

HOUSE BILL No. 5423

November 10, 2005, Introduced by Reps. Byrnes, Hopgood, Clack, Accavitti, Wojno, Miller, Bennett, Whitmer, Gillard, Bieda, Vagnozzi, Leland, Gaffney, Brown, Adamini, Anderson, Williams, Kolb, Angerer, Hune, Stewart, Farrah, Donigan, Green, Polidori, Gonzales, Lemmons, Jr., Alma Smith, Waters, Byrum, Dillon, Jones, Ward and Lemmons, III and referred to the Committee on Appropriations.

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 11, 32d, 32l, and 37 (MCL 388.1611, 388.1632d, 388.1632l, and 388.1637), sections 11, 32d, and 37 as amended and section 32l as added by 2005 PA 155.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 11. (1) For the fiscal year ending September 30, 2005,
2 there is appropriated for the public schools of this state and
3 certain other state purposes relating to education the sum of
4 \$10,907,222,200.00 from the state school aid fund established by
5 section 11 of article IX of the state constitution of 1963, the sum
6 of \$41,100,000.00 from the proceeds of capitalization of the school
7 bond loan fund revolving fund, and the sum of \$165,200,000.00 from

1 the general fund. For the fiscal year ending September 30, 2006,
2 there is appropriated for the public schools of this state and
3 certain other state purposes relating to education the sum of
4 \$11,257,600,000.00 from the state school aid fund established by
5 section 11 of article IX of the state constitution of 1963, the sum
6 of \$44,500,000.00 from the proceeds of capitalization of the school
7 bond loan fund revolving fund, and the sum of ~~-\$62,714,000.00~~
8 **\$147,564,000.00** from the general fund. In addition, available
9 federal funds are appropriated for each fiscal year.

10 (2) The appropriations under this section shall be allocated
11 as provided in this act. Money appropriated under this section from
12 the general fund shall be expended to fund the purposes of this act
13 before the expenditure of money appropriated under this section
14 from the state school aid fund. If the maximum amount appropriated
15 under this section from the state school aid fund for a fiscal year
16 exceeds the amount necessary to fully fund allocations under this
17 act from the state school aid fund, that excess amount shall not be
18 expended in that state fiscal year and shall not lapse to the
19 general fund, but instead shall be deposited into the school aid
20 stabilization fund created in section 11a.

21 (3) If the maximum amount appropriated under this section from
22 the state school aid fund and the school aid stabilization fund for
23 a fiscal year exceeds the amount available for expenditure from the
24 state school aid fund for that fiscal year, payments under sections
25 11f, 11g, 11j, 22a, 26a, 26b, 31d, 51a(2), 51a(12), 51c, 53a, and
26 56 shall be made in full. In addition, for districts beginning
27 operations after 1994-95 that qualify for payments under section

1 22b, payments under section 22b shall be made so that the
2 qualifying districts receive the lesser of an amount equal to the
3 1994-95 foundation allowance of the district in which the district
4 beginning operations after 1994-95 is located or \$5,500.00. The
5 amount of the payment to be made under section 22b for these
6 qualifying districts shall be as calculated under section 22a, with
7 the balance of the payment under section 22b being subject to the
8 proration otherwise provided under this subsection and subsection
9 (4). If proration is necessary after 2002-2003, state payments
10 under each of the other sections of this act from all state funding
11 sources shall be prorated in the manner prescribed in subsection
12 (4) as necessary to reflect the amount available for expenditure
13 from the state school aid fund for the affected fiscal year.
14 However, if the department of treasury determines that proration
15 will be required under this subsection, or if the department of
16 treasury determines that further proration is required under this
17 subsection after an initial proration has already been made for a
18 fiscal year, the department of treasury shall notify the state
19 budget director, and the state budget director shall notify the
20 legislature at least 30 calendar days or 6 legislative session
21 days, whichever is more, before the department reduces any payments
22 under this act because of the proration. During the 30 calendar day
23 or 6 legislative session day period after that notification by the
24 state budget director, the department shall not reduce any payments
25 under this act because of proration under this subsection. The
26 legislature may prevent proration from occurring by, within the 30
27 calendar day or 6 legislative session day period after that

1 notification by the state budget director, enacting legislation
2 appropriating additional funds from the general fund,
3 countercyclical budget and economic stabilization fund, state
4 school aid fund balance, or another source to fund the amount of
5 the projected shortfall.

