

HOUSE BILL No. 4085

February 5, 1991, Introduced by Rep. Keith 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. 207 of the Public Acts of 1990, 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. 207 of the Public Acts of 1990, 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 1990-91 a combined state-local yield or gross
9 allowance of \$266.00 plus \$90.00 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~~
4 SUBJECT TO THE BALANCE OF THIS SECTION, THE net allocation for
5 each district shall be an amount per membership pupil computed by
6 subtracting, from the gross allowance guaranteed the district,
7 the product of the district's state equalized valuation behind
8 each membership pupil and the millage utilized for computing the
9 gross allowance.

10 GRADUATION AND CLASS INCENTIVES

11 An additional \$30.00 per pupil in gross allowance shall be
12 allocated to any district that satisfies the requirements speci-
13 fied in subdivisions (a) and (b).

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

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

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

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

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

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

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

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

23 In order to be eligible for the additional \$30.00 per pupil
24 permitted under this subsection, unless it has received a waiver
25 under subdivision (b), a district shall submit to the department,
26 not later than October 31, 1990, an official copy of the board

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

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

8 (A) Special education teachers.

9 (B) Adult education teachers.

10 (C) Professional or nonprofessional support staff.

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

12 (E) Administrators or supervisors.

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

19 In order to be eligible for the additional \$14.00 per pupil
20 permitted under this subsection, unless it has received a waiver
21 for subdivision (a) or (b), a district shall submit to the
22 department not later than October 31, 1990, a resolution adopted
23 by its board indicating that the district complies with the
24 requirements of either subdivision (a) or (b).

1 In 1990-91, an additional \$25.00 per pupil in gross
2 allowance is allocated to a district that satisfies the
3 requirements of subdivisions (a) through (e) as follows:

4 (a) The district makes available to the state board and the
5 public an annual educational report and ensures that each school
6 in the district distributes to the public an annual education
7 report as described in section 1204a of the school code of 1976,
8 being section 380.1204a of the Michigan Compiled Laws. To be
9 eligible for quality incentive funds under this subsection, a
10 district shall submit to the department not later than
11 October 31, 1990 a board-adopted resolution indicating the
12 board's intent to comply with section 1204a of the school code of
13 1976, and not later than July 31, 1991, a copy of the annual edu-
14 cational report prepared and made available pursuant to section
15 1204a of the school code of 1976. An applicant district that
16 fails to comply with the July 31, 1991 requirement of this subdi-
17 vision shall have an appropriate state aid adjustment in the next
18 fiscal year.

19 (b) The district adopts and implements a 3- to 5-year school
20 improvement plan and continuing school improvement process for
21 each school within the district as described in section 1277 of
22 the school code of 1976, being section 380.1277 of the Michigan
23 Compiled Laws. To be eligible for quality incentive funds under
24 this subsection, a district shall submit to the department not
25 later than October 31, 1990 a board-adopted resolution indicating
26 that the district is developing a 3- to 5-year school improvement
27 plan and continuing school improvement process in compliance with

1 section 1277 of the school code of 1976, and not later than
2 July 31, 1991, a copy of the 3- to 5-year school improvement plan
3 and continuing school improvement process for each school within
4 the district. An applicant district that fails to comply with
5 the July 31, 1991 requirement of this subdivision shall have an
6 appropriate state aid adjustment in the next fiscal year.

7 (c) The district submits to the department not later than
8 October 31, 1990 a board-adopted resolution indicating that by
9 the start of the 1991-92 school year the district will make
10 available to all pupils attending public school in the district a
11 core curriculum as described in section 1278 of the school code
12 of 1976, being section 380.1278 of the Michigan Compiled Laws.

13 (d) The district submits to the department not later than
14 October 31, 1990 a board-adopted resolution indicating that the
15 board is taking steps to ensure that by the start of the 1992-93
16 school year each public school within the district will be
17 accredited as provided in section 1280 of the school code of
18 1976, being section 380.1280 of the Michigan Compiled Laws.

