SUBSTITUTE FOR

SENATE BILL NO. 188

A bill to amend 1976 PA 451, entitled "The revised school code,"

by amending sections 3, 7, 623a, 681, 684, and 686 (MCL 380.3, 380.7, 380.623a, 380.681, 380.684, and 380.686), section 3 as amended by 2004 PA 303, section 623a as amended by 2004 PA 588, section 681 as amended by 2004 PA 415, and section 684 as amended by 1996 PA 277.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 3. (1) "Area" as used in the phrase "area vocational-
- 2 technical education program" OR "AREA CAREER AND TECHNICAL
- 3 EDUCATION PROGRAM" means the geographical territory, both within
- 4 and without the boundaries of either a K to 12 school district,

- 1 AN INTERMEDIATE SCHOOL DISTRICT, or a community college district,
- 2 that is designated by the state board DEPARTMENT as the service
- 3 area for the operation of an area vocational-technical education
- 4 program.
- 5 (2) "Area vocational-technical education program", "AREA
- 6 CAREER AND TECHNICAL EDUCATION PROGRAM", OR "CAREER AND TECHNICAL
- 7 EDUCATION PROGRAM" means a program of organized, systematic
- 8 instruction designed to prepare the following persons for useful
- 9 employment in recognized occupations:
- 10 (A) PERSONS PARTICIPATING IN CAREER AND TECHNICAL EDUCATION
- 11 READINESS ACTIVITIES THAT LEAD TO ENROLLMENT IN A CAREER AND
- 12 TECHNICAL EDUCATION PROGRAM IN HIGH SCHOOL.
- 13 (B) (a) Persons enrolled in high school IN A SCHOOL
- 14 DISTRICT, INTERMEDIATE SCHOOL DISTRICT, PUBLIC SCHOOL ACADEMY, OR
- 15 NONPUBLIC SCHOOL.
- 16 (C) (b) Persons who have completed or left high school and
- 17 who are available for full-time study in preparation for entering
- 18 the labor market.
- 19 (D) (c) Persons who have entered the labor market and who
- 20 need training or retraining to achieve stability or advancement
- 21 in employment.
- 22 (3) "Board" or "school board" means the governing body of a
- 23 local school district or a local act school district unless
- 24 clearly otherwise stated. Except in part 5a or part 6, for a
- 25 school district organized as a first class school district, if
- 26 the question under section 410 is approved in the school
- 27 district, then beginning on the next January 1 occurring at least

- 1 1 year after the question under section 410 is presented to the
- 2 school electors in the school district, "board" or "school board"
- 3 means the chief executive officer of the first class school
- 4 district.
- 5 (4) "Boarding school" means a place accepting for board,
- 6 care, and instruction 5 or more children under 16 years of age.
- 7 (5) "Constituent district" means a local school district or
- 8 special act school district the territory of which is entirely
- 9 within and is an integral part of an intermediate school
- 10 district.
- 11 Sec. 7. (1) "Valuation of a fractional school district"
- 12 means the sum of the valuations of the fractions thereof, each of
- 13 which shall be computed in the same manner as the valuation of a
- 14 whole school district.
- 15 (2) "Valuation of the state" means the equalized value as
- 16 determined by the state board of equalization.
- 17 (3) "Valuation of a whole school district" means the total
- 18 assessed value of the property contained in the district as fixed
- 19 by the township or city board of review, which in turn is
- 20 proportionately increased or decreased to the basis of the
- 21 valuation of the county containing the district as fixed by the
- 22 county board of equalization, and the result in turn
- 23 proportionately increased or decreased to the basis of the
- 24 valuation of the county containing the district as last fixed by
- 25 the state board of equalization, known as the "state equalized
- 26 valuation".
- 27 (4) "Vocational education" OR "CAREER AND TECHNICAL

