000,000 00
25 (4) IT IS THE INTENT OF THE LEGISLATURE TO AMEND THE APPRO-
26 PRIATIONS MADE FOR STATE SCHOOL AID FOR 1994-95 TO PROVIDE FOR A

1 CORRESPONDING ADJUSTMENT IN THE 1994-95 STATE SCHOOL AID PAYMENTS
2 TO DISTRICTS RECEIVING MONEY UNDER THIS SECTION

3 Section 2 Sections 21 and 25a of Act No 94 of the Public
4 Acts of 1979, being sections 388 1621 and 388 1625a of the
5 Michigan Compiled Laws, are repealed effective October 1, 1994