19 (e) If section 1282a of the school code of 1976 is enacted
20 into law, the district submits to the department not later than
21 January 31, 1991 a board-adopted resolution indicating that
22 beginning in 1991-92 the district will annually administer a
23 state board approved employability skills assessment as described
24 in that section.

25 (2) A district that supported a district library in 1979-80
26 and continues to provide support for the district library through
27 a millage levied pursuant to former Act No. 164 of the Public

1 Acts of 1955 ~~, as amended, being sections 397.271 to 397.276 of~~
2 ~~the Michigan Compiled Laws,~~ shall be credited, for all computa-
3 tions made under this section, with the amount of millage levied
4 for library purposes, but not to exceed 0.7 mills, if the dis-
5 trict levies not more than 0.7 mills less than its authorized
6 operating millage rate.

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

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

24 (a) "Adjusted gross income behind each membership pupil" or
25 "AGIpp" means in 1990-91 the calculation obtained by dividing the
26 district's 1987 adjusted gross income, as certified by the
27 department of treasury, by the district's 1989-90 pupil

1 membership. Beginning in 1991-92 and each year thereafter, AGIpp
2 means the calculation obtained by dividing the district's latest
3 calendar year adjusted gross income for which data is available
4 as of June 1 before the beginning of the fiscal year, as certi-
5 fied by the department of treasury, by the district's pupil mem-
6 bership for the immediately preceding year.

7 (b) "State average adjusted gross income per membership
8 pupil" means the sum of the adjusted gross income of all dis-
9 tricts, as certified by the department of treasury, divided by
10 the total state pupil membership.

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

14 (d) "State average state equalized valuation behind each
15 membership pupil" or "SEVpp" means the sum of the state equalized
16 valuation of all districts divided by the total state pupil mem-
17 bership as estimated by the department not later than October 1
18 of each year.

19 (5) ~~If~~ SUBJECT TO SUBSECTION (8), IF a district has more
20 than 500 pupils and if the net allocation computed for ~~a~~ THE
21 district pursuant to subsection (1) is a negative amount, it
22 shall be applied as a deduction against any funds otherwise ten-
23 tatively allocated to the district under all other sections of
24 this act. However, the deduction made under this subsection
25 shall not exceed a percentage of a district's total tentative
26 state aid allocation under all other sections of this act, which
27 percentage is determined by the district's state equalized

1 valuation behind each membership pupil (SEVpp), adjusted gross
2 income behind each membership pupil (AGIpp), and the millage rate
3 utilized for computing the gross allowance.

4 THE MILLAGE RATE IS LESS THAN 80% OF THE STATE AVERAGE

5 If a district's millage rate utilized for computing the
6 gross allowance is less than 80% of the immediately preceding
7 year's state average millage rate and the district's AGIpp is
8 less than or equal to 150% of the state average AGIpp, then the
9 percentage is equal to $1/3$ of the sum of the state average AGIpp
10 divided by the district's AGIpp, subtracted from 1, plus 2 times
11 the difference between 1 and the state average SEVpp divided by
12 the district's SEVpp. However, if the district's SEVpp is less
13 than or equal to 200% but greater than 150% of the state average
14 SEVpp, then the district's SEVpp is divided into $2/3$ of the state
15 average SEVpp, or if the district's SEVpp is greater than 200% of
16 the state average SEVpp, then the district's SEVpp is divided
17 into $1/3$ of the state average SEVpp.

