

HOUSE 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,
5 **AN INTERMEDIATE SCHOOL DISTRICT**, or a community college district,

1 that is designated by the ~~state board~~ **DEPARTMENT** as the service
 2 area for the operation of an area vocational-technical education
 3 program.

4 (2) "Area vocational-technical education program", "**AREA**
 5 **CAREER AND TECHNICAL EDUCATION PROGRAM**", OR "**CAREER AND TECHNICAL**
 6 **EDUCATION PROGRAM**" means a program of organized, systematic
 7 instruction designed to prepare the following persons for useful
 8 employment in recognized occupations:

9 (A) **PERSONS PARTICIPATING IN CAREER AND TECHNICAL EDUCATION**
 10 **READINESS ACTIVITIES THAT LEAD TO ENROLLMENT IN A CAREER AND**
 11 **TECHNICAL EDUCATION PROGRAM IN HIGH SCHOOL.**

12 (B) ~~(a)~~—Persons enrolled in high school **IN A SCHOOL**
 13 **DISTRICT, INTERMEDIATE SCHOOL DISTRICT, PUBLIC SCHOOL ACADEMY, OR**
 14 **NONPUBLIC SCHOOL.**

15 (C) ~~(b)~~—Persons who have completed or left high school and
 16 who are available for full-time study in preparation for entering
 17 the labor market.

18 (D) ~~(c)~~—Persons who have entered the labor market and who
 19 need training or retraining to achieve stability or advancement
 20 in employment.

21 (3) "Board" or "school board" means the governing body of a
 22 local school district ~~or a local act school district unless~~
 23 ~~clearly otherwise stated. Except in part 5a or part 6, for a~~
 24 ~~school district organized as a first class school district, if~~
 25 ~~the question under section 410 is approved in the school~~
 26 ~~district, then beginning on the next January 1 occurring at least~~
 27 ~~1 year after the question under section 410 is presented to the~~

1 ~~school electors in the school district, "board" or "school board"~~
 2 ~~means the chief executive officer of the first class school~~
 3 ~~district.~~

4 (4) "Boarding school" means a place accepting for board,
 5 care, and instruction 5 or more children under 16 years of age.

6 (5) "Constituent district" means a local school district ~~or~~
 7 ~~special act school district~~ the territory of which is entirely
 8 within and is an integral part of an intermediate school
 9 district.

10 Sec. 7. (1) "Valuation of a fractional school district"
 11 means the sum of the valuations of the fractions thereof, each of
 12 which shall be computed in the same manner as the valuation of a
 13 whole school district.

14 (2) "Valuation of the state" means the equalized value as
 15 determined by the state board of equalization.

16 (3) "Valuation of a whole school district" means the total
 17 assessed value of the property contained in the district as fixed
 18 by the township or city board of review, which in turn is
 19 proportionately increased or decreased to the basis of the
 20 valuation of the county containing the district as fixed by the
 21 county board of equalization, and the result in turn
 22 proportionately increased or decreased to the basis of the
 23 valuation of the county containing the district as last fixed by
 24 the state board of equalization, known as the "state equalized
 25 valuation".

26 (4) "Vocational education" **OR "CAREER AND TECHNICAL**
 27 **EDUCATION"**—means ~~vocational or technical training or retraining~~

~~1 which is given in schools or classes, including field or~~
~~2 laboratory work incidental thereto, under public supervision and~~
~~3 control, and is conducted as part of a program designed to fit~~
~~4 individuals for gainful employment as semiskilled or skilled~~
~~5 workers or technicians in recognized occupations, excluding a~~
~~6 program to fit individuals for employment in occupations which~~
~~7 the state board determines and specifies to be generally~~
~~8 considered professional or as requiring a baccalaureate or higher~~
~~9 degree. The term includes guidance and counseling in connection~~
~~10 with the training and instruction related to the occupation for~~
~~11 which the pupil is being trained or necessary for the pupil to~~
~~12 benefit from the training. The term includes the acquisition,~~
~~13 maintenance, and repair of instructional supplies, teaching aids,~~
~~14 and equipment, the construction or initial equipment of~~
~~15 buildings, and the acquisition or rental of land.~~ **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 TERM INCLUDES GUIDANCE AND COUNSELING FOR A PUPIL RELATED TO
THE CAREER FOR WHICH THE PUPIL 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 THESE ACTIVITIES, INCLUDING, BUT NOT
LIMITED TO, STAFF SALARIES, WAGES, AND BENEFITS FOR CAREER AND
TECHNICAL EDUCATION PROGRAMS ONLY; INFORMATION AND AWARENESS

