

SENATE BILL NO. 601

October 24, 2019, Introduced by Senator BUMSTEAD and referred to the Committee on Education and Career Readiness.

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending sections 22b, 81, and 104 (MCL 388.1622b, 388.1681, and 388.1704), as amended by 2019 PA 58.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 22b. (1) For discretionary nonmandated payments to
2 districts under this section, there is allocated for 2018-2019 an
3 amount not to exceed \$4,217,800,000.00 from the state school aid
4 fund and general fund appropriations in section 11 and an amount

1 not to exceed \$72,200,000.00 from the community district education
 2 trust fund appropriation in section 11, and there is allocated for
 3 2019-2020 an amount not to exceed \$4,480,600,000.00 from the state
 4 school aid fund and general fund appropriations in section 11 and
 5 an amount not to exceed \$75,400,000.00 from the community district
 6 education trust fund appropriation in section 11.

7 (2) Subject to subsection (3) and section 296, the allocation
 8 to a district under this section is an amount equal to the sum of
 9 the amounts calculated under sections 20 ~~, and 51a(2), 51a(3), and~~
 10 ~~51a(11), (3), and (11)~~ minus the sum of the allocations to the
 11 district under sections 22a and 51c. For a community district, the
 12 allocation as otherwise calculated under this section is increased
 13 by an amount equal to the amount of local school operating tax
 14 revenue that would otherwise be due to the community district if
 15 not for the operation of section 386 of the revised school code,
 16 MCL 380.386, and this increase must be paid from the community
 17 district education trust fund allocation in subsection (1) in order
 18 to offset the absence of local school operating revenue in a
 19 community district in the funding of the state portion of the
 20 foundation allowance under section 20(4).

21 (3) In order to receive an allocation under subsection (1),
 22 each district ~~shall~~**must** do all of the following:

23 (a) Comply with section 1280b of the revised school code, MCL
 24 380.1280b.

25 (b) Comply with ~~sections~~**section** 1278a ~~and 1278b~~ of the
 26 revised school code, MCL 380.1278a. ~~and 380.1278b.~~

27 (c) Furnish data and other information required by state and
 28 federal law to the center and the department in the form and manner
 29 specified by the center or the department, as applicable.

1 (d) Comply with section 1230g of the revised school code, MCL
2 380.1230g.

3 (e) Comply with section 21f.

4 (f) For a district or public school academy that has entered
5 into a partnership agreement with the department, comply with
6 section 22p.

7 (g) For a district or public school academy that offers
8 kindergarten, comply with section 104(4).

9 (4) Districts are encouraged to use funds allocated under this
10 section for the purchase and support of payroll, human resources,
11 and other business function software that is compatible with that
12 of the intermediate district in which the district is located and
13 with other districts located within that intermediate district.

14 (5) From the allocation in subsection (1), the department
15 shall pay up to \$1,000,000.00 in litigation costs incurred by this
16 state related to commercial or industrial property tax appeals,
17 including, but not limited to, appeals of classification, that
18 impact revenues dedicated to the state school aid fund.

19 (6) From the allocation in subsection (1), the department
20 shall pay up to \$1,000,000.00 in litigation costs incurred by this
21 state associated with lawsuits filed by 1 or more districts or
22 intermediate districts against this state. If the allocation under
23 this section is insufficient to fully fund all payments required
24 under this section, the payments under this subsection must be made
25 in full before any proration of remaining payments under this
26 section.

27 (7) It is the intent of the legislature that all
28 constitutional obligations of this state have been fully funded
29 under sections 22a, 31d, 51a, 51c, and 152a. If a claim is made by

1 an entity receiving funds under this article that challenges the
2 legislative determination of the adequacy of this funding or
3 alleges that there exists an unfunded constitutional requirement,
4 the state budget director may escrow or allocate from the
5 discretionary funds for nonmandated payments under this section the
6 amount as may be necessary to satisfy the claim before making any
7 payments to districts under subsection (2). If funds are escrowed,
8 the escrowed funds are a work project appropriation and the funds
9 are carried forward into the following fiscal year. The purpose of
10 the work project is to provide for any payments that may be awarded
11 to districts as a result of litigation. The work project is
12 completed upon resolution of the litigation.

