

**SUBSTITUTE FOR
HOUSE BILL NO. 5913**

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 3, 6, 18, 23a, and 104 (MCL 388.1603,
388.1606, 388.1618, 388.1623a, and 388.1704), section 3 as amended
by 2017 PA 108, sections 6, 18, and 104 as amended by 2019 PA 58,
and section 23a as amended by 2020 PA 22.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3. (1) "Attendance" means, except as otherwise provided
2 in this article, pupil engagement in instruction that is provided
3 under the direction of a certificated teacher or an individual who
4 is teaching pursuant to applicable state law or a rule and that is
5 intended to lead to the pupil's mastery of academic standards
6 established by the department. Instruction, as described in this



1 subsection, may be provided at school or a different location or in
2 person, online, digitally, or by other remote means in a
3 synchronous or asynchronous format. Instruction, as described in
4 this subsection, may occur remotely from a school facility.

5 (2) ~~(1)~~—"Average daily attendance", for the purposes of
6 complying with federal law, means 92% of the pupils counted in
7 membership on the pupil membership count day, as defined in section
8 6(7).

9 (3) ~~(2)~~—"Board" means the governing body of a district or
10 public school academy.

11 (4) ~~(3)~~—"Center" means the center for educational performance
12 and information created in section 94a.

13 (5) ~~(4)~~—"Community district" means a school district organized
14 under part 5b of the revised school code, **MCL 380.381 to 380.396**.

15 (6) ~~(5)~~—"Cooperative education program" means a written
16 voluntary agreement between and among districts to provide certain
17 educational programs for pupils in certain groups of districts. The
18 written agreement ~~shall~~**must** be approved by all affected districts
19 at least annually and ~~shall~~**must** specify the educational programs
20 to be provided and the estimated number of pupils from each
21 district who will participate in the educational programs.

22 (7) ~~(6)~~—"Department", except in section 107, means the
23 department of education.

24 (8) ~~(7)~~—"District" means a local school district established
25 under the revised school code or, except in sections 6(4), 6(6),
26 13, 20, 22a, 31a, 51a(14), 105, 105c, and 166b, a public school
27 academy. Except in section 20, district also includes a community
28 district.

29 (9) ~~(8)~~—"District of residence", except as otherwise provided



1 in this subsection, means the district in which a pupil's custodial
 2 parent or parents or legal guardian resides. For a pupil described
 3 in section 24b, the pupil's district of residence is the district
 4 in which the pupil enrolls under that section. For a pupil
 5 described in section 6(4)(d), the pupil's district of residence
 6 ~~shall be~~ **is** considered to be the district or intermediate district
 7 in which the pupil is counted in membership under that section. For
 8 a pupil under court jurisdiction who is placed outside the district
 9 in which the pupil's custodial parent or parents or legal guardian
 10 resides, the pupil's district of residence ~~shall be~~ **is** considered
 11 to be the educating district or educating intermediate district.

12 **(10)** ~~(9)~~—"District superintendent" means the superintendent of
 13 a district or the chief administrator of a public school academy.

14 Sec. 6. (1) "Center program" means a program operated by a
 15 district or by an intermediate district for special education
 16 pupils from several districts in programs for pupils with autism
 17 spectrum disorder, pupils with severe cognitive impairment, pupils
 18 with moderate cognitive impairment, pupils with severe multiple
 19 impairments, pupils with hearing impairment, pupils with visual
 20 impairment, and pupils with physical impairment or other health
 21 impairment. Programs for pupils with emotional impairment housed in
 22 buildings that do not serve regular education pupils also qualify.
 23 Unless otherwise approved by the department, a center program
 24 either serves all constituent districts within an intermediate
 25 district or serves several districts with less than 50% of the
 26 pupils residing in the operating district. In addition, special
 27 education center program pupils placed part-time in noncenter
 28 programs to comply with the least restrictive environment
 29 provisions of section 1412 of the individuals with disabilities



1 education act, 20 USC 1412, may be considered center program pupils
2 for pupil accounting purposes for the time scheduled in either a
3 center program or a noncenter program.

4 (2) "District and high school graduation rate" means the
5 annual completion and pupil dropout rate that is calculated by the
6 center pursuant to nationally recognized standards.

7 (3) "District and high school graduation report" means a
8 report of the number of pupils, excluding adult education
9 participants, in the district for the immediately preceding school
10 year, adjusted for those pupils who have transferred into or out of
11 the district or high school, who leave high school with a diploma
12 or other credential of equal status.

13 (4) "Membership", except as otherwise provided in this
14 article, means for a district, a public school academy, or an
15 intermediate district the sum of the product of .90 times the
16 number of full-time equated pupils in grades K to 12 actually
17 enrolled and in regular daily attendance on the pupil membership
18 count day for the current school year, plus the product of .10
19 times the final audited count from the supplemental count day for
20 the immediately preceding school year. A district's, public school
21 academy's, or intermediate district's membership is adjusted as
22 provided under section 25e for pupils who enroll after the pupil
23 membership count day in a strict discipline academy operating under
24 sections 1311b to 1311m of the revised school code, MCL 380.1311b
25 to 380.1311m. However, for a district that is a community district,
26 "membership" means the sum of the product of .90 times the number
27 of full-time equated pupils in grades K to 12 actually enrolled and
28 in regular daily attendance in the community district on the pupil
29 membership count day for the current school year, plus the product



1 of .10 times the sum of the final audited count from the
 2 supplemental count day of pupils in grades K to 12 actually
 3 enrolled and in regular daily attendance in the community district
 4 for the immediately preceding school year. All pupil counts used in
 5 this subsection are as determined by the department and calculated
 6 by adding the number of pupils registered for attendance plus
 7 pupils received by transfer and minus pupils lost as defined by
 8 rules promulgated by the superintendent, and as corrected by a
 9 subsequent department audit. The amount of the foundation allowance
 10 for a pupil in membership is determined under section 20. In making
 11 the calculation of membership, all of the following, as applicable,
 12 apply to determining the membership of a district, a public school
 13 academy, or an intermediate district:

14 (a) Except as otherwise provided in this subsection, and
 15 pursuant to subsection (6), a pupil is counted in membership in the
 16 pupil's educating district or districts. An individual pupil shall
 17 not be counted for more than a total of 1.0 full-time equated
 18 membership.

19 (b) If a pupil is educated in a district other than the
 20 pupil's district of residence, if the pupil is not being educated
 21 as part of a cooperative education program, if the pupil's district
 22 of residence does not give the educating district its approval to
 23 count the pupil in membership in the educating district, and if the
 24 pupil is not covered by an exception specified in subsection (6) to
 25 the requirement that the educating district must have the approval
 26 of the pupil's district of residence to count the pupil in
 27 membership, the pupil is not counted in membership in any district.

28 (c) A special education pupil educated by the intermediate
 29 district is counted in membership in the intermediate district.



1 (d) A pupil placed by a court or state agency in an on-grounds
2 program of a juvenile detention facility, a child caring
3 institution, or a mental health institution, or a pupil funded
4 under section 53a, is counted in membership in the district or
5 intermediate district approved by the department to operate the
6 program.

7 (e) A pupil enrolled in the Michigan Schools for the Deaf and
8 Blind is counted in membership in the pupil's intermediate district
9 of residence.

10 (f) A pupil enrolled in a career and technical education
11 program supported by a millage levied over an area larger than a
12 single district or in an area vocational-technical education
13 program established under section 690 of the revised school code,
14 MCL 380.690, is counted in membership only in the pupil's district
15 of residence.

16 (g) A pupil enrolled in a public school academy is counted in
17 membership in the public school academy.

18 (h) For the purposes of this section and section 6a, for a
19 cyber school, as **that term is** defined in section 551 of the revised
20 school code, MCL 380.551, that is in compliance with section 553a
21 of the revised school code, MCL 380.553a, a pupil's participation
22 in the cyber school's educational program is considered regular
23 daily attendance, and for a district or public school academy, a
24 pupil's participation in a virtual course as defined in section 21f
25 is considered regular daily attendance. For the purposes of this
26 subdivision, for a pupil enrolled in a cyber school and utilizing
27 sequential learning, participation means that term as defined in
28 the pupil accounting manual, section 5-o-d: requirements for
29 counting pupils in membership-subsection 10.