1 **ACTIVITIES; ACQUISITION AND RENTAL OF REAL PROPERTY; CONSTRUCTION**
2 **OF BUILDINGS; ACQUISITION OF EQUIPMENT AND SUPPLIES; AND**
3 **MAINTENANCE, REPAIR, AND REPLACEMENT OF BUILDINGS, LANDS,**
4 **EQUIPMENT, AND SUPPLIES.**

5 Sec. 623a. (1) An intermediate school board shall adopt
6 written policies governing the procurement of supplies,
7 materials, and equipment.

8 (2) Except as otherwise provided in subsection (3), an
9 intermediate school district shall not purchase an item or a
10 group of items purchased in a single transaction costing
11 ~~\$17,932.00~~ **\$19,211.00** or more unless competitive bids are
12 obtained for those items and the purchase of those items is
13 approved by the intermediate school board. The maximum amount
14 specified in this section shall be adjusted each year by
15 multiplying the amount for the immediately preceding year by the
16 percentage by which the average consumer price index for all
17 items for the 12 months ending August 31 of the year in which the
18 adjustment is made differs from that index's average for the 12
19 months ending on August 31 of the immediately preceding year and
20 adding that product to the maximum amount that applied in the
21 immediately preceding year, rounding to the nearest whole dollar.

22 (3) An intermediate school district is not required to
23 obtain competitive bids for items purchased through the
24 cooperative bulk purchasing program operated by the department of
25 management and budget under section 263(3) of the management and
26 budget act, 1984 PA 431, MCL 18.1263.

27 **(4) THE INTERMEDIATE SCHOOL BOARD OF AN INTERMEDIATE SCHOOL**

1 DISTRICT MAY ACQUIRE BY PURCHASE, LEASE, OR RENTAL, WITH OR
2 WITHOUT OPTION TO PURCHASE, EQUIPMENT NECESSARY FOR THE OPERATION
3 OF INTERMEDIATE SCHOOL DISTRICT PROGRAMS, INCLUDING, BUT NOT
4 LIMITED TO, HEATING, WATER HEATING, AND COOKING EQUIPMENT FOR
5 SCHOOL BUILDINGS, AND MAY PAY FOR THE EQUIPMENT FROM OPERATING
6 FUNDS OF THE INTERMEDIATE SCHOOL DISTRICT. HEATING AND COOKING
7 EQUIPMENT MAY BE PURCHASED ON A TITLE RETAINING CONTRACT OR OTHER
8 FORM OF AGREEMENT CREATING A SECURITY INTEREST AND PLEDGING IN
9 PAYMENT MONEY IN THE GENERAL FUND OR FUNDS RECEIVED FROM STATE
10 SCHOOL AID. THE CONTRACTS MAY EXTEND FOR NOT MORE THAN 10 YEARS.

11 Sec. 681. (1) An intermediate school district may establish
12 an area ~~vocational-technical~~**CAREER AND TECHNICAL** education
13 program and operate the program under sections 681 to 690 if
14 approved by a majority of the intermediate school electors of the
15 intermediate school district voting on the question. The election
16 shall be called and conducted in accordance with this act and the
17 Michigan election law. The establishment of the area ~~vocational-~~
18 ~~technical~~**CAREER AND TECHNICAL** education program may be rescinded
19 by the same process.

20 (2) The question of establishing an area ~~vocational-~~
21 ~~technical~~**CAREER AND TECHNICAL** education program may be submitted
22 to the intermediate school electors of an intermediate school
23 district at a regular school election or at a special election
24 held in each of the constituent districts. Subject to section 641
25 of the Michigan election law, MCL 168.641, the intermediate
26 school board shall determine the date of the election and shall
27 give notice to the school district filing official at least 60

1 days in advance of the date the ballot question is to be
2 submitted to the intermediate school electors.