- 1 EDUCATION"-means vocational or technical training or retraining
- 2 which is given in schools or classes, including field or
- 3 laboratory work incidental thereto, under public supervision and
- 4 control, and is conducted as part of a program designed to fit
- 5 individuals for gainful employment as semiskilled or skilled
- 6 workers or technicians in recognized occupations, excluding a
- 7 program to fit individuals for employment in occupations which
- 8 the state board determines and specifies to be generally
- 9 considered professional or as requiring a baccalaureate or higher
- 10 degree. The term includes guidance and counseling in connection
- 11 with the training and instruction related to the occupation for
- 12 which the pupil is being trained or necessary for the pupil to
- 13 benefit from the training. The term includes the acquisition,
- 14 maintenance, and repair of instructional supplies, teaching aids,
- 15 and equipment, the construction or initial equipment of
- 16 buildings, and the acquisition or rental of land. EDUCATION
- 17 DESIGNED TO PROVIDE CAREER DEVELOPMENT AND THE KNOWLEDGE AND
- 18 SKILLS LEADING TO TECHNICAL EMPLOYMENT OR HIGHER EDUCATION IN A
- 19 TECHNICAL FIELD. CAREER AND TECHNICAL EDUCATION PROGRAMS INCLUDE
- 20 CLASSROOM AND LABORATORY EXPERIENCES AND WORK-BASED INSTRUCTION.
- 21 THE TERM INCLUDES GUIDANCE AND COUNSELING FOR A PUPIL RELATED TO
- 22 THE CAREER FOR WHICH THE PUPIL IS BEING EDUCATED AND TRAINED OR
- 23 DESIGNED TO HELP THE PUPIL BENEFIT FROM THE TRAINING. ALLOWABLE
- 24 EXPENSES RELATED TO CAREER AND TECHNICAL EDUCATION DELIVERY
- 25 INCLUDE ALL INSTRUCTIONAL, SUPPORT, AND ADMINISTRATIVE COSTS
- 26 ASSOCIATED WITH PROVIDING THESE ACTIVITIES, INCLUDING, BUT NOT
- 27 LIMITED TO, STAFF SALARIES, WAGES, AND BENEFITS FOR CAREER AND

- 1 TECHNICAL EDUCATION PROGRAMS ONLY; INFORMATION AND AWARENESS
- 2 ACTIVITIES; ACQUISITION AND RENTAL OF REAL PROPERTY; CONSTRUCTION
- 3 OF BUILDINGS; ACQUISITION OF EQUIPMENT AND SUPPLIES; AND
- 4 MAINTENANCE, REPAIR, AND REPLACEMENT OF BUILDINGS, LANDS,
- 5 EQUIPMENT, AND SUPPLIES.
- 6 Sec. 623a. (1) An intermediate school board shall adopt
- 7 written policies governing the procurement of supplies,
- 8 materials, and equipment.
- 9 (2) Except as otherwise provided in subsection (3), an
- 10 intermediate school district shall not purchase an item or a
- 11 group of items purchased in a single transaction costing
- 12 \$17,932.00 \$19,211.00 or more unless competitive bids are
- 13 obtained for those items and the purchase of those items is
- 14 approved by the intermediate school board. The maximum amount
- 15 specified in this section shall be adjusted each year by
- 16 multiplying the amount for the immediately preceding year by the
- 17 percentage by which the average consumer price index for all
- 18 items for the 12 months ending August 31 of the year in which the
- 19 adjustment is made differs from that index's average for the 12
- 20 months ending on August 31 of the immediately preceding year and
- 21 adding that product to the maximum amount that applied in the
- 22 immediately preceding year, rounding to the nearest whole dollar.
- 23 (3) An intermediate school district is not required to
- 24 obtain competitive bids for items purchased through the
- 25 cooperative bulk purchasing program operated by the department of
- 26 management and budget under section 263(3) of the management and
- 27 budget act, 1984 PA 431, MCL 18.1263.