18 If a district's millage rate utilized for computing the
19 gross allowance is less than 80% of the immediately preceding
20 year's state average millage rate and the district's AGIpp is
21 less than or equal to 200% but greater than 150% of the state
22 average AGIpp, then the percentage is equal to $1/3$ of the sum of
23 $2/3$ of the state average AGIpp divided by the district's AGIpp,
24 subtracted from 1, plus 2 times the difference between 1 and the
25 state average SEVpp divided by the district's SEVpp. However, if
26 the district's SEVpp is less than or equal to 200% but greater

1 than 150% of the state average SEVpp, then the district's SEVpp
2 is divided into 2/3 of the state average SEVpp, or if the
3 district's SEVpp is greater than 200% of the state average SEVpp,
4 then the district's SEVpp is divided into 1/3 of the state aver-
5 age SEVpp.

6 If a district's millage rate utilized for computing the
7 gross allowance is less than 80% of the immediately preceding
8 year's state average millage rate and the district's AGIpp is
9 greater than 200% of the state average ~~AGIpp~~ AGIpp, then the
10 percentage is equal to 1/3 of the sum of 1/3 of the state average
11 AGIpp divided by the district's ~~AGIpp~~ AGIpp, subtracted from
12 1, plus 2 times the difference between 1 and the state average
13 SEVpp divided by the district's SEVpp. However, if the
14 district's SEVpp is less than or equal to 200% but greater than
15 150% of the state average SEVpp, then the district's SEVpp is
16 divided into 2/3 of the state average SEVpp, or if the district's
17 SEVpp is greater than 200% of the state average SEVpp, then the
18 district's SEVpp is divided into 1/3 of the state average SEVpp.

19 THE MILLAGE RATE IS LESS THAN THE STATE AVERAGE BUT
20 GREATER THAN OR EQUAL TO 80% OF THE STATE AVERAGE

21 If a district's millage rate utilized for computing the
22 gross allowance is less than the immediately preceding year's
23 state average millage rate but greater than or equal to 80% of
24 the immediately preceding year's state average millage rate and
25 the district's AGIpp is less than or equal to 150% of the state
26 average AGIpp, then the percentage is equal to 1/2 of the sum of

1 the state average AGIpp divided by the district's AGIpp,
2 subtracted from 1, plus the difference between 1 and the state
3 average SEVpp divided by the district's SEVpp. However, if the
4 district's SEVpp is less than or equal to 200% but greater than
5 150% of the state average SEVpp, then the district's SEVpp is
6 divided into $\frac{2}{3}$ of the state average SEVpp, or if the district's
7 SEVpp is greater than 200% of the state average SEVpp, then the
8 district's SEVpp is divided into $\frac{1}{3}$ of the state average SEVpp.

9 If a district's millage rate utilized for computing the
10 gross allowance is less than the immediately preceding year's
11 state average millage rate but greater than or equal to 80% of
12 the immediately preceding year's state average millage rate and
13 the district's AGIpp is less than or equal to 200% but greater
14 than 150% of the state average AGIpp, then the percentage is
15 equal to $\frac{1}{2}$ of the sum of $\frac{2}{3}$ of the state average AGIpp divided
16 by the district's AGIpp, subtracted from 1, plus the difference
17 between 1 and the state average SEVpp divided by the district's
18 SEVpp. However, if the district's SEVpp is less than or equal to
19 200% but greater than 150% of the state average SEVpp, then the
20 district's SEVpp is divided into $\frac{2}{3}$ of the state average SEVpp,
21 or if the district's SEVpp is greater than 200% of the state
22 average SEVpp, then the district's SEVpp is divided into $\frac{1}{3}$ of
23 the state average SEVpp.

24 If a district's millage rate utilized for computing the
25 gross allowance is less than the immediately preceding year's
26 state average millage rate but greater than or equal to 80% of
27 the immediately preceding year's state average millage rate and

1 the district's AGIpp is greater than 200% of the state average
2 AGIpp, then the percentage is equal to $1/2$ of the sum of $1/3$ of
3 the state average AGIpp divided by the district's AGIpp, sub-
4 tracted from 1, plus the difference between 1 and the state
5 average SEVpp divided by the district's SEVpp. However, if the
6 district's SEVpp is less than or equal to 200% but greater than
7 150% of the state average SEVpp, then the district's SEVpp is
8 divided into $2/3$ of the state average SEVpp, or if the district's
9 SEVpp is greater than 200% of the state average SEVpp, then the
10 district's SEVpp is divided into $1/3$ of the state average SEVpp.

