

# SENATE BILL NO. 1013

July 22, 2020, Introduced by Senator THEIS and referred to the Committee on Education and Career Readiness.

A bill to amend 1979 PA 94, entitled  
"The state school aid act of 1979,"  
by amending sections 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

1 is teaching pursuant to applicable state law or a rule and that is  
 2 intended to lead to the pupil's mastery of academic standards  
 3 established by the department. Instruction, as described in this  
 4 subsection, may be provided at school or a different location, in  
 5 person, online, digitally, or by other remote means in a  
 6 synchronous or asynchronous format. Instruction, as described in  
 7 this subsection, may occur remotely from a school facility.

8 (2) ~~(1)~~—"Average daily attendance", for the purposes of  
 9 complying with federal law, means 92% of the pupils counted in  
 10 membership on the pupil membership count day, as defined in section  
 11 6(7).

12 (3) ~~(2)~~—"Board" means the governing body of a district or  
 13 public school academy.

14 (4) ~~(3)~~—"Center" means the center for educational performance  
 15 and information created in section 94a.

16 (5) ~~(4)~~—"Community district" means a school district organized  
 17 under part 5b of the revised school code, **MCL 380.381 to 380.396**.

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

25 (7) ~~(6)~~—"Department", except in section 107, means the  
 26 department of education.

27 (8) ~~(7)~~—"District" means a local school district established  
 28 under the revised school code or, except in sections 6(4), 6(6),  
 29 13, 20, 22a, 31a, 51a(14), 105, 105c, and 166b, a public school

1 academy. Except in section 20, district also includes a community  
2 district.

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

15       **(10)** ~~(9)~~—"District superintendent" means the superintendent of  
16 a district or the chief administrator of a public school academy.

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

1 education center program pupils placed part-time in noncenter  
2 programs to comply with the least restrictive environment  
3 provisions of section 1412 of the individuals with disabilities  
4 education act, 20 USC 1412, may be considered center program pupils  
5 for pupil accounting purposes for the time scheduled in either a  
6 center program or a noncenter program.

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

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

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

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

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

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

1 membership, the pupil is not counted in membership in any district.

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

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

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

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

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

21 (h) For the purposes of this section and section 6a, for a  
22 cyber school, as **that term is** defined in section 551 of the revised  
23 school code, MCL 380.551, that is in compliance with section 553a  
24 of the revised school code, MCL 380.553a, a pupil's participation  
25 in the cyber school's educational program is considered regular  
26 daily attendance, and for a district or public school academy, a  
27 pupil's participation in a virtual course as defined in section 21f  
28 is considered regular daily attendance. For the purposes of this  
29 subdivision, for a pupil enrolled in a cyber school and utilizing

1 sequential learning, participation means that term as defined in  
2 the pupil accounting manual, section 5-o-d: requirements for  
3 counting pupils in membership-subsection 10.

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

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

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

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

1 preceding supplemental count day any pupils who are counted in the  
2 public school academy on that first pupil membership count day who  
3 were also counted in the district on the immediately preceding  
4 supplemental count day.

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

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

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

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

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

25 (B) Had dropped out of school.

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

28 (iii) If a child does not meet the minimum age requirement to be  
29 eligible to attend school for that school year under section 1147



1 of the revised school code, MCL 380.1147, but will be 5 years of  
2 age not later than December 1 of that school year, the district may  
3 count the child in membership for that school year if the parent or  
4 legal guardian has notified the district in writing that he or she  
5 intends to enroll the child in kindergarten for that school year.

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

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

28 (i) If the public school academy provides instruction for at  
29 least 1/2 of the class hours required under section 101, the public

1 school academy receives as its prorated share of the full-time  
2 equated membership for each of those pupils an amount equal to 1  
3 times the product of the hours of instruction the public school  
4 academy provides divided by the number of hours required under  
5 section 101 for full-time equivalency, and the remainder of the  
6 full-time membership for each of those pupils is allocated to the  
7 district or intermediate district providing the remainder of the  
8 hours of instruction.

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

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

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

26 (q) The number of class hours used to calculate full-time  
27 equated memberships must be consistent with section 101. In  
28 determining full-time equated memberships for pupils who are  
29 enrolled in a postsecondary institution or for pupils engaged in an

1 internship or work experience under section 1279h of the revised  
2 school code, MCL 380.1279h, a pupil is not considered to be less  
3 than a full-time equated pupil solely because of the effect of his  
4 or her postsecondary enrollment or engagement in the internship or  
5 work experience, including necessary travel time, on the number of  
6 class hours provided by the district to the pupil.