3 (3) The ballot for referring the question of adopting
4 sections 681 to 690 and establishing an area ~~vocational-technical~~
5 **CAREER AND TECHNICAL** education program to the intermediate school
6 electors of an intermediate school district shall be
7 substantially in the following form:

8 "Shall _____ (legal name of intermediate school
9 district), state of Michigan, come under sections 681 to 690 of
10 the revised school code and establish an area ~~vocational-~~
11 ~~technical-~~**CAREER AND TECHNICAL** education program which is
12 designed to encourage the operation of area ~~vocational-technical~~
13 **CAREER AND TECHNICAL** education programs if the annual property
14 tax levied for this purpose is limited to _____ mills?

15 Yes ()
16 No ()".

17 (4) Beginning in 1995, and subject to section 625b, the
18 number of mills of ad valorem property taxes an intermediate
19 school board may levy for area ~~vocational-technical-~~**CAREER AND**
20 **TECHNICAL** education program operating purposes under sections 681
21 to 690 is limited to the following:

22 (a) If the intermediate school district did not levy any
23 millage in 1993 for area ~~vocational-technical-~~**CAREER AND**
24 **TECHNICAL** education program operating purposes under sections 681
25 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

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**
6 **THAN JANUARY 1, 2008**, the department and the department of
7 treasury, in consultation with intermediate school districts,
8 shall develop and make available to intermediate school districts
9 a definition of area ~~vocational-technical~~**CAREER AND TECHNICAL**
10 education program operating 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**
14 education program operating purposes under sections 681 to 690.

15 (9) **WITHIN 30 DAYS AFTER RECEIVING THE AUDIT RESULTS, AN**
16 **INTERMEDIATE SCHOOL DISTRICT SHALL PUBLISH THE RESULTS OF ANY**
17 **AUDIT CONDUCTED CONCERNING THE AREA CAREER AND TECHNICAL**
18 **EDUCATION PROGRAM ON THE INTERMEDIATE SCHOOL DISTRICT'S WEBSITE.**
19 **THE RESULTS SHALL REMAIN POSTED ON THE WEBSITE FOR AT LEAST 6**
20 **MONTHS.**

21 Sec. 684. (1) An intermediate school board in which an area
22 ~~vocational-technical~~**CAREER AND TECHNICAL** education program has
23 been established may operate area ~~vocational-technical~~**CAREER AND**
24 **TECHNICAL** education programs or may contract with local school
25 districts or with community colleges for the operation of the
26 programs or with a private degree-granting postsecondary
27 institution if the intermediate school district is not within a

1 community college district and if there existed on or before July
2 1, 1992 a written agreement for the operation of such a program.
3 Area ~~vocational-technical~~ **CAREER AND TECHNICAL** education programs
4 operated under sections 681 to 690 shall be submitted for review
5 of the representatives of the constituent districts of the
6 intermediate school district at an annual budget review meeting
7 held on or before June 1 under section 624.

8 (2) An intermediate school board may expend area ~~vocational-~~
9 ~~technical~~ **CAREER AND TECHNICAL** education funds for the operation
10 of area ~~vocational-technical~~ **CAREER AND TECHNICAL** education
11 programs ~~approved by the state board for acquiring, purchasing,~~
12 ~~or constructing area vocational-technical education buildings,~~
13 ~~acquiring sites for area vocational-technical education~~
14 ~~buildings, and purchasing area vocational-technical education~~
15 ~~equipment~~ **FOR INSTRUCTIONAL, SUPPORT, AND ADMINISTRATIVE COSTS**
16 **ASSOCIATED WITH PROVIDING CAREER AND TECHNICAL EDUCATION**
17 **ACTIVITIES, INCLUDING, BUT NOT LIMITED TO, STAFF SALARIES, WAGES,**
18 **AND BENEFITS FOR CAREER AND TECHNICAL EDUCATION PROGRAMS ONLY;**
19 **INFORMATION AND AWARENESS ACTIVITIES; ACQUISITION AND RENTAL OF**
20 **REAL PROPERTY; CONSTRUCTION OF BUILDINGS; ACQUISITION OF**
21 **EQUIPMENT AND SUPPLIES; AND MAINTENANCE, REPAIR, AND REPLACEMENT**
22 **OF BUILDINGS, LANDS, EQUIPMENT, AND SUPPLIES.** An intermediate
23 school board shall not expend area ~~vocational-technical~~ **CAREER**
24 **AND TECHNICAL** education funds for purposes other than those set
25 forth in sections 681 to 690. **AN INTERMEDIATE SCHOOL BOARD MUST**
26 **OBTAIN STATE APPROVAL TO USE STATE OR FEDERAL CAREER AND**
27 **TECHNICAL EDUCATION FUNDS. EXPENDITURE OF VOCATIONAL EDUCATION**