1 (i) For a new district or public school academy beginning its
2 operation after December 31, 1994, membership for the first 2 full
3 or partial fiscal years of operation is determined as follows:

4 (i) If operations begin before the pupil membership count day
5 for the fiscal year, membership is the average number of full-time
6 equated pupils in grades K to 12 actually enrolled and in regular
7 daily attendance on the pupil membership count day for the current
8 school year and on the supplemental count day for the current
9 school year, as determined by the department and calculated by
10 adding the number of pupils registered for attendance on the pupil
11 membership count day plus pupils received by transfer and minus
12 pupils lost as defined by rules promulgated by the superintendent,
13 and as corrected by a subsequent department audit, plus the final
14 audited count from the supplemental count day for the current
15 school year, and dividing that sum by 2.

16 (ii) If operations begin after the pupil membership count day
17 for the fiscal year and not later than the supplemental count day
18 for the fiscal year, membership is the final audited count of the
19 number of full-time equated pupils in grades K to 12 actually
20 enrolled and in regular daily attendance on the supplemental count
21 day for the current school year.

22 (j) If a district is the authorizing body for a public school
23 academy, then, in the first school year in which pupils are counted
24 in membership on the pupil membership count day in the public
25 school academy, the determination of the district's membership
26 excludes from the district's pupil count for the immediately
27 preceding supplemental count day any pupils who are counted in the
28 public school academy on that first pupil membership count day who
29 were also counted in the district on the immediately preceding



1 supplemental count day.

2 (k) For an extended school year program approved by the
3 superintendent, a pupil enrolled, but not scheduled to be in
4 regular daily attendance, on a pupil membership count day, is
5 counted in membership.

6 (l) To be counted in membership, a pupil must meet the minimum
7 age requirement to be eligible to attend school under section 1147
8 of the revised school code, MCL 380.1147, or must be enrolled under
9 subsection (3) of that section, and must be less than 20 years of
10 age on September 1 of the school year except as follows:

11 (i) A special education pupil who is enrolled and receiving
12 instruction in a special education program or service approved by
13 the department, who does not have a high school diploma, and who is
14 less than 26 years of age as of September 1 of the current school
15 year is counted in membership.

16 (ii) A pupil who is determined by the department to meet all of
17 the following may be counted in membership:

18 (A) Is enrolled in a public school academy or an alternative
19 education high school diploma program, that is primarily focused on
20 educating pupils with extreme barriers to education, such as being
21 homeless as defined under 42 USC 11302.

22 (B) Had dropped out of school.

23 (C) Is less than 22 years of age as of September 1 of the
24 current school year.

25 (iii) If a child does not meet the minimum age requirement to be
26 eligible to attend school for that school year under section 1147
27 of the revised school code, MCL 380.1147, but will be 5 years of
28 age not later than December 1 of that school year, the district may
29 count the child in membership for that school year if the parent or



1 legal guardian has notified the district in writing that he or she
2 intends to enroll the child in kindergarten for that school year.

3 (m) An individual who has achieved a high school diploma is
4 not counted in membership. An individual who has achieved a high
5 school equivalency certificate is not counted in membership unless
6 the individual is a student with a disability as defined in R
7 340.1702 of the Michigan Administrative Code. An individual
8 participating in a job training program funded under former section
9 107a or a jobs program funded under former section 107b,
10 administered by the department of labor and economic opportunity,
11 or participating in any successor of either of those 2 programs, is
12 not counted in membership.

13 (n) If a pupil counted in membership in a public school
14 academy is also educated by a district or intermediate district as
15 part of a cooperative education program, the pupil is counted in
16 membership only in the public school academy unless a written
17 agreement signed by all parties designates the party or parties in
18 which the pupil is counted in membership, and the instructional
19 time scheduled for the pupil in the district or intermediate
20 district is included in the full-time equated membership
21 determination under subdivision (q) and section 101. However, for
22 pupils receiving instruction in both a public school academy and in
23 a district or intermediate district but not as a part of a
24 cooperative education program, the following apply:

25 (i) If the public school academy provides instruction for at
26 least 1/2 of the class hours required under section 101, the public
27 school academy receives as its prorated share of the full-time
28 equated membership for each of those pupils an amount equal to 1
29 times the product of the hours of instruction the public school



1 academy provides divided by the number of hours required under
2 section 101 for full-time equivalency, and the remainder of the
3 full-time membership for each of those pupils is allocated to the
4 district or intermediate district providing the remainder of the
5 hours of instruction.

6 (ii) If the public school academy provides instruction for less
7 than 1/2 of the class hours required under section 101, the
8 district or intermediate district providing the remainder of the
9 hours of instruction receives as its prorated share of the full-
10 time equated membership for each of those pupils an amount equal to
11 1 times the product of the hours of instruction the district or
12 intermediate district provides divided by the number of hours
13 required under section 101 for full-time equivalency, and the
14 remainder of the full-time membership for each of those pupils is
15 allocated to the public school academy.

16 (o) An individual less than 16 years of age as of September 1
17 of the current school year who is being educated in an alternative
18 education program is not counted in membership if there are also
19 adult education participants being educated in the same program or
20 classroom.

21 (p) The department shall give a uniform interpretation of
22 full-time and part-time memberships.

23 (q) The number of class hours used to calculate full-time
24 equated memberships must be consistent with section 101. In
25 determining full-time equated memberships for pupils who are
26 enrolled in a postsecondary institution or for pupils engaged in an
27 internship or work experience under section 1279h of the revised
28 school code, MCL 380.1279h, a pupil is not considered to be less
29 than a full-time equated pupil solely because of the effect of his



1 or her postsecondary enrollment or engagement in the internship or
2 work experience, including necessary travel time, on the number of
3 class hours provided by the district to the pupil.

4 (r) Full-time equated memberships for pupils in kindergarten
5 are determined by dividing the number of instructional hours
6 scheduled and provided per year per kindergarten pupil by the same
7 number used for determining full-time equated memberships for
8 pupils in grades 1 to 12. However, to the extent allowable under
9 federal law, for a district or public school academy that provides
10 evidence satisfactory to the department that it used federal title
11 I money in the 2 immediately preceding school fiscal years to fund
12 full-time kindergarten, full-time equated memberships for pupils in
13 kindergarten are determined by dividing the number of class hours
14 scheduled and provided per year per kindergarten pupil by a number
15 equal to 1/2 the number used for determining full-time equated
16 memberships for pupils in grades 1 to 12. The change in the
17 counting of full-time equated memberships for pupils in
18 kindergarten that took effect for 2012-2013 is not a mandate.

19 (s) For a district or a public school academy that has pupils
20 enrolled in a grade level that was not offered by the district or
21 public school academy in the immediately preceding school year, the
22 number of pupils enrolled in that grade level to be counted in
23 membership is the average of the number of those pupils enrolled
24 and in regular daily attendance on the pupil membership count day
25 and the supplemental count day of the current school year, as
26 determined by the department. Membership is calculated by adding
27 the number of pupils registered for attendance in that grade level
28 on the pupil membership count day plus pupils received by transfer
29 and minus pupils lost as defined by rules promulgated by the



1 superintendent, and as corrected by subsequent department audit,
2 plus the final audited count from the supplemental count day for
3 the current school year, and dividing that sum by 2.

4 (t) A pupil enrolled in a cooperative education program may be
5 counted in membership in the pupil's district of residence with the
6 written approval of all parties to the cooperative agreement.

7 (u) If, as a result of a disciplinary action, a district
8 determines through the district's alternative or disciplinary
9 education program that the best instructional placement for a pupil
10 is in the pupil's home or otherwise apart from the general school
11 population, if that placement is authorized in writing by the
12 district superintendent and district alternative or disciplinary
13 education supervisor, and if the district provides appropriate
14 instruction as described in this subdivision to the pupil at the
15 pupil's home or otherwise apart from the general school population,
16 the district may count the pupil in membership on a pro rata basis,
17 with the proration based on the number of hours of instruction the
18 district actually provides to the pupil divided by the number of
19 hours required under section 101 for full-time equivalency. For the
20 purposes of this subdivision, a district is considered to be
21 providing appropriate instruction if all of the following are met:

22 (i) The district provides at least 2 nonconsecutive hours of
23 instruction per week to the pupil at the pupil's home or otherwise
24 apart from the general school population under the supervision of a
25 certificated teacher.

26 (ii) The district provides instructional materials, resources,
27 and supplies that are comparable to those otherwise provided in the
28 district's alternative education program.

29 (iii) Course content is comparable to that in the district's



1 alternative education program.