6 (4) If proration is necessary, the department shall calculate
7 the proration in district and intermediate district payments that
8 is required under subsection (3) as follows:

9 (a) The department shall calculate the percentage of total
10 state school aid allocated under this act for the affected fiscal
11 year for each of the following:

12 (i) Districts.

13 (ii) Intermediate districts.

14 (iii) Entities other than districts or intermediate districts.

15 (b) The department shall recover a percentage of the proration
16 amount required under subsection (3) that is equal to the
17 percentage calculated under subdivision (a)(i) for districts by
18 reducing payments to districts. This reduction shall be made by
19 calculating an equal dollar amount per pupil as necessary to
20 recover this percentage of the proration amount and reducing each
21 district's total state school aid from state sources, other than
22 payments under sections 11f, 11g, 11j, 22a, 26a, 26b, 31d, 51a(2),
23 51a(12), 51c, and 53a, by that amount.

24 (c) The department shall recover a percentage of the proration
25 amount required under subsection (3) that is equal to the
26 percentage calculated under subdivision (a)(ii) for intermediate
27 districts by reducing payments to intermediate districts. This

1 reduction shall be made by reducing the payments to each
2 intermediate district, other than payments under sections 11f, 11g,
3 26a, 26b, 51a(2), 51a(12), 53a, and 56, on an equal percentage
4 basis.

5 (d) The department shall recover a percentage of the proration
6 amount required under subsection (3) that is equal to the
7 percentage calculated under subdivision (a)(iii) for entities other
8 than districts and intermediate districts by reducing payments to
9 these entities. This reduction shall be made by reducing the
10 payments to each of these entities, other than payments under
11 sections 11j, 26a, and 26b, on an equal percentage basis.

12 (5) Except for the allocation under section 26a, any general
13 fund allocations under this act that are not expended by the end of
14 the state fiscal year are transferred to the school aid
15 stabilization fund created under section 11a.

16 Sec. 32d. (1) From the state school aid fund money
17 appropriated under section 11, there is allocated an amount not to
18 exceed ~~-\$72,600,000.00~~ **\$145,200,000.00** for 2005-2006 for school
19 readiness or preschool and parenting program grants to enable
20 eligible districts, as determined under section 37, to develop or
21 expand, in conjunction with whatever federal funds may be
22 available, including, but not limited to, federal funds under title
23 I of the elementary and secondary education act of 1965, 20 USC
24 6301 to 6578, chapter 1 of title I of the Hawkins-Stafford
25 elementary and secondary school improvement amendments of 1988,
26 Public Law 100-297, and the head start act, 42 USC 9831 to 9852a,
27 comprehensive compensatory programs designed to do 1 or both of the

1 following:

2 (a) Improve the readiness and subsequent achievement of
3 educationally disadvantaged children as defined by the department
4 who will be at least 4, but less than 5 years of age, as of
5 December 1 of the school year in which the programs are offered,
6 and who show evidence of 2 or more risk factors as defined in the
7 state board report entitled "children at risk" that was adopted by
8 the state board on April 5, 1988.

9 (b) Provide preschool and parenting education programs similar
10 to those under former section 32b as in effect for 2001-2002.

11 (2) A comprehensive compensatory program funded under this
12 section may include an age-appropriate educational curriculum,
13 nutritional services, health screening for participating children,
14 a plan for parent and legal guardian involvement, and provision of
15 referral services for families eligible for community social
16 services.