13 (8) If the local claims review board or a court of competent
14 jurisdiction makes a final determination that this state is in
15 violation of section 29 of article IX of the state constitution of
16 1963 regarding state payments to districts, the state budget
17 director shall use work project funds under subsection (7) or
18 allocate from the discretionary funds for nonmandated payments
19 under this section the amount as may be necessary to satisfy the
20 amount owed to districts before making any payments to districts
21 under subsection (2).

22 (9) If a claim is made in court that challenges the
23 legislative determination of the adequacy of funding for this
24 state's constitutional obligations or alleges that there exists an
25 unfunded constitutional requirement, any interested party may seek
26 an expedited review of the claim by the local claims review board.
27 If the claim exceeds \$10,000,000.00, this state may remove the
28 action to the court of appeals, and the court of appeals has and
29 shall exercise jurisdiction over the claim.

1 (10) If payments resulting from a final determination by the
2 local claims review board or a court of competent jurisdiction that
3 there has been a violation of section 29 of article IX of the state
4 constitution of 1963 exceed the amount allocated for discretionary
5 nonmandated payments under this section, the legislature shall
6 provide for adequate funding for this state's constitutional
7 obligations at its next legislative session.

8 (11) If a lawsuit challenging payments made to districts
9 related to costs reimbursed by federal title XIX Medicaid funds is
10 filed against this state, then, for the purpose of addressing
11 potential liability under such a lawsuit, the state budget director
12 may place funds allocated under this section in escrow or allocate
13 money from the funds otherwise allocated under this section, up to
14 a maximum of 50% of the amount allocated in subsection (1). If
15 funds are placed in escrow under this subsection, those funds are a
16 work project appropriation and the funds are carried forward into
17 the following fiscal year. The purpose of the work project is to
18 provide for any payments that may be awarded to districts as a
19 result of the litigation. The work project is completed upon
20 resolution of the litigation. In addition, this state reserves the
21 right to terminate future federal title XIX Medicaid reimbursement
22 payments to districts if the amount or allocation of reimbursed
23 funds is challenged in the lawsuit. As used in this subsection,
24 "title XIX" means title XIX of the social security act, 42 USC 1396
25 to 1396w-5.

26 Sec. 81. (1) From the appropriation in section 11, there is
27 allocated for 2019-2020 to the intermediate districts the sum
28 necessary, but not to exceed \$69,138,000.00, to provide state aid
29 to intermediate districts under this section.

1 (2) The amount allocated under this section to each
2 intermediate district is an amount equal to 101% of the amount
3 allocated to the intermediate district under this section for 2018-
4 2019. An intermediate district shall use funding provided under
5 this section to comply with requirements of this article and the
6 revised school code that are applicable to intermediate districts,
7 and for which funding is not provided elsewhere in this article,
8 and to provide technical assistance to districts as authorized by
9 the intermediate school board.

10 (3) Intermediate districts receiving funds under this section
11 shall collaborate with the department to develop expanded
12 professional development opportunities for teachers to update and
13 expand their knowledge and skills needed to support the Michigan
14 merit curriculum.

15 (4) From the allocation in subsection (1), there is allocated
16 to an intermediate district, formed by the consolidation or
17 annexation of 2 or more intermediate districts or the attachment of
18 a total intermediate district to another intermediate ~~school~~
19 district or the annexation of all of the constituent K-12 districts
20 of a previously existing intermediate ~~school~~-district which has
21 disorganized, an additional allotment of \$3,500.00 each fiscal year
22 for each intermediate district included in the new intermediate
23 district for 3 years following consolidation, annexation, or
24 attachment.