2 (iv) Credit earned is awarded to the pupil and placed on the
3 pupil's transcript.

4 (v) If a pupil was enrolled in a public school academy on the
5 pupil membership count day, if the public school academy's contract
6 with its authorizing body is revoked or the public school academy
7 otherwise ceases to operate, and if the pupil enrolls in a district
8 within 45 days after the pupil membership count day, the department
9 shall adjust the district's pupil count for the pupil membership
10 count day to include the pupil in the count.

11 (w) For a public school academy that has been in operation for
12 at least 2 years and that suspended operations for at least 1
13 semester and is resuming operations, membership is the sum of the
14 product of .90 times the number of full-time equated pupils in
15 grades K to 12 actually enrolled and in regular daily attendance on
16 the first pupil membership count day or supplemental count day,
17 whichever is first, occurring after operations resume, plus the
18 product of .10 times the final audited count from the most recent
19 pupil membership count day or supplemental count day that occurred
20 before suspending operations, as determined by the superintendent.

21 (x) If a district's membership for a particular fiscal year,
22 as otherwise calculated under this subsection, would be less than
23 1,550 pupils and the district has 4.5 or fewer pupils per square
24 mile, as determined by the department, and if the district does not
25 receive funding under section 22d(2), the district's membership is
26 considered to be the membership figure calculated under this
27 subdivision. If a district educates and counts in its membership
28 pupils in grades 9 to 12 who reside in a contiguous district that
29 does not operate grades 9 to 12 and if 1 or both of the affected



1 districts request the department to use the determination allowed
 2 under this sentence, the department shall include the square
 3 mileage of both districts in determining the number of pupils per
 4 square mile for each of the districts for the purposes of this
 5 subdivision. The membership figure calculated under this
 6 subdivision is the greater of the following:

7 (i) The average of the district's membership for the 3-fiscal-
 8 year period ending with that fiscal year, calculated by adding the
 9 district's actual membership for each of those 3 fiscal years, as
 10 otherwise calculated under this subsection, and dividing the sum of
 11 those 3 membership figures by 3.

12 (ii) The district's actual membership for that fiscal year as
 13 otherwise calculated under this subsection.

14 (y) Full-time equated memberships for special education pupils
 15 who are not enrolled in kindergarten but are enrolled in a
 16 classroom program under R 340.1754 of the Michigan Administrative
 17 Code are determined by dividing the number of class hours scheduled
 18 and provided per year by 450. Full-time equated memberships for
 19 special education pupils who are not enrolled in kindergarten but
 20 are receiving early childhood special education services under R
 21 340.1755 or R 340.1862 of the Michigan Administrative Code are
 22 determined by dividing the number of hours of service scheduled and
 23 provided per year per-pupil by 180.

24 (z) A pupil of a district that begins its school year after
 25 Labor Day who is enrolled in an intermediate district program that
 26 begins before Labor Day is not considered to be less than a full-
 27 time pupil solely due to instructional time scheduled but not
 28 attended by the pupil before Labor Day.

29 (aa) For the first year in which a pupil is counted in



1 membership on the pupil membership count day in a middle college
2 program, the membership is the average of the full-time equated
3 membership on the pupil membership count day and on the
4 supplemental count day for the current school year, as determined
5 by the department. If a pupil described in this subdivision was
6 counted in membership by the operating district on the immediately
7 preceding supplemental count day, the pupil is excluded from the
8 district's immediately preceding supplemental count for the
9 purposes of determining the district's membership.

10 (bb) A district or public school academy that educates a pupil
11 who attends a United States Olympic Education Center may count the
12 pupil in membership regardless of whether or not the pupil is a
13 resident of this state.

14 (cc) A pupil enrolled in a district other than the pupil's
15 district of residence under section 1148(2) of the revised school
16 code, MCL 380.1148, is counted in the educating district.

17 (dd) For a pupil enrolled in a dropout recovery program that
18 meets the requirements of section 23a, the pupil is counted as 1/12
19 of a full-time equated membership for each month that the district
20 operating the program reports that the pupil was enrolled in the
21 program and was in full attendance. However, if the special
22 membership counting provisions under this subdivision and the
23 operation of the other membership counting provisions under this
24 subsection result in a pupil being counted as more than 1.0 FTE in
25 a fiscal year, the payment made for the pupil under sections 22a
26 and 22b must not be based on more than 1.0 FTE for that pupil, and
27 any portion of an FTE for that pupil that exceeds 1.0 is instead
28 paid under section 25g. The district operating the program shall
29 report to the center the number of pupils who were enrolled in the



1 program and were in full attendance for a month not later than 30
 2 days after the end of the month. A district shall not report a
 3 pupil as being in full attendance for a month unless both of the
 4 following are met:

5 (i) A personalized learning plan is in place on or before the
 6 first school day of the month for the first month the pupil
 7 participates in the program.

8 (ii) The pupil meets the district's definition under section
 9 23a of satisfactory monthly progress for that month or, if the
 10 pupil does not meet that definition of satisfactory monthly
 11 progress for that month, the pupil did meet that definition of
 12 satisfactory monthly progress in the immediately preceding month
 13 and appropriate interventions are implemented within 10 school days
 14 after it is determined that the pupil does not meet that definition
 15 of satisfactory monthly progress.

16 (ee) A pupil participating in a virtual course under section
 17 21f is counted in membership in the district enrolling the pupil.

18 (ff) If a public school academy that is not in its first or
 19 second year of operation closes at the end of a school year and
 20 does not reopen for the next school year, the department shall
 21 adjust the membership count of the district or other public school
 22 academy in which a former pupil of the closed public school academy
 23 enrolls and is in regular daily attendance for the next school year
 24 to ensure that the district or other public school academy receives
 25 the same amount of membership aid for the pupil as if the pupil
 26 were counted in the district or other public school academy on the
 27 supplemental count day of the preceding school year.

28 (gg) If a special education pupil is expelled under section
 29 1311 or 1311a of the revised school code, MCL 380.1311 and



1 380.1311a, and is not in attendance on the pupil membership count
2 day because of the expulsion, and if the pupil remains enrolled in
3 the district and resumes regular daily attendance during that
4 school year, the district's membership is adjusted to count the
5 pupil in membership as if he or she had been in attendance on the
6 pupil membership count day.

7 (hh) A pupil enrolled in a community district is counted in
8 membership in the community district.

9 (ii) A part-time pupil enrolled in a nonpublic school in
10 grades K to 12 in accordance with section 166b shall not be counted
11 as more than 0.75 of a full-time equated membership.

12 (jj) A district that borders another state or a public school
13 academy that operates at least grades 9 to 12 and is located within
14 20 miles of a border with another state may count in membership a
15 pupil who is enrolled in a course at a college or university that
16 is located in the bordering state and within 20 miles of the border
17 with this state if all of the following are met:

18 (i) The pupil would meet the definition of an eligible student
19 under the postsecondary enrollment options act, 1996 PA 160, MCL
20 388.511 to 388.524, if the course were an eligible course under
21 that act.

22 (ii) The course in which the pupil is enrolled would meet the
23 definition of an eligible course under the postsecondary enrollment
24 options act, 1996 PA 160, MCL 388.511 to 388.524, if the course
25 were provided by an eligible postsecondary institution under that
26 act.

27 (iii) The department determines that the college or university
28 is an institution that, in the other state, fulfills a function
29 comparable to a state university or community college, as those



1 terms are defined in section 3 of the postsecondary enrollment
 2 options act, 1996 PA 160, MCL 388.513, or is an independent
 3 nonprofit degree-granting college or university.

4 (iv) The district or public school academy pays for a portion
 5 of the pupil's tuition at the college or university in an amount
 6 equal to the eligible charges that the district or public school
 7 academy would pay to an eligible postsecondary institution under
 8 the postsecondary enrollment options act, 1996 PA 160, MCL 388.511
 9 to 388.524, as if the course were an eligible course under that
 10 act.

11 (v) The district or public school academy awards high school
 12 credit to a pupil who successfully completes a course as described
 13 in this subdivision.

14 (kk) A pupil enrolled in a middle college program may be
 15 counted for more than a total of 1.0 full-time equated membership
 16 if the pupil is enrolled in more than the minimum number of
 17 instructional days and hours required under section 101 and the
 18 pupil is expected to complete the 5-year program with both a high
 19 school diploma and at least 60 transferable college credits or is
 20 expected to earn an ~~associate's~~ **associates** degree in fewer than 5
 21 years.