- 1 (4) THE INTERMEDIATE SCHOOL BOARD OF AN INTERMEDIATE SCHOOL
- 2 DISTRICT MAY ACQUIRE BY PURCHASE, LEASE, OR RENTAL, WITH OR
- 3 WITHOUT OPTION TO PURCHASE, EQUIPMENT NECESSARY FOR THE OPERATION
- 4 OF INTERMEDIATE SCHOOL DISTRICT PROGRAMS, INCLUDING, BUT NOT
- 5 LIMITED TO, HEATING, WATER HEATING, AND COOKING EQUIPMENT FOR
- 6 SCHOOL BUILDINGS, AND MAY PAY FOR THE EQUIPMENT FROM OPERATING
- 7 FUNDS OF THE INTERMEDIATE SCHOOL DISTRICT. HEATING AND COOKING
- 8 EQUIPMENT MAY BE PURCHASED ON A TITLE RETAINING CONTRACT OR OTHER
- 9 FORM OF AGREEMENT CREATING A SECURITY INTEREST AND PLEDGING IN
- 10 PAYMENT MONEY IN THE GENERAL FUND OR FUNDS RECEIVED FROM STATE
- 11 SCHOOL AID. THE CONTRACTS MAY EXTEND FOR NOT MORE THAN 10 YEARS.
- 12 Sec. 681. (1) An intermediate school district may establish
- 13 an area vocational technical CAREER AND TECHNICAL education
- 14 program and operate the program under sections 681 to 690 if
- 15 approved by a majority of the intermediate school electors of the
- 16 intermediate school district voting on the question. The election
- 17 shall be called and conducted in accordance with this act and the
- 18 Michigan election law. The establishment of the area vocational
- 19 technical CAREER AND TECHNICAL education program may be rescinded
- 20 by the same process.
- 21 (2) The question of establishing an area vocational-
- 22 technical CAREER AND TECHNICAL education program may be submitted
- 23 to the intermediate school electors of an intermediate school
- 24 district at a regular school election or at a special election
- 25 held in each of the constituent districts. Subject to section 641
- 26 of the Michigan election law, MCL 168.641, the intermediate
- 27 school board shall determine the date of the election and shall

7

- 1 give notice to the school district filing official at least 60
- 2 days in advance of the date the ballot question is to be
- 3 submitted to the intermediate school electors.
- 4 (3) The ballot for referring the question of adopting
- 5 sections 681 to 690 and establishing an area vocational-technical
- 6 CAREER AND TECHNICAL education program to the intermediate school
- 7 electors of an intermediate school district shall be
- 8 substantially in the following form:
- 9 "Shall (legal name of intermediate school
- 10 district), state of Michigan, come under sections 681 to 690 of
- 11 the revised school code and establish an area vocational
- 12 technical CAREER AND TECHNICAL education program which is
- 13 designed to encourage the operation of area vocational-technical
- 14 CAREER AND TECHNICAL education programs if the annual property
- 15 tax levied for this purpose is limited to mills?
- **16** Yes ()
- **17** No ()".
- 18 (4) Beginning in 1995, and subject to section 625b, the
- 19 number of mills of ad valorem property taxes an intermediate
- 20 school board may levy for area vocational-technical CAREER AND
- 21 TECHNICAL education program operating purposes under sections 681
- 22 to 690 is limited to the following:
- 23 (a) If the intermediate school district did not levy any
- 24 millage in 1993 for area vocational technical CAREER AND
- 25 TECHNICAL education program operating purposes under sections 681
- 26 to 690, the intermediate school board, with the approval of the

- 1 intermediate school electors, may levy not more than 1 mill for
- 2 those purposes.
- 3 (b) If the intermediate school district levied millage in
- 4 1993 for area vocational-technical CAREER AND TECHNICAL education
- 5 program operating purposes under sections 681 to 690, the
- 6 intermediate school board, with the approval of the intermediate
- 7 school electors, may levy mills for those purposes at a rate not
- 8 to exceed 1.5 times the number of mills authorized for those
- 9 purposes in the intermediate school district in 1993. Approval of
- 10 the intermediate school electors is not required for the levy
- 11 under this subdivision of previously authorized mills until that
- 12 authorization expires.
- 13 (5) An intermediate school district that levies a tax for
- 14 area vocational technical CAREER AND TECHNICAL education program
- 15 operating purposes shall not use proceeds from the tax for any
- 16 purpose other than area vocational-technical CAREER AND TECHNICAL
- 17 education program operating purposes and shall submit to the
- 18 department of treasury a copy of the audit report from the audit
- 19 of the intermediate school district conducted under section 622a.
- 20 If the department of treasury determines from the audit report
- 21 that the proceeds from the tax have been used for a purpose other
- 22 than area vocational-technical CAREER AND TECHNICAL education
- 23 program operating purposes, as defined under subsection (7), the
- 24 department of treasury shall notify the intermediate school
- 25 district of that determination. If the intermediate school
- 26 district disputes the determination or claims that the situation
- 27 has been corrected, within 15 days after receipt of the