17 (3) In addition to the allocation under subsection (1), from
18 the general fund money allocated under section 11, there is
19 allocated an amount not to exceed \$200,000.00 for 2005-2006 for a
20 competitive grant to continue a longitudinal evaluation of children
21 who have participated in the Michigan school readiness program.

22 (4) A district receiving a grant under this section may
23 contract for the provision of the comprehensive compensatory
24 program and retain for administrative services an amount equal to
25 not more than 5% of the grant amount. A district may expend not
26 more than 10% of the total grant amount for administration of the
27 program.

1 (5) A grant recipient receiving funds under this section shall
2 report to the department on the midyear report the number of
3 children participating in the program who meet the income or other
4 eligibility criteria specified under section 37(3)(g) and the total
5 number of children participating in the program. For children
6 participating in the program who meet the income or other
7 eligibility criteria specified under section 37(3)(g), grant
8 recipients shall also report whether or not a parent is available
9 to provide care based on employment status. For the purposes of
10 this subsection, "employment status" shall be defined by the
11 department of human services in a manner consistent with maximizing
12 the amount of spending that may be claimed for temporary assistance
13 for needy families maintenance of effort purposes.

14 Sec. 32l. (1) From the general fund money appropriated in
15 section 11, there is allocated for 2005-2006 an amount not to
16 exceed ~~-\$12,250,000.00-~~ **\$24,500,000.00** for competitive school
17 readiness program grants. These grants shall be made available
18 through a competitive application process as follows:

19 (a) Any public or private nonprofit legal entity or agency may
20 apply for a grant under this section. However, a district or
21 intermediate district may not apply for a grant under this section
22 unless the district or intermediate district is acting as a fiscal
23 agent for a child caring organization regulated under 1973 PA 116,
24 MCL 722.111 to 722.128.

25 (b) An applicant shall submit an application in the form and
26 manner prescribed by the department.

27 (c) The department shall establish a diverse interagency

1 committee to review the applications. The committee shall be
2 composed of representatives of the department, appropriate
3 community, volunteer, and social service agencies and
4 organizations, and parents.

5 (d) The superintendent shall award the grants and shall give
6 priority for awarding the grants based upon the following criteria:

7 (i) Compliance with the state board-approved early childhood
8 standards of quality for prekindergarten.

9 (ii) Active and continuous involvement of the parents or
10 guardians of the children participating in the program.

11 (iii) Employment of teachers possessing proper training,
12 including a valid Michigan teaching certificate with an early
13 childhood (ZA) endorsement, a valid Michigan teaching certificate
14 with a child development associate credential, or a bachelor's
15 degree in child development with a specialization in preschool
16 teaching, and employment of paraprofessionals possessing proper
17 training in early childhood development, including an associate's
18 degree in early childhood education or child development or the
19 equivalent, or a child development associate (CDA) credential, or
20 the equivalent, as approved by the state board. A paraprofessional
21 who does not meet these requirements may be employed for not more
22 than 2 years while obtaining proper credentials if he or she has
23 completed at least 1 course in an appropriate training program.

24 (iv) Evidence of collaboration with the community of providers
25 in early childhood development programs including documentation of
26 the total number of children in the community who would meet the
27 criteria established in subparagraph (vi), and who are being served

1 by other providers, and the number of children who will remain
2 unserved by other community early childhood programs if this
3 program is funded.

4 (v) The extent to which these funds will supplement other
5 federal, state, local, or private funds.

6 (vi) The extent to which these funds will be targeted to
7 children who will be at least 4, but less than 5, years of age as
8 of December 1 of the year in which the programs are offered and who
9 show evidence of 2 or more "at-risk" factors as defined in the
10 state board report entitled "children at risk" that was adopted by
11 the state board on April 5, 1988.

12 (vii) The program offers supplementary day care and thereby
13 offers full-day programs as part of its early childhood development
14 program.

15 (viii) The application contains a plan approved by the
16 department to conduct and report annual school readiness program
17 evaluations and continuous improvement plans using criteria
18 approved by the department. At a minimum, the evaluations shall
19 include a self-assessment of program quality and assessment of the
20 gains in educational readiness and progress of the children
21 participating in the program.