22 (ll) If a district's or public school academy's membership for
 23 a particular fiscal year, as otherwise calculated under this
 24 subsection, includes pupils counted in membership who are enrolled
 25 under section 166b, all of the following apply for the purposes of
 26 this subdivision:

27 (i) If the district's or public school academy's membership for
 28 pupils counted under section 166b equals or exceeds 5% of the
 29 district's or public school academy's membership for pupils not



1 counted in membership under section 166b in the immediately
2 preceding fiscal year, then the growth in the district's or public
3 school academy's membership for pupils counted under section 166b
4 must not exceed 10%.

5 (ii) If the district's or public school academy's membership
6 for pupils counted under section 166b is less than 5% of the
7 district's or public school academy's membership for pupils not
8 counted in membership under section 166b in the immediately
9 preceding fiscal year, then the district's or public school
10 academy's membership for pupils counted under section 166b must not
11 exceed the greater of the following:

12 (A) 5% of the district's or public school academy's membership
13 for pupils not counted in membership under section 166b.

14 (B) 10% more than the district's or public school academy's
15 membership for pupils counted under section 166b in the immediately
16 preceding fiscal year.

17 (iii) If 1 or more districts consolidate or are parties to an
18 annexation, then the calculations under subdivisions (i) and (ii)
19 must be applied to the combined total membership for pupils counted
20 in those districts for the fiscal year immediately preceding the
21 consolidation or annexation.

22 (mm) **A pupil receiving remote instruction that exposes the**
23 **pupil to the academic standards that apply for the pupil's grade**
24 **level or courses in the same scope and sequence as the district or**
25 **public school academy that provides the pupil the remote**
26 **instruction provides for in-person instruction because the pupil's**
27 **parent or legal guardian requested the remote instruction or the**
28 **district or public school academy that provides the pupil the**
29 **remote instruction determines the remote instruction is necessary**



1 due to health, safety, and welfare concerns related to the COVID-19
2 pandemic is counted in membership in the district or public school
3 academy that provides the pupil the remote instruction.

4 (5) "Public school academy" means that term as defined in
5 section 5 of the revised school code, MCL 380.5.

6 (6) "Pupil" means an individual in membership in a public
7 school. A district must have the approval of the pupil's district
8 of residence to count the pupil in membership, except approval by
9 the pupil's district of residence is not required for any of the
10 following:

11 (a) A nonpublic part-time pupil enrolled in grades K to 12 in
12 accordance with section 166b.

13 (b) A pupil receiving 1/2 or less of his or her instruction in
14 a district other than the pupil's district of residence.

15 (c) A pupil enrolled in a public school academy.

16 (d) A pupil enrolled in a district other than the pupil's
17 district of residence under an intermediate district schools of
18 choice pilot program as described in section 91a or former section
19 91 if the intermediate district and its constituent districts have
20 been exempted from section 105.

21 (e) A pupil enrolled in a district other than the pupil's
22 district of residence if the pupil is enrolled in accordance with
23 section 105 or 105c.

24 (f) A pupil who has made an official written complaint or
25 whose parent or legal guardian has made an official written
26 complaint to law enforcement officials and to school officials of
27 the pupil's district of residence that the pupil has been the
28 victim of a criminal sexual assault or other serious assault, if
29 the official complaint either indicates that the assault occurred



1 at school or that the assault was committed by 1 or more other
2 pupils enrolled in the school the pupil would otherwise attend in
3 the district of residence or by an employee of the district of
4 residence. A person who intentionally makes a false report of a
5 crime to law enforcement officials for the purposes of this
6 subdivision is subject to section 411a of the Michigan penal code,
7 1931 PA 328, MCL 750.411a, which provides criminal penalties for
8 that conduct. As used in this subdivision:

9 (i) "At school" means in a classroom, elsewhere on school
10 premises, on a school bus or other school-related vehicle, or at a
11 school-sponsored activity or event whether or not it is held on
12 school premises.

13 (ii) "Serious assault" means an act that constitutes a felony
14 violation of chapter XI of the Michigan penal code, 1931 PA 328,
15 MCL 750.81 to 750.90h, or that constitutes an assault and
16 infliction of serious or aggravated injury under section 81a of the
17 Michigan penal code, 1931 PA 328, MCL 750.81a.

18 (g) A pupil whose district of residence changed after the
19 pupil membership count day and before the supplemental count day
20 and who continues to be enrolled on the supplemental count day as a
21 nonresident in the district in which he or she was enrolled as a
22 resident on the pupil membership count day of the same school year.

23 (h) A pupil enrolled in an alternative education program
24 operated by a district other than his or her district of residence
25 who meets 1 or more of the following:

26 (i) The pupil has been suspended or expelled from his or her
27 district of residence for any reason, including, but not limited
28 to, a suspension or expulsion under section 1310, 1311, or 1311a of
29 the revised school code, MCL 380.1310, 380.1311, and 380.1311a.



1 (ii) The pupil had previously dropped out of school.

2 (iii) The pupil is pregnant or is a parent.

3 (iv) The pupil has been referred to the program by a court.

4 (i) A pupil enrolled in the Michigan Virtual School, for the
5 pupil's enrollment in the Michigan Virtual School.

6 (j) A pupil who is the child of a person who works at the
7 district or who is the child of a person who worked at the district
8 as of the time the pupil first enrolled in the district but who no
9 longer works at the district due to a workforce reduction. As used
10 in this subdivision, "child" includes an adopted child, stepchild,
11 or legal ward.

12 (k) An expelled pupil who has been denied reinstatement by the
13 expelling district and is reinstated by another school board under
14 section 1311 or 1311a of the revised school code, MCL 380.1311 and
15 380.1311a.

16 (l) A pupil enrolled in a district other than the pupil's
17 district of residence in a middle college program if the pupil's
18 district of residence and the enrolling district are both
19 constituent districts of the same intermediate district.

20 (m) A pupil enrolled in a district other than the pupil's
21 district of residence who attends a United States Olympic Education
22 Center.

23 (n) A pupil enrolled in a district other than the pupil's
24 district of residence pursuant to section 1148(2) of the revised
25 school code, MCL 380.1148.

26 (o) A pupil who enrolls in a district other than the pupil's
27 district of residence as a result of the pupil's school not making
28 adequate yearly progress under the no child left behind act of
29 2001, Public Law 107-110, or the every student succeeds act, Public



1 Law 114-95. However, if a district educates pupils who reside in
 2 another district and if the primary instructional site for those
 3 pupils is established by the educating district after 2009-2010 and
 4 is located within the boundaries of that other district, the
 5 educating district must have the approval of that other district to
 6 count those pupils in membership.

7 **(p) A pupil receiving remote instruction that exposes the**
 8 **pupil to the academic standards that apply for the pupil's grade**
 9 **level or courses in the same scope and sequence as the district or**
 10 **public school academy that provides the pupil the remote**
 11 **instruction provides for in-person instruction because the pupil's**
 12 **parent or legal guardian requested the remote instruction or the**
 13 **district or public school academy that provides the pupil the**
 14 **remote instruction determines the remote instruction is necessary**
 15 **due to health, safety, and welfare concerns related to the COVID-19**
 16 **pandemic.**

17 (7) "Pupil membership count day" of a district or intermediate
 18 district means:

19 (a) Except as provided in subdivision (b), the first Wednesday
 20 in October each school year or, for a district or building in which
 21 school is not in session on that Wednesday due to conditions not
 22 within the control of school authorities, with the approval of the
 23 superintendent, the immediately following day on which school is in
 24 session in the district or building.

25 (b) For a district or intermediate district maintaining school
 26 during the entire school year, the following days:

- 27 (i) Fourth Wednesday in July.
 28 (ii) First Wednesday in October.
 29 (iii) Second Wednesday in February.



1 (iv) Fourth Wednesday in April.