- 1 determination the intermediate school district may submit an
- 2 appeal of the determination to the department of treasury. Within
- 3 90 days after receipt of the appeal, the department of treasury
- 4 shall consider the appeal and make a determination of whether the
- 5 initial determination was correct or incorrect and of whether the
- 6 situation has been corrected. If the department of treasury finds
- 7 that the initial determination was correct and that the situation
- 8 has not been corrected, then the department of treasury shall
- 9 file a copy of the report with the attorney general. The attorney
- 10 general shall review the report and, if the attorney general
- 11 considers it appropriate, shall commence or direct the
- 12 prosecuting attorney for the county in which the violations
- 13 occurred to commence appropriate proceedings against the
- 14 intermediate school board or the official or employee. These
- 15 proceedings shall include at least a civil action in a court of
- 16 competent jurisdiction for the recovery of any public money
- 17 determined by the audit to have been illegally expended and for
- 18 the recovery of any public property determined by the audit to
- 19 have been converted or misappropriated.
- 20 (6) If the attorney general determines from a report filed
- 21 under subsection (5) that an intermediate school district has
- 22 misspent tax proceeds as described in subsection (5) and notifies
- 23 the intermediate school district of this determination, the
- 24 intermediate school district shall repay to its area vocational
- 25 technical CAREER AND TECHNICAL education program operating fund
- 26 an amount equal to the amount the department of treasury
- 27 determined under subsection (5) has been used for a purpose other

Senate Bill No. 188 as amended May 16, 2007

- 1 than area vocational technical CAREER AND TECHNICAL education
- 2 program operating purposes. The intermediate school district
- 3 shall make this repayment from funds of the intermediate school
- 4 district that lawfully may be used for making such a repayment.
- 5 (7) For the purposes of subsections (5) and (6), <<NOT LATER THAN AUGUST 1, 2007,>> the
- 6 department and the department of treasury, in consultation with
- 7 intermediate school districts, shall develop and make available
- 8 to intermediate school districts a definition of area vocational
- 9 technical CAREER AND TECHNICAL education program operating
- 10 purposes.
- 11 (8) An intermediate school district shall not hold more than
- 12 2 elections in a calendar year concerning the authorization of a
- 13 millage rate for area vocational technical CAREER AND TECHNICAL
- 15 Sec. 684. (1) An intermediate school board in which an area
- 16 vocational technical CAREER AND TECHNICAL education program has
- 17 been established may operate area vocational-technical CAREER AND
- 18 TECHNICAL education programs or may contract with local school
- 19 districts or with community colleges for the operation of the
- 20 programs or with a private degree-granting postsecondary
- 21 institution if the intermediate school district is not within a
- 22 community college district and if there existed on or before July
- 23 1, 1992 a written agreement for the operation of such a program.
- 24 Area vocational technical CAREER AND TECHNICAL education programs
- 25 operated under sections 681 to 690 shall be submitted for review
- 26 of the representatives of the constituent districts of the
- 27 intermediate school district at an annual budget review meeting S00100'07 * (S-4) TAV

