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BILL ANALYSIS

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Senate Bill 188 (as enacted)
Sponsor: Senator Gerald Van Woerkom
Senate Committee: Education
House Committee: Education

PUBLIC ACT 45 of 2007

Date Completed: 9-25-07

RATIONALE

As Michigan's economy continues to shift, career and technical education (CTE) programs in schools are challenged to provide students with relevant education and training that will prepare them to enter the job market. Many trades that traditionally were taught as part of vocational programs, such as skilled trades in the manufacturing sector, are in decline, while the demand in other areas, such as health care, continues to rise. Although CTE programs have been or are being restructured to meet those needs, the Revised School Code, which provides for the programs, did not reflect the current state of career and technical education in Michigan. It was suggested that the statute be revised to accommodate the new roles of CTE programs, and to provide additional tools to help them meet the needs of students.

CONTENT

The bill amended 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 that equipment with operating funds.
- Refer to "career and technical education" instead of "vocational-technical education".
- Expand the purposes for which an ISD may spend vocational-technical (or career and technical) education funds.
- Require an ISD to obtain State approval to use State or Federal CTE funds, or vocational education

millage revenue that is commingled with State or Federal funds.

- Require an ISD that uses State or Federal CTE funds to submit its career and technical education plan to the Department of Education (DOE), establish a program advisory committee for its CTE program, and collect certain data on the program and distribute the data to the DOE and the committee.
- Require an ISD to collaborate with a community college within its borders if the college offers CTE programs.
- Require the DOE 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 or community college from disposing of or changing the purpose of an area vocational-technical education facility without the consent of the ISD board, if the ISD has provided at least 90% of the cost of acquiring or constructing the facility.
- Require an ISD to publish any audit results concerning the area CTE program on its website for at least six months.
- Set a deadline of January 1, 2008, on a current requirement that the DOE and the Department of Treasury develop and make available to ISDs a definition of career and technical education program operating purposes.

The bill took effect on July 17, 2007, and is described in detail below.

Authority to Purchase Equipment

The bill permits 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 may pay for the equipment from its operating funds. Heating and cooking equipment may 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 may extend for a maximum term of 10 years.

Career & Technical Education Funds

Previously, the Code allowed an ISD to 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.

The bill removed those provisions, and instead permits an ISD board to spend CTE funds for the operation of area CTE programs for instructional, support, and administrative costs associated with providing CTE activities, including the following:

- Staff salaries, wages, and benefits for CTE 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 requires an ISD board to obtain State approval to use State or Federal career and technical education funds. The ISD board must determine expenditure of vocational education millage revenue for the purposes allowed under the bill, although if the millage revenue is commingled with State or Federal funds, the ISD must obtain State approval to use the commingled funds. If an audit by or on behalf of the DOE determines that an ISD has spent CTE funds

for a purpose other than those permitted under the Code, the ISD will be subject to the measures under Section 681(5) and (6).

(Those subsections require the Department of Treasury to notify an ISD if the Department determines from an ISD audit report that millage proceeds have been used for a purpose other than those provided under the Act. If, after the ISD has had an opportunity to appeal that determination, the Department of Treasury determines that the initial determination was correct and that the situation has not been corrected, it must file a copy of the audit report with the Attorney General.

If the Attorney General considers it appropriate, he or she must commence proceedings against the ISD or against the appropriate official or employee, including at least a civil action for the recovery of any public money determined by the audit to have been spent illegally, or public property that was converted or misappropriated. The ISD must repay to the vocational technical program operating fund an amount equal to that determined to have been used for an unauthorized purpose.)

Audit Results

Under the bill, within 30 days after receiving the results of any audit concerning the area CTE program, an ISD must post those audit results on its website. The results must remain posted for at least six months.

Definition of Operating Purposes

For the purposes of the provisions described above, the Code had required the DOE and the Department of Treasury, in consultation with ISDs, to develop and make available to ISDs a definition of area vocational-technical education program operating purposes. Under the bill, this applies to a definition of area CTE program operating purposes, and the Departments must meet the requirement by January 1, 2008.

Career & Technical Education Program

Under the bill, an ISD board must notify the DOE when an area CTE program is established, and the ISD must submit its career and technical education plan to the DOE in the form and manner prescribed by the Department.

The bill requires an ISD, in order to be responsive to local workforce needs, emerging technologies, and local demand occupations, to establish a program advisory committee under administrative guidelines established by the Office of Career and Technical Preparation within the DOE. At least a majority of the members of the committee must be representatives from business and industry.