2 (8) "Pupils in grades K to 12 actually enrolled and in regular
 3 daily attendance" means pupils in grades K to 12 in attendance and
 4 receiving instruction in all classes for which they are enrolled on
 5 the pupil membership count day or the supplemental count day, as
 6 applicable. Except as otherwise provided in this subsection, a
 7 pupil who is absent from any of the classes in which the pupil is
 8 enrolled on the pupil membership count day or supplemental count
 9 day and who does not attend each of those classes during the 10
 10 consecutive school days immediately following the pupil membership
 11 count day or supplemental count day, except for a pupil who has
 12 been excused by the district, is not counted as 1.0 full-time
 13 equated membership. A pupil who is excused from attendance on the
 14 pupil membership count day or supplemental count day and who fails
 15 to attend each of the classes in which the pupil is enrolled within
 16 30 calendar days after the pupil membership count day or
 17 supplemental count day is not counted as 1.0 full-time equated
 18 membership. In addition, a pupil who was enrolled and in attendance
 19 in a district, intermediate district, or public school academy
 20 before the pupil membership count day or supplemental count day of
 21 a particular year but was expelled or suspended on the pupil
 22 membership count day or supplemental count day is only counted as
 23 1.0 full-time equated membership if the pupil resumed attendance in
 24 the district, intermediate district, or public school academy
 25 within 45 days after the pupil membership count day or supplemental
 26 count day of that particular year. A pupil not counted as 1.0 full-
 27 time equated membership due to an absence from a class is counted
 28 as a prorated membership for the classes the pupil attended. For
 29 purposes of this subsection, "class" means a period of time in 1



1 day when pupils and a certificated teacher, a teacher engaged to
 2 teach under section 1233b of the revised school code, MCL
 3 380.1233b, or an individual working under a valid substitute
 4 permit, authorization, or approval issued by the department, are
 5 together **virtually, in-person, or by some other means** and
 6 instruction is taking place.

7 (9) "Rule" means a rule promulgated pursuant to the
 8 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
 9 24.328.

10 (10) "The revised school code" means the revised school code,
 11 1976 PA 451, MCL 380.1 to 380.1852.

12 (11) "School district of the first class", "first class school
 13 district", and "district of the first class" mean, for the purposes
 14 of this article only, a district that had at least 40,000 pupils in
 15 membership for the immediately preceding fiscal year.

16 (12) "School fiscal year" means a fiscal year that commences
 17 July 1 and continues through June 30.

18 (13) "State board" means the state board of education.

19 (14) "Superintendent", unless the context clearly refers to a
 20 district or intermediate district superintendent, means the
 21 superintendent of public instruction described in section 3 of
 22 article VIII of the state constitution of 1963.

23 (15) "Supplemental count day" means the day on which the
 24 supplemental pupil count is conducted under section 6a.

25 (16) "Tuition pupil" means a pupil of school age attending
 26 school in a district other than the pupil's district of residence
 27 for whom tuition may be charged to the district of residence.
 28 Tuition pupil does not include a pupil who is a special education
 29 pupil, a pupil described in subsection (6)(c) to (o), or a pupil



1 whose parent or guardian voluntarily enrolls the pupil in a
2 district that is not the pupil's district of residence. A pupil's
3 district of residence shall not require a high school tuition
4 pupil, as provided under section 111, to attend another school
5 district after the pupil has been assigned to a school district.

6 (17) "State school aid fund" means the state school aid fund
7 established in section 11 of article IX of the state constitution
8 of 1963.

9 (18) "Taxable value" means the taxable value of property as
10 determined under section 27a of the general property tax act, 1893
11 PA 206, MCL 211.27a.

12 (19) "Textbook" means a book, electronic book, or other
13 instructional print or electronic resource that is selected and
14 approved by the governing board of a district and that contains a
15 presentation of principles of a subject, or that is a literary work
16 relevant to the study of a subject required for the use of
17 classroom pupils, or another type of course material that forms the
18 basis of classroom instruction.

19 (20) "Total state aid" or "total state school aid" means the
20 total combined amount of all funds due to a district, intermediate
21 district, or other entity under this article.

22 Sec. 18. (1) Except as provided in another section of this
23 article, each district or other entity shall apply the money
24 received by the district or entity under this article to salaries
25 and other compensation of teachers and other employees, tuition,
26 transportation, lighting, heating, ventilation, water service, the
27 purchase of textbooks, other supplies, and any other school
28 operating expenditures defined in section 7. However, not more than
29 20% of the total amount received by a district under sections 22a



1 and 22b or received by an intermediate district under section 81
2 may be transferred by the board to either the capital projects fund
3 or to the debt retirement fund for debt service. A district or
4 other entity shall not apply or take the money for a purpose other
5 than as provided in this section. The department shall determine
6 the reasonableness of expenditures and may withhold from a
7 recipient of funds under this article the apportionment otherwise
8 due upon a violation by the recipient.

9 (2) A district or intermediate district shall adopt an annual
10 budget in a manner that complies with the uniform budgeting and
11 accounting act, 1968 PA 2, MCL 141.421 to 141.440a. Within 15 days
12 after a district board adopts its annual operating budget for the
13 following school fiscal year, or after a district board adopts a
14 subsequent revision to that budget, the district shall make all of
15 the following available through a link on its website homepage, or
16 may make the information available through a link on its
17 intermediate district's website homepage, in a form and manner
18 prescribed by the department:

19 (a) The annual operating budget and subsequent budget
20 revisions.

21 (b) Using data that have already been collected and submitted
22 to the department, a summary of district expenditures for the most
23 recent fiscal year for which they are available, expressed in the
24 following 2 visual displays:

25 (i) A chart of personnel expenditures, broken into the
26 following subcategories:

27 (A) Salaries and wages.

28 (B) Employee benefit costs, including, but not limited to,
29 medical, dental, vision, life, disability, and long-term care



1 benefits.

2 (C) Retirement benefit costs.

3 (D) All other personnel costs.

4 (ii) A chart of all district expenditures, broken into the
5 following subcategories:

6 (A) Instruction.

7 (B) Support services.

8 (C) Business and administration.

9 (D) Operations and maintenance.

10 (c) Links to all of the following:

11 (i) The current collective bargaining agreement for each
12 bargaining unit.

13 (ii) Each health care benefits plan, including, but not limited
14 to, medical, dental, vision, disability, long-term care, or any
15 other type of benefits that would constitute health care services,
16 offered to any bargaining unit or employee in the district.

17 (iii) The audit report of the audit conducted under subsection
18 (4) for the most recent fiscal year for which it is available.

19 (iv) The bids required under section 5 of the public employees
20 health benefit act, 2007 PA 106, MCL 124.75.

21 (v) The district's written policy governing procurement of
22 supplies, materials, and equipment.

23 (vi) The district's written policy establishing specific
24 categories of reimbursable expenses, as described in section
25 1254(2) of the revised school code, MCL 380.1254.

26 (vii) Either the district's accounts payable check register for
27 the most recent school fiscal year or a statement of the total
28 amount of expenses incurred by board members or employees of the
29 district that were reimbursed by the district for the most recent



1 school fiscal year.

2 (d) The total salary and a description and cost of each fringe
3 benefit included in the compensation package for the superintendent
4 of the district and for each employee of the district whose salary
5 exceeds \$100,000.00.

6 (e) The annual amount spent on dues paid to associations.

7 (f) The annual amount spent on lobbying or lobbying services.
8 As used in this subdivision, "lobbying" means that term as defined
9 in section 5 of 1978 PA 472, MCL 4.415.

10 (g) Any deficit elimination plan or enhanced deficit
11 elimination plan the district was required to submit under the
12 revised school code.

13 (h) Identification of all credit cards maintained by the
14 district as district credit cards, the identity of all individuals
15 authorized to use each of those credit cards, the credit limit on
16 each credit card, and the dollar limit, if any, for each
17 individual's authorized use of the credit card.

18 (i) Costs incurred for each instance of out-of-state travel by
19 the school administrator of the district that is fully or partially
20 paid for by the district and the details of each of those instances
21 of out-of-state travel, including at least identification of each
22 individual on the trip, destination, and purpose.

23 (3) For the information required under subsection (2) (a),
24 (2) (b) (i), and (2) (c), an intermediate district shall provide the
25 same information in the same manner as required for a district
26 under subsection (2).

27 (4) For the purposes of determining the reasonableness of
28 expenditures, whether a district or intermediate district has
29 received the proper amount of funds under this article, and whether



1 a violation of this article has occurred, all of the following
2 apply:

3 (a) The department shall require that each district and
4 intermediate district have an audit of the district's or
5 intermediate district's financial and pupil accounting records
6 conducted at least annually, and at such other times as determined
7 by the department, at the expense of the district or intermediate
8 district, as applicable. The audits must be performed by a
9 certified public accountant or by the intermediate district
10 superintendent, as may be required by the department, or in the
11 case of a district of the first class by a certified public
12 accountant, the intermediate superintendent, or the auditor general
13 of the city. A district or intermediate district shall retain these
14 records for the current fiscal year and from at least the 3
15 immediately preceding fiscal years.