- 1 held on or before June 1 under section 624.
- 2 (2) An intermediate school board may expend area vocational
- 3 technical CAREER AND TECHNICAL education funds for the operation
- 4 of area vocational-technical CAREER AND TECHNICAL education
- 5 programs approved by the state board for acquiring, purchasing,
- 6 or constructing area vocational technical education buildings,
- 7 acquiring sites for area vocational-technical education
- 8 buildings, and purchasing area vocational-technical education
- 9 equipment—FOR INSTRUCTIONAL, SUPPORT, AND ADMINISTRATIVE COSTS
- 10 ASSOCIATED WITH PROVIDING CAREER AND TECHNICAL EDUCATION
- 11 ACTIVITIES, INCLUDING, BUT NOT LIMITED TO, STAFF SALARIES, WAGES,
- 12 AND BENEFITS FOR CAREER AND TECHNICAL EDUCATION PROGRAMS ONLY;
- 13 INFORMATION AND AWARENESS ACTIVITIES; ACQUISITION AND RENTAL OF
- 14 REAL PROPERTY; CONSTRUCTION OF BUILDINGS; ACQUISITION OF
- 15 EQUIPMENT AND SUPPLIES; AND MAINTENANCE, REPAIR, AND REPLACEMENT
- 16 OF BUILDINGS, LANDS, EQUIPMENT, AND SUPPLIES. An intermediate
- 17 school board shall not expend area vocational technical CAREER
- 18 AND TECHNICAL education funds for purposes other than those set
- 19 forth in sections 681 to 690. AN INTERMEDIATE SCHOOL BOARD MUST
- 20 OBTAIN STATE APPROVAL TO USE STATE OR FEDERAL CAREER AND
- 21 TECHNICAL EDUCATION FUNDS. EXPENDITURE OF VOCATIONAL EDUCATION
- 22 MILLAGE REVENUE FOR THE PURPOSES ALLOWED UNDER THIS SUBSECTION
- 23 SHALL BE DETERMINED BY THE INTERMEDIATE SCHOOL BOARD. HOWEVER, IF
- 24 THE MILLAGE REVENUE IS COMMINGLED WITH STATE OR FEDERAL FUNDS,
- 25 THEN THE INTERMEDIATE SCHOOL DISTRICT MUST OBTAIN STATE APPROVAL
- 26 TO USE THE COMMINGLED FUNDS. IF AN AUDIT BY OR ON BEHALF OF THE
- 27 DEPARTMENT DETERMINES THAT AN INTERMEDIATE SCHOOL BOARD HAS

- 1 EXPENDED AREA CAREER AND TECHNICAL EDUCATION FUNDS FOR A PURPOSE
- 2 OTHER THAN THOSE SET FORTH IN SECTIONS 681 TO 690, THE
- 3 INTERMEDIATE SCHOOL DISTRICT IS SUBJECT TO THE MEASURES UNDER
- 4 SECTION 681(5) AND (6).
- 5 (3) THE INTERMEDIATE SCHOOL BOARD SHALL ENSURE THAT ALL OF
- 6 THE FOLLOWING ARE MET:
- 7 (A) THE INTERMEDIATE SCHOOL BOARD SHALL NOTIFY THE
- 8 DEPARTMENT AT THE TIME THE AREA CAREER AND TECHNICAL EDUCATION
- 9 PROGRAM IS ESTABLISHED.
- 10 (B) IN ORDER TO BE RESPONSIVE TO LOCAL WORKFORCE NEEDS,
- 11 EMERGING TECHNOLOGIES, AND LOCAL DEMAND OCCUPATIONS, THE
- 12 INTERMEDIATE SCHOOL DISTRICT SHALL ESTABLISH A PROGRAM ADVISORY
- 13 COMMITTEE PURSUANT TO ADMINISTRATIVE GUIDELINES ESTABLISHED BY
- 14 THE OFFICE OF CAREER AND TECHNICAL PREPARATION WITHIN THE
- 15 DEPARTMENT. AT LEAST A MAJORITY OF THE MEMBERS OF THE PROGRAM
- 16 ADVISORY COMMITTEE SHALL BE REPRESENTATIVES FROM BUSINESS AND
- 17 INDUSTRY.
- 18 (C) THE PROGRAM SHALL COLLECT CAREER AND TECHNICAL EDUCATION
- 19 INFORMATION DATA AND DISTRIBUTE THAT DATA TO THE APPROPRIATE
- 20 STATE DEPARTMENT OR DEPARTMENTS AND TO THE PROGRAM ADVISORY
- 21 COMMITTEE.
- 22 (D) THE INTERMEDIATE SCHOOL DISTRICT SHALL SUBMIT ITS CAREER
- 23 AND TECHNICAL EDUCATION PLAN TO THE DEPARTMENT IN THE FORM AND
- 24 MANNER PRESCRIBED BY THE DEPARTMENT.
- 25 (4) THE DEPARTMENT MAY MONITOR CAREER AND TECHNICAL
- 26 EDUCATION PROGRAMS FUNDED WITH STATE OR FEDERAL FUNDING BASED
- 27 UPON FEEDBACK FROM THE PROGRAM ADVISORY COMMITTEE AND