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

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

1 the number of pupils registered for attendance in that grade level  
2 on the pupil membership count day plus pupils received by transfer  
3 and minus pupils lost as defined by rules promulgated by the  
4 superintendent, and as corrected by subsequent department audit,  
5 plus the final audited count from the supplemental count day for  
6 the current school year, and dividing that sum by 2.

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

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

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

29 (ii) The district provides instructional materials, resources,

1 and supplies that are comparable to those otherwise provided in the  
2 district's alternative education program.

3 (iii) Course content is comparable to that in the district's  
4 alternative education program.

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

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

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

24 (x) If a district's membership for a particular fiscal year,  
25 as otherwise calculated under this subsection, would be less than  
26 1,550 pupils and the district has 4.5 or fewer pupils per square  
27 mile, as determined by the department, and if the district does not  
28 receive funding under section 22d(2), the district's membership is  
29 considered to be the membership figure calculated under this

1 subdivision. If a district educates and counts in its membership  
2 pupils in grades 9 to 12 who reside in a contiguous district that  
3 does not operate grades 9 to 12 and if 1 or both of the affected  
4 districts request the department to use the determination allowed  
5 under this sentence, the department shall include the square  
6 mileage of both districts in determining the number of pupils per  
7 square mile for each of the districts for the purposes of this  
8 subdivision. The membership figure calculated under this  
9 subdivision is the greater of the following:

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

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

17 (y) Full-time equated memberships for special education pupils  
18 who are not enrolled in kindergarten but are enrolled in a  
19 classroom program under R 340.1754 of the Michigan Administrative  
20 Code are determined by dividing the number of class hours scheduled  
21 and provided per year by 450. Full-time equated memberships for  
22 special education pupils who are not enrolled in kindergarten but  
23 are receiving early childhood special education services under R  
24 340.1755 or R 340.1862 of the Michigan Administrative Code are  
25 determined by dividing the number of hours of service scheduled and  
26 provided per year per-pupil by 180.

27 (z) A pupil of a district that begins its school year after  
28 Labor Day who is enrolled in an intermediate district program that  
29 begins before Labor Day is not considered to be less than a full-

1 time pupil solely due to instructional time scheduled but not  
2 attended by the pupil before Labor Day.

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

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

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

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

1 any portion of an FTE for that pupil that exceeds 1.0 is instead  
2 paid under section 25g. The district operating the program shall  
3 report to the center the number of pupils who were enrolled in the  
4 program and were in full attendance for a month not later than 30  
5 days after the end of the month. A district shall not report a  
6 pupil as being in full attendance for a month unless both of the  
7 following are met:

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

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

19 (ee) A pupil participating in a virtual course under section  
20 21f is counted in membership in the district enrolling the pupil.

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



1 supplemental count day of the preceding school year.

2 (gg) If a special education pupil is expelled under section  
3 1311 or 1311a of the revised school code, MCL 380.1311 and  
4 380.1311a, and is not in attendance on the pupil membership count  
5 day because of the expulsion, and if the pupil remains enrolled in  
6 the district and resumes regular daily attendance during that  
7 school year, the district's membership is adjusted to count the  
8 pupil in membership as if he or she had been in attendance on the  
9 pupil membership count day.

10 (hh) A pupil enrolled in a community district is counted in  
11 membership in the community district.

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

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

21 (i) The pupil would meet the definition of an eligible student  
22 under the postsecondary enrollment options act, 1996 PA 160, MCL  
23 388.511 to 388.524, if the course were an eligible course under  
24 that act.

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

1           (iii) The department determines that the college or university  
2 is an institution that, in the other state, fulfills a function  
3 comparable to a state university or community college, as those  
4 terms are defined in section 3 of the postsecondary enrollment  
5 options act, 1996 PA 160, MCL 388.513, or is an independent  
6 nonprofit degree-granting college or university.

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

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

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

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

1           (i) If the district's or public school academy's membership for  
2 pupils counted under section 166b equals or exceeds 5% of the  
3 district's or public school academy's membership for pupils not  
4 counted in membership under section 166b in the immediately  
5 preceding fiscal year, then the growth in the district's or public  
6 school academy's membership for pupils counted under section 166b  
7 must not exceed 10%.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

27 (i) The pupil has been suspended or expelled from his or her  
28 district of residence for any reason, including, but not limited  
29 to, a suspension or expulsion under section 1310, 1311, or 1311a of

1 the revised school code, MCL 380.1310, 380.1311, and 380.1311a.