16 (b) If a district operates in a single building with fewer
17 than 700 full-time equated pupils, if the district has stable
18 membership, and if the error rate of the immediately preceding 2
19 pupil accounting field audits of the district is less than 2%, the
20 district may have a pupil accounting field audit conducted
21 biennially but must continue to have desk audits for each pupil
22 count. The auditor must document compliance with the audit cycle in
23 the pupil auditing manual. As used in this subdivision, "stable
24 membership" means that the district's membership for the current
25 fiscal year varies from the district's membership for the
26 immediately preceding fiscal year by less than 5%.

27 (c) A district's or intermediate district's annual financial
28 audit must include an analysis of the financial and pupil
29 accounting data used as the basis for distribution of state school



1 aid.

2 (d) The pupil and financial accounting records and reports,
3 audits, and management letters are subject to requirements
4 established in the auditing and accounting manuals approved and
5 published by the department.

6 (e) All of the following ~~shall~~**must** be done not later than
7 November 1 each year for reporting the prior fiscal year data:

8 (i) A district shall file the annual financial audit reports
9 with the intermediate district and the department.

10 (ii) The intermediate district shall file the annual financial
11 audit reports for the intermediate district with the department.

12 (iii) The intermediate district shall enter the pupil membership
13 audit reports for its constituent districts and for the
14 intermediate district, for the pupil membership count day and
15 supplemental count day, in the Michigan student data system.

16 (f) The annual financial audit reports and pupil accounting
17 procedures reports must be available to the public in compliance
18 with the freedom of information act, 1976 PA 442, MCL 15.231 to
19 15.246.

20 (g) Not later than January 31 of each year, the department
21 shall notify the state budget director and the legislative
22 appropriations subcommittees responsible for review of the school
23 aid budget of districts and intermediate districts that have not
24 filed an annual financial audit and pupil accounting procedures
25 report required under this section for the school year ending in
26 the immediately preceding fiscal year.

27 (5) By November 1 each fiscal year, each district and
28 intermediate district shall submit to the center, in a manner
29 prescribed by the center, annual comprehensive financial data



1 consistent with the district's or intermediate district's audited
 2 financial statements and consistent with accounting manuals and
 3 charts of accounts approved and published by the department. For an
 4 intermediate district, the report must also contain the website
 5 address where the department can access the report required under
 6 section 620 of the revised school code, MCL 380.620. The department
 7 shall ensure that the prescribed Michigan public school accounting
 8 manual chart of accounts includes standard conventions to
 9 distinguish expenditures by allowable fund function and object. The
 10 functions must include at minimum categories for instruction, pupil
 11 support, instructional staff support, general administration,
 12 school administration, business administration, transportation,
 13 facilities operation and maintenance, facilities acquisition, and
 14 debt service; and must include object classifications of salary,
 15 benefits, including categories for active employee health
 16 expenditures, purchased services, supplies, capital outlay, and
 17 other. A district shall report the required level of detail
 18 consistent with the manual as part of the comprehensive annual
 19 financial report.

20 (6) By September 30 of each year, each district and
 21 intermediate district shall file with the center the special
 22 education actual cost report, known as "SE-4096", on a form and in
 23 the manner prescribed by the center. An intermediate district shall
 24 certify the audit of a district's report.

25 (7) By October 7 of each year, each district and intermediate
 26 district shall file with the center the audited transportation
 27 expenditure report, known as "SE-4094", on a form and in the manner
 28 prescribed by the center. An intermediate district shall certify
 29 the audit of a district's report.



1 (8) All of the following apply:

2 (a) By not later than August 1, 2020, the pupil accounting and
3 pupil auditing manual oversight committee is created within the
4 department. The committee described in this subdivision must
5 consist of the following 11 members appointed as follows:

6 (i) One member appointed by the governor.

7 (ii) One member appointed by the governor and selected from a
8 list of 2 or more nominees submitted by the senate majority leader,
9 in consultation with the chairperson of the senate standing
10 committee responsible for education legislation.

11 (iii) One member appointed by the governor and selected from a
12 list of 2 or more nominees submitted by the speaker of the house of
13 representatives, in consultation with the chairperson of the house
14 standing committee responsible for education legislation.

15 (iv) The superintendent of public instruction, or his or her
16 designee.

17 (v) Two members appointed by the superintendent of public
18 instruction and selected from a list of 2 or more nominees
19 submitted by statewide organizations representing school
20 administrators working in districts.

21 (vi) Two members appointed by the superintendent of public
22 instruction and selected from a list of 2 or more nominees
23 submitted by statewide organizations representing public school
24 academies. One of the members appointed under this subparagraph
25 must represent districts that are schools of excellence that
26 operate as cyber schools.

27 (vii) One member appointed by the superintendent of public
28 instruction and selected from a list of 2 or more nominees
29 submitted by statewide organizations representing school



1 administrators working in intermediate districts.

2 (viii) One member appointed by the superintendent of public
3 instruction and selected from a list of 2 or more nominees
4 submitted by the authorizing bodies of public school academies.

5 (ix) One member appointed by the superintendent of public
6 instruction and selected from a list of 2 or more nominees
7 submitted by individuals who represent the interests of special
8 education students.

9 (b) The members first appointed to the pupil accounting and
10 pupil auditing manual oversight committee described in subdivision
11 (a) must be appointed within 14 days after the effective date of
12 the amendatory act that added this sentence.

13 (c) Members of the pupil accounting and pupil auditing manual
14 oversight committee described in subdivision (a) serve for terms of
15 3 years or until a successor is appointed, whichever is later.

16 (d) If a vacancy occurs on the pupil accounting and pupil
17 auditing manual oversight committee described in subdivision (a),
18 the appointment for the unexpired term must be made in the same
19 manner as the original appointment.

20 (e) The governor may remove a member of the pupil accounting
21 and pupil auditing manual oversight committee described in
22 subdivision (a) for incompetence, dereliction of duty, malfeasance,
23 misfeasance, or nonfeasance in office, or any other good cause.

24 (f) The first meeting of the pupil accounting and pupil
25 auditing manual oversight committee described in subdivision (a)
26 must be called by August 31, 2020. At the first meeting, the pupil
27 accounting and pupil auditing manual oversight committee shall
28 elect from among its members a chairperson and other officers as it
29 considers necessary or appropriate. After the first meeting, the



1 pupil accounting and pupil auditing manual oversight committee
 2 shall meet at least quarterly, or more frequently at the call of
 3 the chairperson or if requested by a majority of the members.

4 (g) A majority of the members of the pupil accounting and
 5 pupil auditing manual oversight committee described in subdivision
 6 (a) constitute a quorum for the transaction of business at a
 7 meeting of the pupil accounting and pupil auditing manual oversight
 8 committee. A majority of the members present and serving are
 9 required for official action of the pupil accounting and pupil
 10 auditing manual oversight committee.

11 (h) The business that the pupil accounting and pupil auditing
 12 manual oversight committee described in subdivision (a) may perform
 13 must be conducted at a public meeting of the pupil accounting and
 14 pupil auditing manual oversight committee held in compliance with
 15 the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

16 (i) A writing prepared, owned, used, in the possession of, or
 17 retained by the pupil accounting and pupil auditing manual
 18 oversight committee described in subdivision (a) in the performance
 19 of an official function is subject to the freedom of information
 20 act, 1976 PA 442, MCL 15.231 to 15.246.

21 (j) Members of the pupil accounting and pupil auditing manual
 22 oversight committee described in subdivision (a) serve without
 23 compensation. However, members of the pupil accounting and pupil
 24 auditing manual oversight committee described in subdivision (a)
 25 may be reimbursed for their actual and necessary expenses incurred
 26 in the performance of their official duties as members of the pupil
 27 accounting and pupil auditing manual oversight committee.

28 (9) ~~(8)~~—The ~~department~~—pupil accounting and pupil auditing
 29 manual oversight committee described in subsection (8) shall review



1 ~~its~~ **the department's** pupil accounting and pupil auditing manuals at
 2 least annually and shall periodically ~~update~~ **recommend updates to**
 3 those manuals to reflect changes in this article. **The department**
 4 **shall adopt all of the recommendations by the committee under this**
 5 **subsection.**

6 (10) ~~(9)~~—If a district that is a public school academy
 7 purchases property using money received under this article, the
 8 public school academy ~~shall retain~~ **retains** ownership of the
 9 property unless the public school academy sells the property at
 10 fair market value.