22 (e) An application shall demonstrate that the program has
23 established or has joined a multidistrict, multiagency school
24 readiness advisory committee that is involved in the planning and
25 evaluation of the program and that provides for the involvement of
26 parents and appropriate community, volunteer, and social service
27 agencies and organizations. The advisory committee shall include at

1 least 1 parent or guardian of a program participant for every 18
2 children enrolled in the program, with a minimum of 2 parent or
3 guardian representatives. The advisory committee shall do all of
4 the following:

5 (i) Review the mechanisms and criteria used to determine
6 referrals for participation in the school readiness program.

7 (ii) Review the health screening program for all participants.

8 (iii) Review the nutritional services provided to all
9 participants.

10 (iv) Review the mechanisms in place for the referral of
11 families to community social service agencies, as appropriate.

12 (v) Review the collaboration with and the involvement of
13 appropriate community, volunteer, and social service agencies and
14 organizations in addressing all aspects of education disadvantage.

15 (vi) Review, evaluate, and make recommendations for changes in
16 the school readiness program.

17 (2) To be eligible for a grant under this section, a program
18 shall demonstrate that ~~more than 50%~~ **AT LEAST 25%** of the children
19 participating in the program live with families with a household
20 income that is less than or equal to 250% of the federal poverty
21 level.

22 (3) The superintendent may award grants under this section at
23 whatever level the superintendent determines appropriate. However,
24 the amount of a grant under this section, when combined with other
25 sources of state revenue for this program, shall not exceed
26 \$3,300.00 per participating child or the cost of the program,
27 whichever is less.

1 (4) Except as otherwise provided in this subsection, an
2 applicant that receives a grant under this section for 2005-2006
3 shall also receive priority for funding under this section for
4 2006-2007 and 2007-2008. However, after 3 fiscal years of
5 continuous funding, an applicant is required to compete openly with
6 new programs and other programs completing their third year. All
7 grant awards under this section are contingent on the availability
8 of funds and documented evidence of grantee compliance with early
9 childhood standards of quality for prekindergarten, as approved by
10 the state board, and with all operational, fiscal, administrative,
11 and other program requirements.

12 Sec. 37. (1) A district is eligible for an allocation under
13 section 32d if the district meets all of the requirements in
14 subsections (2), (3), and (4).

15 (2) The district shall submit a preapplication, in a manner
16 and on forms prescribed by the department, by a date specified by
17 the department in the immediately preceding state fiscal year. The
18 preapplication shall include a comprehensive needs assessment and
19 community collaboration plan, and shall identify all of the
20 following:

21 (a) The estimated total number of children in the community
22 who meet the criteria of section 32d and how that calculation was
23 made.

24 (b) The estimated number of children in the community who meet
25 the criteria of section 32d and are being served by other early
26 childhood development programs operating in the community, and how
27 that calculation was made.

1 (c) The number of children the district will be able to serve
2 who meet the criteria of section 32d including a verification of
3 physical facility and staff resources capacity.

4 (d) The estimated number of children who meet the criteria of
5 section 32d who will remain unserved after the district and
6 community early childhood programs have met their funded
7 enrollments. The school district shall maintain a waiting list of
8 identified unserved eligible children who would be served when
9 openings are available.

10 (3) The district shall submit a final application for
11 approval, in a manner and on forms prescribed by the department, by
12 a date specified by the department. The final application shall
13 indicate all of the following that apply:

14 (a) The district complies with the state board approved early
15 childhood standards of quality for prekindergarten.

16 (b) The district provides for the active and continuous
17 participation of parents or guardians of the children in the
18 program, and describes the district's participation plan as part of
19 the application.