- 1 PREDETERMINED STATE OR FEDERAL SKILLS STANDARDS THAT INCLUDE
- 2 STUDENT OUTCOMES.
- 3 (5) THE DEPARTMENT, IN CONSULTATION WITH THE APPROPRIATE
- 4 CAREER AND TECHNICAL EDUCATION PROFESSIONALS, SHALL DEVELOP A
- 5 PROCESS FOR EXPEDITED STATE APPROVAL OF PROGRAMS THAT RECOGNIZE
- 6 LOCAL WORKFORCE NEEDS, EMERGING TECHNOLOGIES, AND LOCAL DEMAND
- 7 OCCUPATIONS.
- 8 (6) IF THERE IS A COMMUNITY COLLEGE THAT OFFERS CAREER AND
- 9 TECHNICAL PREPARATION PROGRAMS WITHIN THE INTERMEDIATE SCHOOL
- 10 DISTRICT, THE INTERMEDIATE SCHOOL BOARD SHALL COLLABORATE WITH
- 11 THE COMMUNITY COLLEGE TO MINIMIZE DUPLICATION OF PROGRAMS.
- 12 (7) AN AREA CAREER AND TECHNICAL EDUCATION PROGRAM SHALL
- 13 ALLOW PARTICIPATION BY PUBLIC SCHOOL ACADEMY AND NONPUBLIC SCHOOL
- 14 PUPILS TO THE SAME EXTENT AS PUPILS OF CONSTITUENT DISTRICTS.
- 15 (8) (3)—An intermediate school board operating under
- 16 sections 681 to 690 may expend funds received under section 683
- 17 for the costs of a special election held to renew or increase the
- 18 millage limit on the annual property tax levied for area
- 19 vocational-technical CAREER AND TECHNICAL education purposes.
- 20 (9) (4)—The treasurer of an intermediate school board shall
- 21 pay out area vocational-technical CAREER AND TECHNICAL education
- 22 funds on order of the intermediate school board.
- 23 Sec. 686. (1) An intermediate school board may make grants
- 24 of money to constituent districts operating area vocational-
- 25 technical CAREER AND TECHNICAL education centers or to community
- 26 colleges serving the intermediate district with area vocational
- 27 technical CAREER AND TECHNICAL programs for the purpose of

- 1 constructing area vocational technical CAREER AND TECHNICAL
- 2 education buildings, for site acquisition, or for area
- 3 vocational-technical CAREER AND TECHNICAL education equipment, if
- 4 prior to granting the funds BEFORE THE GRANT IS MADE the board of
- 5 the constituent district in which the center is located contracts
- 6 to receive nonresident children into the facility for a period of
- 7 at least 15 years after the date of THE contract, or if the board
- 8 of trustees of the community college contracts to receive
- 9 nonresident persons on a tuition basis into the facility for a
- 10 period of at least 15 years after the date of THE contract.
- 11 (2) The contracts **DESCRIBED IN SUBSECTION (1)** shall provide
- 12 that the constituent districts or community colleges are bound to
- 13 accept nonpublic school pupils and nonresident pupils into
- 14 designated area vocational technical CAREER AND TECHNICAL
- 15 education facilities in return for and in consideration of
- 16 grants-in-aid for the construction of area vocational-technical
- 17 CAREER AND TECHNICAL education buildings and for the purchase of
- 18 area vocational technical CAREER AND TECHNICAL education
- 19 buildings, sites, and equipment.
- 20 (3) IF AN INTERMEDIATE SCHOOL DISTRICT HAS PROVIDED AT LEAST
- 21 90% OF THE FINANCIAL CONSIDERATION FOR THE ACQUISITION OR
- 22 CONSTRUCTION OF AN AREA CAREER AND TECHNICAL EDUCATION FACILITY,
- 23 A CONSTITUENT DISTRICT OR COMMUNITY COLLEGE MAY NOT DISPOSE OR
- 24 CHANGE THE PURPOSE OF THE FACILITY WITHOUT THE CONSENT OF THE
- 25 INTERMEDIATE SCHOOL BOARD EVEN IF TITLE TO THE FACILITY IS VESTED
- 26 IN THE CONSTITUENT DISTRICT OR COMMUNITY COLLEGE.
- 27 Enacting section 1. This amendatory act takes effect July 1,

1 2007.