11 (11) ~~(10)~~—If a district or intermediate district does not
 12 comply with subsections (4), (5), (6), (7), and ~~(12)~~, **(13)**, or if
 13 the department determines that the financial data required under
 14 subsection (5) are not consistent with audited financial
 15 statements, the department shall withhold all state school aid due
 16 to the district or intermediate district under this article,
 17 beginning with the next payment due to the district or intermediate
 18 district, until the district or intermediate district complies with
 19 subsections (4), (5), (6), (7), and ~~(12)~~. **(13)**. If the district or
 20 intermediate district does not comply with subsections (4), (5),
 21 (6), (7), and ~~(12)~~ **(13)** by the end of the fiscal year, the district
 22 or intermediate district forfeits the amount withheld.

23 (12) ~~(11)~~—If a district or intermediate district does not
 24 comply with subsection (2), the department may withhold up to 10%
 25 of the total state school aid due to the district or intermediate
 26 district under this article, beginning with the next payment due to
 27 the district or intermediate district, until the district or
 28 intermediate district complies with subsection (2). If the district
 29 or intermediate district does not comply with subsection (2) by the



1 end of the fiscal year, the district or intermediate district
2 forfeits the amount withheld.

3 **(13)** ~~(12)~~—By November 1 of each year, if a district or
4 intermediate district offers virtual learning under section 21f, or
5 for a school of excellence that is a cyber school, as **that term is**
6 defined in section 551 of the revised school code, MCL 380.551, the
7 district or intermediate district shall submit to the department a
8 report that details the per-pupil costs of operating the virtual
9 learning by vendor type and virtual learning model. The report must
10 include information concerning the operation of virtual learning
11 for the immediately preceding school fiscal year, including
12 information concerning summer programming. Information must be
13 collected in a form and manner determined by the department and
14 must be collected in the most efficient manner possible to reduce
15 the administrative burden on reporting entities.

16 **(14)** ~~(13)~~—By March 31 of each year, the department shall
17 submit to the house and senate appropriations subcommittees on
18 state school aid, the state budget director, and the house and
19 senate fiscal agencies a report summarizing the per-pupil costs by
20 vendor type of virtual courses available under section 21f and
21 virtual courses provided by a school of excellence that is a cyber
22 school, as **that term is** defined in section 551 of the revised
23 school code, MCL 380.551.

24 **(15)** ~~(14)~~—As used in subsections ~~(12)~~ and ~~(13)~~ **and (14)**,
25 "vendor type" means the following:

26 (a) Virtual courses provided by the Michigan Virtual
27 University.

28 (b) Virtual courses provided by a school of excellence that is
29 a cyber school, as **that term is** defined in section 551 of the



1 revised school code, MCL 380.551.

2 (c) Virtual courses provided by third party vendors not
3 affiliated with a Michigan public school.

4 (d) Virtual courses created and offered by a district or
5 intermediate district.

6 **(16)** ~~(15)~~—An allocation to a district or another entity under
7 this article is contingent upon the district's or entity's
8 compliance with this section.

9 Sec. 23a. (1) A dropout recovery program operated by a
10 district qualifies for the special membership counting provisions
11 of section 6(4)(dd) and the hours and days of pupil instruction
12 exemption under section ~~101(12)~~—**101(14)** if the dropout recovery
13 program meets all of the following:

14 (a) Enrolls only eligible pupils.

15 (b) Provides an advocate and teacher of record. An advocate
16 may serve in that role for more than 1 pupil but not more than 50
17 pupils. An advocate or teacher of record may be employed by the
18 district or may be provided by an education management organization
19 that is partnering with the district. Before an individual is
20 assigned to be an advocate or teacher of record for a pupil in the
21 dropout recovery program, the district must comply with sections
22 1230 and 1230a of the revised school code, MCL 380.1230 and
23 380.1230a, with respect to that individual.

24 (c) Develops a written learning plan.

25 (d) Monitors the pupil's progress against the written learning
26 plan.

27 (e) Requires each pupil to make satisfactory monthly progress,
28 as defined by the district under subsection (2).

29 (f) Reports the pupil's progress results to the partner



1 district at least monthly.

2 (g) The program may be operated on or off a district school
3 campus, but may be operated using distance learning online only if
4 the program provides a computer and internet access for each
5 eligible pupil participating in the program.

6 (h) Is operated throughout the entire calendar year.

7 (i) If the district partners with an education management
8 organization for the program, the education management organization
9 has a dropout recovery program partnership relationship with at
10 least 1 other district.

11 (2) A district operating a dropout recovery program under this
12 section shall adopt a definition of satisfactory monthly progress
13 that is consistent with the definition of that term under
14 subsection (3).

15 (3) As used in this section:

16 (a) "Advocate" means an adult available to meet in person with
17 assigned pupils, as needed, to conduct social interventions, to
18 proctor final examinations, and to provide academic and social
19 support to pupils enrolled in the district's dropout recovery
20 program.

21 (b) "Education management organization" means a private
22 provider that operates 1 or more other dropout recovery programs
23 that meet the requirements of this section in partnership with 1 or
24 more districts.

25 (c) "Eligible pupil" means a pupil who has been expelled from
26 school under the mandatory expulsion provisions in section 1311 or
27 1311a of the revised school code, MCL 380.1311 and 380.1311a, a
28 pupil who has been suspended or expelled from school under a local
29 policy, a pupil who is referred by a court, a pupil who is pregnant



1 or is a parent, a pupil who was previously a dropout, or a pupil
2 who is determined by the district to be at risk of dropping out.

3 (d) "Satisfactory monthly progress" means an amount of
4 progress that is measurable on a monthly basis and that, if
5 continued for a full 12 months, would result in the same amount of
6 academic credit being awarded to the pupil as would be awarded to a
7 general education pupil completing a full school year. Satisfactory
8 monthly progress may include a lesser required amount of progress
9 for the first 2 months a pupil participates in the program.

10 (e) "Teacher of record" means a teacher who holds a valid
11 Michigan teaching certificate; who, if applicable, is endorsed in
12 the subject area and grade of the course; and is responsible for
13 providing instruction, determining instructional methods for each
14 pupil, diagnosing learning needs, assessing pupil learning,
15 prescribing intervention strategies, reporting outcomes, and
16 evaluating the effects of instruction and support strategies. If
17 the district partners with an education management organization for
18 the program, the teacher of record may be employed by or contracted
19 through the education management organization.

20 (f) "Written learning plan" means a written plan developed in
21 conjunction with the advocate that includes the plan start and end
22 dates, courses to be taken, credit to be earned for each course,
23 teacher of record for each course, and advocate name and contact
24 information.

25 Sec. 104. (1) In order to receive state aid under this
26 article, a district ~~shall~~**must** comply with sections 1249, 1278a,
27 1278b, ~~1279,~~1279g, and 1280b of the revised school code, MCL
28 380.1249, 380.1278a, 380.1278b, ~~380.1279,~~380.1279g, and 380.1280b,
29 and 1970 PA 38, MCL 388.1081 to 388.1086. Subject to subsection



1 (2), from the state school aid fund money appropriated in section
2 11, there is allocated for 2019-2020 an amount not to exceed
3 \$32,009,400.00 for payments on behalf of districts for costs
4 associated with complying with those provisions of law. In
5 addition, from the federal funds appropriated in section 11, there
6 is allocated for 2019-2020 an amount estimated at \$6,250,000.00,
7 funded from DED-OESE, title VI, state assessment funds, and from
8 DED-OSERS, section 504 of part B of the individuals with
9 disabilities education act, Public Law 94-142, plus any carryover
10 federal funds from previous year appropriations, for the purposes
11 of complying with the every student succeeds act, Public Law 114-
12 95.

13 (2) The results of each test administered as part of the
14 Michigan student test of educational progress (M-STEP), including
15 tests administered to high school students, must include an item
16 analysis that lists all items that are counted for individual pupil
17 scores and the percentage of pupils choosing each possible
18 response. The department shall work with the center to identify the
19 number of students enrolled at the time assessments are given by
20 each district. In calculating the percentage of pupils assessed for
21 a district's scorecard, the department shall use only the number of
22 pupils enrolled in the district at the time the district
23 administers the assessments and shall exclude pupils who enroll in
24 the district after the district administers the assessments.