20 (c) The district only employs for this program the following:

21 (i) Teachers possessing proper training. For programs the
22 district manages itself, a valid teaching certificate and an early
23 childhood (ZA) endorsement are required. This provision does not
24 apply to a district that subcontracts with an eligible child
25 development program. In that situation a teacher must have a valid
26 Michigan teaching certificate with an early childhood (ZA)
27 endorsement, a valid Michigan teaching certificate with a child

1 development associate credential, or a bachelor's degree in child
2 development with specialization in preschool teaching.

3 (ii) Paraprofessionals possessing proper training in early
4 childhood development, including an associate's degree in early
5 childhood education or child development or the equivalent, or a
6 child development associate (CDA) credential, or the equivalent as
7 approved by the state board. A paraprofessional who does not meet
8 these requirements may be employed for not more than 2 years while
9 obtaining proper credentials if he or she has completed at least 1
10 course in an appropriate training program.

11 (d) The district has submitted for approval a program budget
12 that includes only those costs not reimbursed or reimbursable by
13 federal funding, that are clearly and directly attributable to the
14 early childhood readiness program, and that would not be incurred
15 if the program were not being offered. If children other than those
16 determined to be educationally disadvantaged participate in the
17 program, state reimbursement under section 32d shall be limited to
18 the portion of approved costs attributable to educationally
19 disadvantaged children.

20 (e) The district has established a, or has joined a
21 multidistrict, multiagency, school readiness advisory committee
22 consisting of, at a minimum, classroom teachers for
23 prekindergarten, kindergarten, and first grade; parents or
24 guardians of program participants; representatives from appropriate
25 community agencies and organizations; the district curriculum
26 director or equivalent administrator; and, if feasible, a school
27 psychologist, school social worker, or school counselor. In

1 addition, there shall be on the committee at least 1 parent or
2 guardian of a program participant for every 18 children enrolled in
3 the program, with a minimum of 2 parent or guardian

4 representatives. The committee shall do all of the following:

5 (i) Ensure the ongoing articulation of the early childhood,
6 kindergarten, and first grade programs offered by the district or
7 districts.

8 (ii) Review the mechanisms and criteria used to determine
9 participation in the early childhood program.

10 (iii) Review the health screening program for all participants.

11 (iv) Review the nutritional services provided to program
12 participants.

13 (v) Review the mechanisms in place for the referral of
14 families to community social service agencies, as appropriate.

15 (vi) Review the collaboration with and the involvement of
16 appropriate community, volunteer, and social service agencies and
17 organizations in addressing all aspects of educational
18 disadvantage.

19 (vii) Review, evaluate, and make recommendations to a local
20 school readiness program or programs for changes to the school
21 readiness program.

22 (f) The district has submitted for departmental approval a
23 plan to conduct and report annual school readiness program
24 evaluations and continuous improvement plans using criteria
25 approved by the department. At a minimum, the evaluations shall
26 include a self-assessment of program quality and assessment of the
27 gains in educational readiness and progress of the children

1 participating in the program.

2 (g) ~~More than 50%~~ **AT LEAST 25%** of the children participating
3 in the program live with families with a household income that is
4 equal to or less than 250% of the federal poverty level.

5 (4) A consortium of 2 or more districts shall be eligible for
6 an allocation under section 32d if the districts designate a single
7 fiscal agent for the allocation. A district or intermediate
8 district may administer a consortium described in this subsection.
9 A consortium shall submit a single preapplication and application
10 for the children to be served, regardless of the number of
11 districts participating in the consortium.

12 (5) With the final application, an applicant district shall
13 submit to the department a resolution adopted by its board
14 certifying the number of 4-year-old children who show evidence of
15 risk factors as described in section 32d who live with families
16 with a household income that is less than or equal to 250% of the
17 federal poverty level.

18 Enacting section 1. This amendatory act does not take effect
19 unless all of the following bills of the 93rd Legislature are
20 enacted into law:

21 (a) Senate Bill No.____ or House Bill No. 5425(request no.
22 04646'05).

23 (b) Senate Bill No.____ or House Bill No. 5424(request no.
24 04734'05).