1 MILLAGE REVENUE FOR THE PURPOSES ALLOWED UNDER THIS SUBSECTION
2 SHALL BE DETERMINED BY THE INTERMEDIATE SCHOOL BOARD. HOWEVER, IF
3 THE MILLAGE REVENUE IS COMMINGLED WITH STATE OR FEDERAL FUNDS,
4 THEN THE INTERMEDIATE SCHOOL DISTRICT MUST OBTAIN STATE APPROVAL
5 TO USE THE COMMINGLED FUNDS. IF AN AUDIT BY OR ON BEHALF OF THE
6 DEPARTMENT DETERMINES THAT AN INTERMEDIATE SCHOOL BOARD HAS
7 EXPENDED AREA CAREER AND TECHNICAL EDUCATION FUNDS FOR A PURPOSE
8 OTHER THAN THOSE SET FORTH IN SECTIONS 681 TO 690, THE
9 INTERMEDIATE SCHOOL DISTRICT IS SUBJECT TO THE MEASURES UNDER
10 SECTION 681(5) AND (6).

11 (3) THE INTERMEDIATE SCHOOL BOARD SHALL ENSURE THAT ALL OF
12 THE FOLLOWING ARE MET:

13 (A) THE INTERMEDIATE SCHOOL BOARD SHALL NOTIFY THE
14 DEPARTMENT AT THE TIME THE AREA CAREER AND TECHNICAL EDUCATION
15 PROGRAM IS ESTABLISHED.

16 (B) IN ORDER TO BE RESPONSIVE TO LOCAL WORKFORCE NEEDS,
17 EMERGING TECHNOLOGIES, AND LOCAL DEMAND OCCUPATIONS, THE
18 INTERMEDIATE SCHOOL DISTRICT SHALL ESTABLISH A PROGRAM ADVISORY
19 COMMITTEE PURSUANT TO ADMINISTRATIVE GUIDELINES ESTABLISHED BY
20 THE OFFICE OF CAREER AND TECHNICAL PREPARATION WITHIN THE
21 DEPARTMENT. AT LEAST A MAJORITY OF THE MEMBERS OF THE PROGRAM
22 ADVISORY COMMITTEE SHALL BE REPRESENTATIVES FROM BUSINESS AND
23 INDUSTRY.

24 (C) THE PROGRAM SHALL COLLECT CAREER AND TECHNICAL EDUCATION
25 INFORMATION DATA AND DISTRIBUTE THAT DATA TO THE APPROPRIATE
26 STATE DEPARTMENT OR DEPARTMENTS AND TO THE PROGRAM ADVISORY
27 COMMITTEE.

1 (D) THE INTERMEDIATE SCHOOL DISTRICT SHALL SUBMIT ITS CAREER
2 AND TECHNICAL EDUCATION PLAN TO THE DEPARTMENT IN THE FORM AND
3 MANNER PRESCRIBED BY THE DEPARTMENT.

4 (4) THE DEPARTMENT MAY MONITOR CAREER AND TECHNICAL
5 EDUCATION PROGRAMS FUNDED WITH STATE OR FEDERAL FUNDING BASED
6 UPON FEEDBACK FROM THE PROGRAM ADVISORY COMMITTEE AND
7 PREDETERMINED STATE OR FEDERAL SKILLS STANDARDS THAT INCLUDE
8 STUDENT OUTCOMES.

