

ISD CAREER AND TECHNICAL EDUCATION

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

Senate Bill 188 (Substitute H-3)
Sponsor: Sen. Gerald Van Woerkom
House Committee: Education
Senate Committee: Education

First Analysis (6-26-07)

BRIEF SUMMARY: The bill, which would go into effect on July 1, 2007, would allow an intermediate school district (ISD) to acquire equipment necessary for the operation of career and technical programs; expand the purposes for which an ISD may spend career and technical education funds; require an ISD to have its program approved, and to establish a program advisory committee for its career and technical education program; require the Department of Education to develop a process for expediting state approval of programs that recognize local workforce needs; under certain circumstances, prohibit a constituent district from changing the purpose of an area career and technical education facility without the consent of the ISD board; and increase the threshold at which ISDs must obtain competitive bids from \$17,932 to \$19,211.

FISCAL IMPACT: To the extent that the bill would allow ISDs to spend CTE funds for a broader array of costs, it would provide more flexibility and thus could create savings. ISDs could face higher administrative costs due to provisions that require obtaining state approval for expenditure of state or federal CTE funds, establishing program advisory committees, and collecting and distributing CTE data.

The Department of Education could see minimal administrative cost increases related to developing a process for expedited approval of CTE programs.

THE APPARENT PROBLEM:

The portion of the Revised School Code that allows for the creation of regional vocational technical programs located within intermediate school districts was enacted in 1970. The law has not been updated in more than 35 years. However, the rules that govern the implementation of the programs *have* kept pace with changes in the intermediate school districts' instructional practices, as innovative programs have been designed and implemented in the state's more than 40 career and technical centers.

Legislation has been introduced that would update the vocational technical education law—now called career and technical education—bringing the statute in line both with current administrative rules, and the career readiness activities and standards adopted by the State Board of Education.

THE CONTENT OF THE BILL:

The bill would amend the Revised School Code to do the following:

- Allow an intermediate school district (ISD) to acquire equipment necessary for the operation of ISD programs, and pay for it with operating funds.
- Expand the purposes for which an ISD may spend vocational-technical (or career and technical) education funds.
- Require an ISD that used state or federal career and technical education funds to obtain state approval and to establish a program advisory committee for its career and technical education program.
- Require the Department of Education to develop a process for expediting state approval of programs that recognize local workforce needs and certain other changes in market demands.
- Prohibit a constituent district from disposing or changing the purpose of an area career and technical education facility without the consent of the ISD board, if the ISD had provided at least 90 percent of the cost of acquiring or constructing the facility.
- Increase the threshold at which ISDs must obtain competitive bids from \$17,932 to \$19,211.

The bill would go into effect on July 1, 2007. It is described in detail below.

Authority to Purchase Equipment. The bill would permit the board of an ISD to acquire by purchase, lease, or rental, with or without the option to purchase, equipment necessary for the operation of ISD programs, including heating, water heating, and cooking equipment for school buildings. The ISD board could pay for the equipment from its operating funds. Heating and cooking equipment could be purchased on a title retaining contract or other form of agreement creating a security interest and pledging in payment money in the general fund or funds received from state school aid. Those contracts could extend for a maximum term of 10 years.

Career & Technical Education Funds. Under the Code, an ISD may spend area vocational technical education funds for the operation of area vocational technical education programs approved by the State Board of Education for acquiring, purchasing, or constructing area vocational technical education buildings, acquiring sites for area vocational technical education buildings, and purchasing area vocational technical education equipment.

Senate Bill 188 would remove those provisions. Under the bill, an ISD board could spend career and technical education funds for the operation of career and technical education programs for instructional, support, and administrative costs associated with providing career and technical education activities, including the following:

- Staff salaries, wages, and benefits for career and technical education programs only.
- Information and awareness activities.
- Acquisition and rental of real property.
- Construction of buildings.
- Acquisition of equipment and supplies.
- Maintenance, repair, and replacement of buildings, land, equipment, and supplies.

The bill would require an ISD board to obtain state approval to use state or federal career and technical education funds. The ISD board would have to determine the expenditure of vocational education millage revenue for the purposes allowed under the bill. If the millage revenue is co-mingled with state and federal funds, then the ISD would have to obtain state approval to use the funds. Further, if an audit by or on behalf of the department determined that an ISD had expended funds for inappropriate purposes, the ISD would be subject to sanctions under the Code.

Competitive Bid Threshold. Currently under the law, an ISD must obtain competitive bids for a single transaction costing more than \$17,932. The bill would increase this threshold to \$19,211.

Career & Technical Education Program. An ISD board would have to notify the Department of Education when a career and technical education program was established.

To be responsive to local workforce needs, emerging technologies, and local demand occupations, the ISD would have to establish a program advisory committee under administrative guidelines established by the Office of Career and Technical Preparation within the Department of Education. At least a majority of the members of the committee would have to be representatives from business and industry.

The program would have to collect data on career and technical education and distribute the data to the appropriate state departments and to the program advisory committee.

The ISD would have to submit its Career and Technical Education Plan to the department in the form the department prescribed. Also, the Department of Education could monitor career and technical education programs funded with state or federal funding based on feedback from the program advisory committee and predetermined state or federal skills standards that included student outcomes.

The board of the ISD would have to ensure that all of the requirements were met.