11 THE MILLAGE RATE IS GREATER THAN OR EQUAL TO THE STATE AVERAGE

12 If a district's millage rate utilized for computing the
13 gross allowance is greater than or equal to the immediately pre-
14 ceding year's state average millage rate and the district's AGIpp
15 is less than or equal to 150% of the state average AGIpp, then
16 the percentage is equal to $1/4$ of the sum of the state average
17 AGIpp divided by the district's AGIpp, subtracted from 1, plus
18 the difference between 1 and the state average SEVpp divided by
19 the district's SEVpp, plus 2 times the difference between 1 and
20 the district millage rate utilized for computing the gross allow-
21 ance divided by the immediately preceding year's state average
22 millage rate. However, if the district's SEVpp is less than or
23 equal to 200% but greater than 150% of the state average SEVpp,
24 then the district's SEVpp is divided into $2/3$ of the state aver-
25 age SEVpp, or if the district's SEVpp is greater than 200% of the

1 state average SEVpp, then the district's SEVpp is divided into
2 $1/3$ of the state average SEVpp.

3 If a district's millage rate utilized for computing the
4 gross allowance is greater than or equal to the immediately pre-
5 ceding year's state average millage rate and the district's AGIpp
6 is less than or equal to 200% but greater than 150% of the state
7 average AGIpp, then the percentage is equal to $1/4$ of the sum of
8 $2/3$ of the state average AGIpp divided by the district's AGIpp,
9 subtracted from 1, plus the difference between 1 and the state
10 average SEVpp divided by the district's SEVpp, plus 2 times the
11 difference between 1 and the district millage rate utilized for
12 computing the gross allowance divided by the immediately preced-
13 ing year's state average millage rate. However, if the
14 district's SEVpp is less than or equal to 200% but greater than
15 150% of the state average SEVpp, then the district's SEVpp is
16 divided into $2/3$ of the state average SEVpp, or if the district's
17 SEVpp is greater than 200% of the state average SEVpp, then the
18 district's SEVpp is divided into $1/3$ of the state average SEVpp.

19 If a district's millage rate utilized for computing the
20 gross allowance is greater than or equal to the immediately pre-
21 ceding year's state average millage rate and the district's AGIpp
22 is greater than 200% of the state average AGIpp, then the percen-
23 tage is equal to $1/4$ of the sum of $1/3$ of the state average AGIpp
24 divided by the district's AGIpp, subtracted from 1, plus the
25 difference between 1 and the state average SEVpp divided by the
26 district's SEVpp, plus 2 times the difference between 1 and the
27 district millage rate utilized for computing the gross allowance

1 divided by the immediately preceding year's state average millage
2 rate. However, if the district's SEVpp is less than or equal to
3 200% but greater than 150% of the state average SEVpp, then the
4 district's SEVpp is divided into 2/3 of the state average SEVpp,
5 or if the district's SEVpp is greater than 200% of the state
6 average SEVpp, then the district's SEVpp is divided into 1/3 of
7 the state average SEVpp.

8 (6) The percentage obtained under subsection (5) shall not
9 exceed 99%, and shall be applied after the following adjustments
10 which shall be based upon per pupil or per professional staff
11 member cost in each program:

12 (a) The categorical allocations for sections 52 and 61 shall
13 be reduced a proportionate amount for nonresident pupils, and the
14 categorical allocation for section 97 shall be reduced a propor-
15 tionate amount for each professional staff member not an employee
16 of the district.