25 (5) In order to receive funding under this section, an
26 intermediate district ~~shall~~**must** do all of the following:

27 (a) Demonstrate to the satisfaction of the department that the
28 intermediate district employs at least 1 person who is trained in
29 pupil accounting and auditing procedures, rules, and regulations.

1 (b) Demonstrate to the satisfaction of the department that the
2 intermediate district employs at least 1 person who is trained in
3 rules, regulations, and district reporting procedures for the
4 individual-level student data that serves as the basis for the
5 calculation of the district and high school graduation and dropout
6 rates.

7 (c) Comply with ~~sections~~ **section** 1278a and ~~1278b~~ of the
8 revised school code, MCL 380.1278a. and ~~380.1278b~~.

9 (d) Furnish data and other information required by state and
10 federal law to the center and the department in the form and manner
11 specified by the center or the department, as applicable.

12 (e) Comply with section 1230g of the revised school code, MCL
13 380.1230g.

14 Sec. 104. (1) In order to receive state aid under this
15 article, a district shall comply with sections 1249, 1278a, ~~1278b~~,
16 ~~1279~~, 1279g, and 1280b of the revised school code, MCL 380.1249,
17 380.1278a, ~~380.1278b~~, ~~380.1279~~, 380.1279g, and 380.1280b, and 1970
18 PA 38, MCL 388.1081 to 388.1086. Subject to subsection (2), from
19 the state school aid fund money appropriated in section 11, there
20 is allocated for 2019-2020 an amount not to exceed \$32,009,400.00
21 for payments on behalf of districts for costs associated with
22 complying with those provisions of law. In addition, from the
23 federal funds appropriated in section 11, there is allocated for
24 2019-2020 an amount estimated at \$6,250,000.00, funded from DED-
25 OESE, title VI, state assessment funds, and from DED-OSERS, section
26 504 of part B of the individuals with disabilities education act,
27 Public Law 94-142, plus any carryover federal funds from previous
28 year appropriations, for the purposes of complying with the every
29 student succeeds act, Public Law 114-95.

1 (2) The results of each test administered as part of the
2 Michigan student test of educational progress (M-STEP), including
3 tests administered to high school students, must include an item
4 analysis that lists all items that are counted for individual pupil
5 scores and the percentage of pupils choosing each possible
6 response. The department shall work with the center to identify the
7 number of students enrolled at the time assessments are given by
8 each district. In calculating the percentage of pupils assessed for
9 a district's scorecard, the department shall use only the number of
10 pupils enrolled in the district at the time the district
11 administers the assessments and shall exclude pupils who enroll in
12 the district after the district administers the assessments.

13 (3) The department shall distribute federal funds allocated
14 under this section in accordance with federal law and with
15 flexibility provisions outlined in Public Law 107-116, and in the
16 education flexibility partnership act of 1999, Public Law 106-25.

17 (4) From the funds allocated in subsection (1), there is
18 allocated an amount not to exceed \$2,500,000.00 to an intermediate
19 district described in this subsection for statewide implementation
20 of the Michigan kindergarten entry observation tool (MKEO)
21 beginning in the fall of 2019, utilizing the Maryland-Ohio
22 observational tool, also referred to as the Kindergarten Readiness
23 Assessment, as piloted under this subsection in 2017-2018 and
24 implemented in 2018-2019 and 2019-2020. The funding in this
25 subsection is allocated to an intermediate district in prosperity
26 region 9 with at least 3,000 kindergarten pupils enrolled in its
27 constituent districts. All of the following apply to the
28 implementation of the kindergarten entry observation tool under
29 this subsection:

1 (a) The department, in collaboration with all intermediate
2 districts, shall ensure that the Michigan kindergarten entry
3 observation tool is administered in each kindergarten classroom to
4 either the full census of kindergarten pupils enrolled in the
5 classroom or to a representative sample of not less than 35% of the
6 total kindergarten pupils enrolled in each classroom. If a district
7 elects to administer the Michigan kindergarten entry observation
8 tool to a random sample of pupils within each classroom, the
9 district's intermediate district shall select the pupils who will
10 receive the assessment based on the same random method. Beginning
11 in 2020, the observation tool must be administered within 45 days
12 after the start of the school year.