In consultation with the appropriate career and technical education professionals, the Department of Education would have to develop a process for expedited state approval of programs that recognize local workforce needs, emerging technologies, and local demand occupations.

If there were a community college that offered career and technical preparation programs within the ISD region, then the ISD board would have to collaborate with the community college in order to minimize duplication of programs.

Under the bill, an area Career and Technical Education program would be required to allow participation by charter school and non-public school students, to the same extent as to students of constituent districts.

Vocational Education Facilities. The bill specifies that if an ISD had provided at least 90 percent of the financial consideration for the acquisition or construction of an area vocational technical education facility, a constituent district could not dispose of the

facility without the consent of the ISD board even if title to the facility were vested in the constituent district.

Ballot Questions; Millage; Audits. The Code describes how intermediate school districts can establish and operate career and technical education programs, including how to put a question to levy millage on the ballot that must be approved by a majority of the district voters. The bill would retain these provisions, but change each reference to "vocational technical" to "career and technical" education programs. Currently under these provisions, the Department of Education and the Department of Treasury are required to develop and make available to ISDs a definition of area vocational technical education program operating purposes. Under the bill, the departments would have to make the definition available no later than January 1, 2008.

In addition, the bill would require that within 30 days after receiving its area career and technical education program audit results, an ISD publish those results on its website. The results would have to remain posted on the website for at least six months.

Definitions. Currently under the Code, "vocational education" means vocational or technical training or retraining given in classes or schools, including field or laboratory work incidental to that training, under public supervision and control and conducted as part of a program designed to fit individuals for gainful employment as semi-skilled or skilled workers or technicians in recognized occupations, excluding a program to fit individuals for employment in occupations that the State Board of Education determines and specifies to be generally considered professional or as requiring a baccalaureate or higher degree. The term includes guidance and counseling in connection with the training and instruction related to the occupation for which the pupil is being trained or that is necessary for the pupil to benefit from the training. The term also includes the acquisition, maintenance, and repair of instructional supplies, teaching aids, and equipment, the construction or initial equipment of buildings, and the acquisition or rental of land.

Senate Bill 188 would delete that definition, and would define "vocational education" or "career and technical education" as education designed to provide career development and the knowledge and skills leading to entry-level technical employment or higher education in a technical field. Career and technical education programs would include classroom and laboratory experiences and work-based instruction. The term would include guidance and counseling for a student related to the career for which he or she was being educated and trained, or designed to help the student benefit from the training. Allowable expenses related to career and technical education delivery would include all instructional, support, and administrative costs associated with providing those activities, including staff salaries, wages and benefits for career and technical education programs only; information and awareness activities; acquisition and rental of real property; construction of buildings; acquisition of equipment and supplies; and maintenance, repair, and replacement of buildings, land, equipment, and supplies.

Under the Code, "area vocational-technical education program" means a program of organized systematic instruction designed to prepare the following people for useful employment in recognized occupations: those enrolled in high school; those who have

completed or left high school and who are available for full-time study in preparation for entering the labor market; and those who have entered the labor market and who need training or retraining to achieve stability or advancement in employment.

The bill also would include those enrolled in a school district, intermediate school district, charter school, or nonpublic school. The bill also would include people participating in career and technical education readiness activities that lead to enrollment in a career and technical education program in high school. The definition would apply to the terms "area career and technical education program" and "career and technical education program," as well as "area vocational-technical education program."

Under the Code, "area" as used above means the geographical territory, both within and without the boundaries of either a K-12 school district or a community college district, that is designated by the State Board of Education as the service area for the operation of an area vocational-technical education program.

Under the bill, "area" would mean the geographical territory within the boundaries of a K-12 school district, an ISD, or a community college district, that is designated by the Department of Education as the service area for the operation of an area vocational-technical education program, or area career and technical education program.

MCL 380.3 et al

HOUSE COMMITTEE ACTION:

The House Education Committee added one amendment to the Senate-passed version of the bill. Currently under the Code, the Department of Education and the Department of Treasury are required to develop and make available to ISDs a definition of area vocational technical education program operating purposes. Under the Senate-passed version of the bill, the departments would have had to make the definition available no later than August 1, 2007. Instead, the House Education Committee members set that date as January 1, 2008.

ARGUMENTS:

For:

This legislation would update the now 37-year-old law governing career and technical education programs that are offered on a regional basis at the sites of many of Michigan's intermediate school districts. The bill embodies the current rules that guide the program, and it should be enacted into law in order to codify existing practice.

POSITIONS:

The Small and Rural School Districts support the bill. (6-19-07)

The Michigan Association of School Administrators – Region 8 support the bill. (6-19-07)

The Michigan Association of School Administrators supports the bill. (6-19-07)

The Michigan Association of School Boards supports the bill. (6-19-07)

The Calhoun Intermediate School District supports the bill. (6-19-07)

The Northern Michigan Schools Legislative Association supports the bill. (6-19-07)

The Kalamazoo, Muskegon, & Ottawa ISDs support the bill. (6-19-07)

The American Federation of Teachers – Michigan support the bill. (6-19-07)

Oakland Schools support the bill. (6-19-07)

The Department of Labor and Economic Growth is neutral on the bill. (6-19-07)

Legislative Analyst: J. Hunault
Fiscal Analyst: Mary Ann Cleary
Bethany Wicksall

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.