The program must collect data on career and technical education and distribute the data to the appropriate State departments and to the program advisory committee.

Also, the DOE may monitor CTE programs funded with State or Federal funding based on feedback from the program advisory committee and predetermined State or Federal skills standards that include student outcomes.

The board of the ISD must ensure that all of the above requirements are met.

In consultation with the appropriate CTE professionals, the DOE must develop a process for expedited State approval of programs that recognize local workforce needs, emerging technologies, and local demand occupations.

If a community college that offers CTE programs is located within the ISD, the ISD board must collaborate with the community college to minimize duplication of programs.

In addition, an area CTE program must allow participation by pupils from public school academies (PSAs) and nonpublic schools to the same extent as pupils of constituent districts.

Vocational Education Facilities

The bill specifies that if an ISD has provided at least 90% of the financial consideration for the acquisition or construction of an area career and technical education facility, a constituent district or community college may not dispose or change the purpose of the facility without the consent of the ISD board even if title to the facility is vested in the constituent district or community college.

Definitions

Previously, "vocational education" meant 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 included guidance and counseling in connection with the training and instruction related to the occupation for which the pupil is being trained or necessary for the pupil to benefit from the training. The term also included 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.

The bill deleted that definition, and defines "vocational education" or "career and technical education" as education designed to provide career development and the knowledge and skills leading to technical employment or higher education in a technical field. Career and technical education programs include classroom and laboratory experiences and work-based instruction. The terms include guidance and counseling for a pupil related to the career for which he or she is being educated and trained or designed to help the pupil benefit from the training. Allowable expenses related to career and technical education delivery include all instructional, support, and administrative costs associated with providing those activities, including staff salaries, wages and benefits for CTE 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.
- Those who have entered the labor market and who need training or retraining to achieve stability or advancement in employment.

The bill refers to those enrolled in a high school in a school district, ISD, PSA, or nonpublic school. The bill also includes within that definition people participating in CTE readiness activities that lead to enrollment in a CTE program in high school. Under the bill, the definition applies 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 previously meant the geographical territory, both within and without the boundaries of either a K-12 school district or a community college district, 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" means the geographical territory within the boundaries of a K-12 school district, an ISD, or a community college district, that is designated by the DOE as the service area for the operation of an area vocational-technical education program. (The definition applies to the phrase "area career and technical education program", as well as area vocational-technical education program.)

MCL 380.3 et al.

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

High school preparation in Michigan has received a great deal of attention in recent years, as efforts have been made to ensure that students are receiving an adequate education to prepare them for success in postsecondary education or in future employment. Career and technical

education plays an important role in that effort, by offering students practical skills that will enable them to succeed in the job market. The bill provides a needed update to the statute governing those programs, to give ISDs the flexibility they need to transform CTE programs to meet current challenges, while ensuring that CTE funds are used responsibly and for their designated purpose. To improve the efficiency of CTE programs, the bill requires cooperation between an ISD and a nearby community college that offers CTE courses. By sharing facilities and staff, opening courses to students from the high school, and taking other measures, the community college may be able to improve the ISD's CTE program, or enable it to offer programs that otherwise would be too expensive.

The bill also requires ISDs to create program advisory groups, which will oversee CTE programs at the local level, helping to tailor those programs to the needs of the community and ensuring that students receive relevant training that matches any labor shortages and the expectations of prospective employers. Since the advisory groups will contain members of the local business community, they will be in a good position to identify areas of demand or unmet needs.

In addition, the bill provides for greater oversight of CTE programs, and includes a clearer description of the permitted uses for CTE funds. Under the bill, the results of a CTE program audit must be posted publicly for at least six months. The bill also prohibits a constituent district from converting to another purpose a facility that has been purchased by the ISD for use as a CTE facility. These measures will provide additional accountability for the way that CTE funds and facilities are used.

Legislative Analyst: Curtis Walker

FISCAL IMPACT

The Department of Education might incur some small increased administrative costs due to the required development of a process for expedited State approval of programs that recognize local workforce needs, emerging technologies, and local demand occupations.

By allowing career and technical education funding and vocational education millage revenue to be used for the maintenance, repair, and replacement of buildings, land, equipment, and supplies, the bill will free up operating funds that otherwise would be devoted for those purposes, thereby providing more flexibility.

Intermediate school districts may see some increased administrative costs associated with the required establishment of program advisory committees pursuant to guidelines published by the Office of Career and Technical Preparation, and from collecting and distributing career and technical education information and data, if these activities are not already undertaken.

Fiscal Analyst: Kathryn Summers-Coty

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.