13 (b) The intermediate district that receives funding under this
14 subsection, in collaboration with all other intermediate districts,
15 shall implement a "train the trainer" professional development
16 model on the usage of the Michigan kindergarten entry observation
17 tool. This training model must provide training to intermediate
18 district staff so that they may provide similar training for staff
19 of their constituent districts. This training model must also
20 ensure that the tool produces reliable data and that there are a
21 sufficient number of trainers to train all kindergarten teachers
22 statewide.

23 (c) By March 1, 2021, and each year thereafter, the department
24 and the intermediate district that receives funding under this
25 subsection shall report to the house and senate appropriations
26 subcommittees on school aid, the house and senate fiscal agencies,
27 and the state budget director on the results of the statewide
28 implementation, including, but not limited to, an evaluation of the
29 demonstrated readiness of kindergarten pupils statewide and the

1 effectiveness of state and federal early childhood programs that
2 are designed for school readiness under this state's authority,
3 including the great start readiness program and the great start
4 readiness/Head Start blended program, as referenced under section
5 32d. By September 1, 2021, and each year thereafter, the department
6 and the center shall provide a method for districts and public
7 school academies with kindergarten enrollment to look up and verify
8 their student enrollment data for pupils who were enrolled in a
9 publicly funded early childhood program in the year before
10 kindergarten, including the individual great start readiness
11 program, individual great start readiness/Head Start blended
12 program, individual title I preschool program, individual section
13 31a preschool program, individual early childhood special education
14 program, or individual developmental kindergarten or program for
15 young 5-year-olds in which each tested child was enrolled. A
16 participating district shall analyze the data to determine whether
17 high-performing children were enrolled in any specific early
18 childhood program and, if so, report that finding to the department
19 and to the intermediate district that receives funding under this
20 subsection.

21 (d) The department shall approve the language and literacy
22 domain within the Kindergarten Readiness Assessment for use by
23 districts as an initial assessment that may be delivered to all
24 kindergarten pupils to assist with identifying any possible area of
25 concern for a pupil in English language arts.

26 (e) As used in this subsection:

27 (i) "Kindergarten" includes a classroom for young 5-year-olds,
28 commonly referred to as "young 5s" or "developmental kindergarten".

29 (ii) "Representative sample" means a sample capable of

1 producing valid and reliable assessment information on all or major
2 subgroups of kindergarten pupils in a district.

3 (5) The department may recommend, but may not require,
4 districts to allow pupils to use an external keyboard with tablet
5 devices for online M-STEP testing, including, but not limited to,
6 open-ended test items such as constructed response or equation
7 builder items.

8 (6) Notwithstanding section 17b, the department shall make
9 payments on behalf of districts, intermediate districts, and other
10 eligible entities under this section on a schedule determined by
11 the department.

12 (7) From the allocation in subsection (1), there is allocated
13 an amount not to exceed \$500,000.00 for 2019-2020 for the operation
14 of an online reporting tool to provide student level assessment
15 data in a secure environment to educators, parents, and pupils
16 immediately after assessments are scored. The department and the
17 center shall ensure that any data collected by the online reporting
18 tool do not provide individually identifiable student data to the
19 federal government.

20 (8) As used in this section:

21 (a) "DED" means the United States Department of Education.

22 (b) "DED-OESE" means the DED Office of Elementary and
23 Secondary Education.

24 (c) "DED-OSERS" means the DED Office of Special Education and
25 Rehabilitative Services.

26 Enacting section 1. This amendatory act takes effect 30 days
27 after the date it is enacted into law.

28 Enacting section 2. This amendatory act does not take effect
29 unless Senate Bill No. 600 of the 100th Legislature is enacted into

1 law.