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

29 (4) From the funds allocated in subsection (1), there is



1 allocated an amount not to exceed \$2,500,000.00 to an intermediate
2 district described in this subsection for statewide implementation
3 of the Michigan kindergarten entry observation tool (MKEO)
4 beginning in the fall of 2019, utilizing the Maryland-Ohio
5 observational tool, also referred to as the Kindergarten Readiness
6 Assessment, as piloted under this subsection in 2017-2018 and
7 implemented in 2018-2019 and 2019-2020. The funding in this
8 subsection is allocated to an intermediate district in prosperity
9 region 9 with at least 3,000 kindergarten pupils enrolled in its
10 constituent districts. All of the following apply to the
11 implementation of the kindergarten entry observation tool under
12 this subsection:

13 (a) The department, in collaboration with all intermediate
14 districts, shall ensure that the Michigan kindergarten entry
15 observation tool is administered in each kindergarten classroom to
16 either the full census of kindergarten pupils enrolled in the
17 classroom or to a representative sample of not less than 35% of the
18 total kindergarten pupils enrolled in each classroom. If a district
19 elects to administer the Michigan kindergarten entry observation
20 tool to a random sample of pupils within each classroom, the
21 district's intermediate district shall select the pupils who will
22 receive the assessment based on the same random method. Beginning
23 in 2020, the observation tool must be administered within 45 days
24 after the start of the school year.

25 (b) The intermediate district that receives funding under this
26 subsection, in collaboration with all other intermediate districts,
27 shall implement a "train the trainer" professional development
28 model on the usage of the Michigan kindergarten entry observation
29 tool. This training model must provide training to intermediate



1 district staff so that they may provide similar training for staff
2 of their constituent districts. This training model must also
3 ensure that the tool produces reliable data and that there are a
4 sufficient number of trainers to train all kindergarten teachers
5 statewide.

6 (c) By March 1, 2021, and each year thereafter, the department
7 and the intermediate district that receives funding under this
8 subsection shall report to the house and senate appropriations
9 subcommittees on school aid, the house and senate fiscal agencies,
10 and the state budget director on the results of the statewide
11 implementation, including, but not limited to, an evaluation of the
12 demonstrated readiness of kindergarten pupils statewide and the
13 effectiveness of state and federal early childhood programs that
14 are designed for school readiness under this state's authority,
15 including the great start readiness program and the great start
16 readiness/Head Start blended program, as referenced under section
17 32d. By September 1, 2021, and each year thereafter, the department
18 and the center shall provide a method for districts and public
19 school academies with kindergarten enrollment to look up and verify
20 their student enrollment data for pupils who were enrolled in a
21 publicly funded early childhood program in the year before
22 kindergarten, including the individual great start readiness
23 program, individual great start readiness/Head Start blended
24 program, individual title I preschool program, individual section
25 31a preschool program, individual early childhood special education
26 program, or individual developmental kindergarten or program for
27 young 5-year-olds in which each tested child was enrolled. A
28 participating district shall analyze the data to determine whether
29 high-performing children were enrolled in any specific early



1 childhood program and, if so, report that finding to the department
2 and to the intermediate district that receives funding under this
3 subsection.

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

9 (e) As used in this subsection:

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

12 (ii) "Representative sample" means a sample capable of
13 producing valid and reliable assessment information on all or major
14 subgroups of kindergarten pupils in a district.

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

20 (6) Notwithstanding section 17b, the department shall make
21 payments on behalf of districts, intermediate districts, and other
22 eligible entities under this section on a schedule determined by
23 the department.

24 (7) From the allocation in subsection (1), there is allocated
25 an amount not to exceed \$500,000.00 for 2019-2020 for the operation
26 of an online reporting tool to provide student-level assessment
27 data in a secure environment to educators, parents, and pupils
28 immediately after assessments are scored. The department and the
29 center shall ensure that any data collected by the online reporting



1 tool do not provide individually identifiable student data to the
2 federal government.

3 (8) In order to receive state aid under this article, if full-
4 time, in-person instruction resumes for the 2020-2021 school year,
5 a district shall comply with this section and shall administer at
6 least 1 benchmark assessment approved under subsection (9) or
7 described in subsection (10) to all pupils in grades K to 8 within
8 the first 30 days of the 2020-2021 school year to measure
9 proficiency in reading and mathematics. If full-time, in-person
10 instruction does not resume for some or all pupils for the first
11 semester, trimester, or quarter of the 2020-2021 school year, then,
12 in order to receive state aid under this article, a district must
13 administer at least 1 benchmark assessment approved under
14 subsection (9) or described in subsection (10) to all pupils in
15 grades K to 8 within 30 days after the halfway point of the 2020-
16 2021 school year to measure proficiency in reading and mathematics.

17 (9) The department shall approve at least 4 but not more than
18 5 benchmark assessments for administration by a district as
19 described in subsection (8). The department shall inform districts
20 of all of the benchmark assessments approved under this subsection
21 in an equitable manner. The benchmark assessments approved under
22 this subsection, with the exclusion of the benchmark assessment
23 described in subsection (14), must meet all of the following:

24 (a) Be 1 of the most commonly administered benchmark
25 assessments in this state.

26 (b) Be aligned to the content standards of this state.

27 (c) Complement the state's summative assessment system.

28 (d) Be internet-delivered and include a standards-based
29 assessment using a computer-adaptive model to target the



1 instructional level of each pupil.

2 (e) Provide information on pupil achievement with regard to
3 learning content required in a given year or grade span.

4 (f) Provide immediate feedback to pupils and teachers.

5 (g) Be nationally normed.

6 (h) Provide multiple measures of growth and provide for
7 multiple testing opportunities.

8 (10) A district may administer 1 or more of the following
9 benchmark assessments toward meeting the requirement under
10 subsection (8):

11 (a) A benchmark assessment in reading for students in grades K
12 to 9 that contains progress monitoring tools and enhanced
13 diagnostic assessments.

14 (b) A benchmark assessment in math for students in grades K to
15 8 that contains progress monitoring tools.

16 (11) To the extent practicable, if a district administers a
17 benchmark assessment under this section, the district shall
18 administer the same benchmark assessment approved under subsection
19 (9) or described in subsection (10) that it administered to pupils
20 in previous school years, as applicable.

21 (12) A district shall enter into an agreement with the
22 department to provide the department with access to pupil-level
23 data from a benchmark assessment administered under this section.
24 Not later than December 1, 2020, the department shall provide a
25 report to the house and senate appropriations subcommittees on
26 state school aid and the house and senate fiscal agencies
27 identifying the number and percentage of pupils in each district
28 who are significantly behind grade level as determined by the
29 department based on the data provided to the department under this



1 subsection. The benchmark assessment data under this subsection may
2 also be used to measure students' growth based on their performance
3 on state summative assessments to identify districts and schools
4 where student achievement has increased or decreased. After the
5 administration of statewide assessments resumes, the department
6 shall also provide a report to the house and senate appropriations
7 subcommittees on state school aid and the house and senate fiscal
8 agencies identifying the specific student groups whose expected
9 trajectory towards grade-level proficiency were most impacted by
10 school closures.

11 (13) If a district administers a benchmark assessment under
12 this section, the district shall provide each pupil's mathematics
13 and English language arts proficiency data from the benchmark
14 assessment, as available, to the pupil's parent or legal guardian
15 within 30 days of administering the benchmark assessment.

16 (14) The department shall make 1 of the benchmark assessments
17 approved under subsection (9) available to districts at no cost to
18 the districts. The benchmark assessment described in this
19 subsection must meet all of the following:

20 (a) Be 1 of the most commonly administered assessment systems
21 in this state.

22 (b) Be aligned to the content standards of this state.

23 (c) Complement the state's summative assessment system.

24 (d) Be internet-delivered and include a standards-based
25 assessment.

26 (e) Provide information on pupil achievement with regard to
27 learning content required in a given year or grade span.

28 (f) Provide timely feedback to pupils and teachers.

29 (g) Be nationally normed.



1 **(h) Provide information to educators about student growth and**
2 **allow for multiple testing opportunities.**

3 **(15) ~~(8)~~—As used in this section:**

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

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

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

9 Enacting section 1. This amendatory act does not take effect
10 unless all of the following bills of the 100th Legislature are
11 enacted into law:

12 (a) House Bill No. 5910.

13 (b) House Bill No. 5911.

14 (c) House Bill No. 5912.

