



SENATE BILL No. 877

October 12, 1993, Introduced by Senators HONIGMAN and WELBORN and referred to the Committee on Education Reform.

A bill to establish a student education account program for eligible students enrolled in public school districts and schools; to prescribe the powers and duties of certain state agencies, public school districts and schools; and to authorize payments from the accounts for certain purposes.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as "the
2 student education account act".

3 Sec. 2. (1) "Base state and local revenue per pupil" means
4 a school's per membership pupil allocation under section 20, 20a,
5 or 20b of the state school aid act of 1979, Act No. 94 of the
6 Public Acts of 1979, being sections 388.1620, 388.1620a, and
7 388.1620b of the Michigan Compiled Laws, plus the school's local
8 school operating revenue per pupil as defined in section 20 of
9 Act No. 94 of the Public Acts of 1979.

1 (2) "Department" means the department of treasury.

2 (3) "Eligible student" means a student whose parent or legal
3 guardian has authorized, in a manner that satisfies the require-
4 ments of section 488 of subpart 2 of part C of the general educa-
5 tion provisions act, title IV of Public Law 90-247, 20
6 U.S.C. 1232g, commonly referred to as the family educational
7 rights and privacy act of 1974, disclosure by the school to the
8 department of personally identifiable information required by the
9 department for participation in the program. Eligible student
10 includes a student age 18 or older who authorized the disclosure
11 himself or herself.

12 (4) "School" means a facility providing instruction in
13 grades K-12 and operated by a school district, or local act
14 school district, or intermediate school district, as those terms
15 are defined in the school code of 1976, Act No. 451 of the Public
16 Acts of 1976, being sections 380.1 to 380.1852 of the Michigan
17 Compiled Laws, or by a charter public school established under
18 part 6a of Act No. 451 of the Public Acts of 1976, being
19 sections 380.501 to 380.510 of the Michigan Compiled Laws.

20 (5) "School year" means the period commencing on July 1 and
21 continuing through June 30.

22 (6) "Student" means a person enrolled and in attendance in a
23 school in any of grades K-12 on a pupil membership count day.

24 (7) "Student count" means the compilation of a list of all
25 students in a school, which compilation includes the full name,
26 birthdate, and social security number of each student.

1 (8) "Student count day" means the same days as the pupil
2 membership count days as defined in section 6 of Act No. 94 of
3 the Public Acts of 1979, being section 388.1606 of the Michigan
4 Compiled Laws.

5 Sec. 3. (1) Beginning with the 1994-1995 school year, the
6 department shall establish and maintain a student education
7 account for each eligible student reported to the department by a
8 school in a student count. The department shall annually credit
9 to the student education account of each eligible student an
10 amount equal to the base state and local revenue per pupil of the
11 school district or local act school district in which the eligi-
12 ble student resides.

13 (2) An individual student education account shall not be
14 credited with an amount under subsection (1) more than 13 times.
15 The amount shall be credited once in each school year, subject to
16 adjustments as set forth in subsection (3). If an eligible stu-
17 dent is counted in the first student count day of a school year,
18 the account shall be credited with the full amount computed under
19 subsection (1). If a person becomes an eligible student and is
20 initially counted on a subsequent student count day in the school
21 year, the amount credited shall be 75% of the full amount if
22 counted on the second student count day, 50% if counted on the
23 third student count day, and 25% if counted on the fourth student
24 count day.

25 (3) If an eligible student changes residence during a school
26 year from 1 school district to a different school district and
27 the amount that would be credited to the eligible student's

1 student education account on an annual basis in the new school
2 district is different than the amount initially credited to the
3 student's account, then the eligible student education account
4 shall be adjusted by 75% of the difference if the eligible stu-
5 dent changes residence after the first and before the second stu-
6 dent count days, 50% if after the second and before the third
7 student count days, and 25% if after the third and before the
8 fourth student count days.

9 (4) A student education account shall be terminated and any
10 amount of credit remaining in the student education account
11 canceled upon the occurrence of any of the following:

12 (a) The death of the eligible student.

13 (b) The end of the school year in which the eligible student
14 becomes 25 years of age.

15 (c) Graduation of the eligible student from high school with
16 a zero balance in the account.

17 Sec. 4. Each school shall furnish to the department the
18 information required by the department for each eligible
19 student. The information shall be furnished for each eligible
20 student within 30 days after each student count day in the school
21 year on which the eligible student is counted by the school.

22 Sec. 5. (1) In each school year in which an eligible
23 student's education account has been credited with an amount
24 under section 3, the department shall charge against the pupil's
25 student education account the base state and local revenue per
26 pupil of the school the eligible student attends. The department
27 shall charge expenditures only against amounts credited to the

1 student education account for the same school year. The
2 department shall first charge against any credit attributable to
3 local revenue and then against the credit attributable to state
4 revenue.

5 (2) The department shall charge 25% of the base state and
6 local revenue per pupil for each student count day for which the
7 eligible student is reported to the department. If, during a
8 school year, an eligible student transfers from a school to a
9 different school, any charge to the account after the transfer
10 shall be based on the base state and local revenue per pupil of
11 the school to which the eligible student has transferred.

12 Sec. 6. Any unused balance in a student education account
13 may be used with the consent of the eligible student or his or
14 her parent or legal guardian for any of the following purposes:

15 (a) Tuition and fees lawfully imposed by a school on the
16 eligible student or his or her parent or legal guardian for
17 enrollment and attendance in an academic course or instruction or
18 career-technical/vocational training provided by the school.
19 Upon application by the school, the department shall pay the
20 amount of the tuition and fees assessed, up to the credit bal-
21 ance, directly to the school. The school shall not apply for or
22 receive tuition and fees greater than the lowest amount actually
23 received from any other person for the same course or
24 instruction. A school receiving money under this subdivision
25 shall not count the pupil in membership for purposes of state
26 school aid under the state school aid act of 1979, Act No. 94 of

1 the Public Acts of 1979, being sections 388.1601 to 388.1772 of
2 the Michigan Compiled Laws.

3 (b) Tuition and fees for attendance by the eligible student
4 at a degree-granting postsecondary institution located in this
5 state. The tuition and fees shall be for an academic course not
6 ordinarily taken as an activity course or for a career/technical
7 program. Upon application by the postsecondary institution, the
8 department shall pay the amount of tuition and fees assessed, up
9 to the credit balance, directly to the postsecondary
10 institution. The postsecondary institution shall not apply for
11 or receive tuition and fees in excess of the amount properly
12 assessable to the eligible student under the institution's pub-
13 lished and generally applicable tuition and fee schedule. The
14 postsecondary institution shall not apply for or receive tuition
15 and fees under this section if the tuition and fees are payable
16 under section 21b of Act No. 94 of the Public Acts of 1979, being
17 section 388.1621b of the Michigan Compiled Laws.

18 (c) Payments made to a postsecondary institution pursuant to
19 section 21b of Act No. 94 of the Public Acts of 1979.

20 Sec. 7. The department may promulgate rules to implement
21 and administer this act. The department shall promulgate rules
22 for determining students to be included in the student count.
23 The rules shall be promulgated pursuant to the administrative
24 procedures act of 1969, Act No. 306 of the Public Acts of 1969,
25 being sections 24.201 to 24.328 of the Michigan Compiled Laws.