9 (5) THE DEPARTMENT, IN CONSULTATION WITH THE APPROPRIATE
10 CAREER AND TECHNICAL EDUCATION PROFESSIONALS, SHALL DEVELOP A
11 PROCESS FOR EXPEDITED STATE APPROVAL OF PROGRAMS THAT RECOGNIZE
12 LOCAL WORKFORCE NEEDS, EMERGING TECHNOLOGIES, AND LOCAL DEMAND
13 OCCUPATIONS.

14 (6) IF THERE IS A COMMUNITY COLLEGE THAT OFFERS CAREER AND
15 TECHNICAL PREPARATION PROGRAMS WITHIN THE INTERMEDIATE SCHOOL
16 DISTRICT, THE INTERMEDIATE SCHOOL BOARD SHALL COLLABORATE WITH
17 THE COMMUNITY COLLEGE TO MINIMIZE DUPLICATION OF PROGRAMS.

18 (7) AN AREA CAREER AND TECHNICAL EDUCATION PROGRAM SHALL
19 ALLOW PARTICIPATION BY PUBLIC SCHOOL ACADEMY AND NONPUBLIC SCHOOL
20 PUPILS TO THE SAME EXTENT AS PUPILS OF CONSTITUENT DISTRICTS.

21 (8) ~~(3)~~—An intermediate school board operating under
22 sections 681 to 690 may expend funds received under section 683
23 for the costs of a special election held to renew or increase the
24 millage limit on the annual property tax levied for area
25 ~~vocational-technical-CAREER AND TECHNICAL~~ education purposes.

26 (9) ~~(4)~~—The treasurer of an intermediate school board shall
27 pay out area ~~vocational-technical-CAREER AND TECHNICAL~~ education

1 funds on order of the intermediate school board.

2 Sec. 686. (1) An intermediate school board may make grants
3 of money to constituent districts operating area ~~vocational-~~
4 ~~technical-~~**CAREER AND TECHNICAL** education centers or to community
5 colleges serving the intermediate district with area ~~vocational-~~
6 ~~technical-~~**CAREER AND TECHNICAL** programs for the purpose of
7 constructing area ~~vocational-technical-~~**CAREER AND TECHNICAL**
8 education buildings, for site acquisition, or for area
9 ~~vocational-technical-~~**CAREER AND TECHNICAL** education equipment, if
10 ~~prior to granting the funds~~ **BEFORE THE GRANT IS MADE** the board of
11 the constituent district in which the center is located contracts
12 to receive nonresident children into the facility for a period of
13 at least 15 years after the date of **THE** contract, or if the board
14 of trustees of the community college contracts to receive
15 nonresident persons on a tuition basis into the facility for a
16 period of at least 15 years after the date of **THE** contract.

17 (2) The contracts **DESCRIBED IN SUBSECTION (1)** shall provide
18 that the constituent districts or community colleges are bound to
19 accept nonpublic school pupils and nonresident pupils into
20 designated area ~~vocational-technical-~~**CAREER AND TECHNICAL**
21 education facilities in return for and in consideration of
22 grants-in-aid for the construction of area ~~vocational-technical-~~
23 **CAREER AND TECHNICAL** education buildings and for the purchase of
24 area ~~vocational-technical-~~**CAREER AND TECHNICAL** education
25 buildings, sites, and equipment.

26 (3) **IF AN INTERMEDIATE SCHOOL DISTRICT HAS PROVIDED AT LEAST**
27 **90% OF THE FINANCIAL CONSIDERATION FOR THE ACQUISITION OR**

1 CONSTRUCTION OF AN AREA CAREER AND TECHNICAL EDUCATION FACILITY,
2 A CONSTITUENT DISTRICT OR COMMUNITY COLLEGE MAY NOT DISPOSE OR
3 CHANGE THE PURPOSE OF THE FACILITY WITHOUT THE CONSENT OF THE
4 INTERMEDIATE SCHOOL BOARD EVEN IF TITLE TO THE FACILITY IS VESTED
5 IN THE CONSTITUENT DISTRICT OR COMMUNITY COLLEGE.

6 Enacting section 1. This amendatory act takes effect July 1,
7 2007.