17 (b) The categorical allocations for section 52 shall be
18 increased a proportionate amount for pupils enrolled in a program
19 operated by another district or the intermediate district, and
20 the categorical allocation for section 97 shall be increased a
21 proportionate amount for each professional staff member partici-
22 pating in a consortium of districts, or of districts and interme-
23 diate districts, where the legal fiscal agency is another dis-
24 trict or intermediate district.

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

1 (8) BEGINNING OCTOBER 1, 1991, IN ANY STATE FISCAL YEAR IN
2 WHICH A DISTRICT IS PARTICIPATING IN COMMERCIAL AND INDUSTRIAL
3 PROPERTY TAX BASE SHARING UNDER PART 7A OF THE SCHOOL CODE OF
4 1976, BEING SECTIONS 380.751 TO 380.758 OF THE MICHIGAN COMPILED
5 LAWS, THE AMOUNT OF THE DISTRICT'S DEDUCTION CALCULATED UNDER
6 SUBSECTION (5) SHALL BE REDUCED BY THE AMOUNT THE DISTRICT CON-
7 TRIBUTES TO COMMERCIAL AND INDUSTRIAL TAX BASE SHARING FOR THE
8 SCHOOL FISCAL YEAR ENDING DURING THAT STATE FISCAL YEAR, AND THE
9 LIMIT OF SUBSECTION (9) SHALL BE REDUCED ACCORDINGLY. FOR A DIS-
10 TRICT THAT IS NOT PARTICIPATING IN THE TAX BASE SHARING BUT FOR
11 WHICH A PORTION OF THE DISTRICT'S LOCAL PROPERTY TAX REVENUE IS
12 SUBJECT TO TAX BASE SHARING BECAUSE OF THE DISTRICT'S PREVIOUS
13 PARTICIPATION IN TAX BASE SHARING, THE AMOUNT OF THE DISTRICT'S
14 STATE EQUALIZED VALUATION BEHIND EACH MEMBERSHIP PUPIL THAT IS
15 USED IN THE CALCULATIONS MADE UNDER SUBSECTION (5) SHALL BE
16 ADJUSTED TO TAKE INTO ACCOUNT THE AMOUNT OF LOCAL PROPERTY TAX
17 REVENUE BEING SHARED, LESS THE TAX BASE SHARING REVENUE THAT THE
18 DISTRICT RECEIVES UNDER SECTION 753 OF THE SCHOOL CODE OF 1976,
19 BEING SECTION 380.753 OF THE MICHIGAN COMPILED LAWS.

20 (9) ~~-(8)-~~ The statewide deductions made under subsection (5)
21 shall not exceed \$72,093,600.00 in 1990-91.

22 (10) ~~-(9)-~~ A tax levied pursuant to section 1356(4) of the
23 school code of 1976, Act No. 451 of the Public Acts of 1976,
24 being section 380.1356 of the Michigan Compiled Laws, for the
25 retirement of an operating deficit shall be considered levied for
26 operating purposes in making computations under this section.

1 (11) IF A DISTRICT IS CONSTITUENT TO AN INTERMEDIATE
2 DISTRICT OR CONSORTIUM OF INTERMEDIATE DISTRICTS IN WHICH
3 COMMERCIAL AND INDUSTRIAL PROPERTY TAX BASE SHARING IS IN EFFECT
4 UNDER PART 7A OF THE SCHOOL CODE OF 1976, BEING SECTIONS 380.751
5 TO 380.758 OF THE MICHIGAN COMPILED LAWS, THE DISTRICT'S ALLOCA-
6 TION UNDER THIS SECTION SHALL BE BASED ON THE LOCAL TAX YIELD THE
7 DISTRICT WOULD HAVE RECEIVED IF COMMERCIAL AND INDUSTRIAL PROP-
8 ERTY TAX BASE SHARING WERE NOT IN EFFECT.

9 Section 2. This amendatory act shall not take effect unless
10 Senate Bill No. _____ or House Bill No. 4086 (request
11 no. 01318'91) of the 86th Legislature is enacted into law.