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

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

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

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

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

13 (k) An expelled pupil who has been denied reinstatement by the  
14 expelling district and is reinstated by another school board under  
15 section 1311 or 1311a of the revised school code, MCL 380.1311 and  
16 380.1311a.

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

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

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

27 (o) A pupil who enrolls in a district other than the pupil's  
28 district of residence as a result of the pupil's school not making  
29 adequate yearly progress under the no child left behind act of

2001, Public Law 107-110, or the every student succeeds act, Public Law 114-95. However, if a district educates pupils who reside in another district and if the primary instructional site for those pupils is established by the educating district after 2009-2010 and is located within the boundaries of that other district, the educating district must have the approval of that other district to count those pupils in membership.

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

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

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

- (i) Fourth Wednesday in July.
- (ii) First Wednesday in October.
- (iii) Second Wednesday in February.
- (iv) Fourth Wednesday in April.

(8) "Pupils in grades K to 12 actually enrolled and in regular daily attendance" means pupils in grades K to 12 in attendance and receiving instruction in all classes for which they are enrolled on the pupil membership count day or the supplemental count day, as applicable. Except as otherwise provided in this subsection, a pupil who is absent from any of the classes in which the pupil is enrolled on the pupil membership count day or supplemental count day and who does not attend each of those classes during the 10

1 consecutive school days immediately following the pupil membership  
2 count day or supplemental count day, except for a pupil who has  
3 been excused by the district, is not counted as 1.0 full-time  
4 equated membership. A pupil who is excused from attendance on the  
5 pupil membership count day or supplemental count day and who fails  
6 to attend each of the classes in which the pupil is enrolled within  
7 30 calendar days after the pupil membership count day or  
8 supplemental count day is not counted as 1.0 full-time equated  
9 membership. In addition, a pupil who was enrolled and in attendance  
10 in a district, intermediate district, or public school academy  
11 before the pupil membership count day or supplemental count day of  
12 a particular year but was expelled or suspended on the pupil  
13 membership count day or supplemental count day is only counted as  
14 1.0 full-time equated membership if the pupil resumed attendance in  
15 the district, intermediate district, or public school academy  
16 within 45 days after the pupil membership count day or supplemental  
17 count day of that particular year. A pupil not counted as 1.0 full-  
18 time equated membership due to an absence from a class is counted  
19 as a prorated membership for the classes the pupil attended. For  
20 purposes of this subsection, "class" means a period of time in 1  
21 day when pupils and a certificated teacher, a teacher engaged to  
22 teach under section 1233b of the revised school code, MCL  
23 380.1233b, or an individual working under a valid substitute  
24 permit, authorization, or approval issued by the department, are  
25 together and instruction is taking place.

26 (9) "Rule" means a rule promulgated pursuant to the  
27 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to  
28 24.328.

29 (10) "The revised school code" means the revised school code,



1 1976 PA 451, MCL 380.1 to 380.1852.

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

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

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

9 (14) "Superintendent", unless the context clearly refers to a  
10 district or intermediate district superintendent, means the  
11 superintendent of public instruction described in section 3 of  
12 article VIII of the state constitution of 1963.

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

15 (16) "Tuition pupil" means a pupil of school age attending  
16 school in a district other than the pupil's district of residence  
17 for whom tuition may be charged to the district of residence.  
18 Tuition pupil does not include a pupil who is a special education  
19 pupil, a pupil described in subsection (6)(c) to (o), or a pupil  
20 whose parent or guardian voluntarily enrolls the pupil in a  
21 district that is not the pupil's district of residence. A pupil's  
22 district of residence shall not require a high school tuition  
23 pupil, as provided under section 111, to attend another school  
24 district after the pupil has been assigned to a school district.

25 (17) "State school aid fund" means the state school aid fund  
26 established in section 11 of article IX of the state constitution  
27 of 1963.

28 (18) "Taxable value" means the taxable value of property as  
29 determined under section 27a of the general property tax act, 1893

1 PA 206, MCL 211.27a.

2 (19) "Textbook" means a book, electronic book, or other  
3 instructional print or electronic resource that is selected and  
4 approved by the governing board of a district and that contains a  
5 presentation of principles of a subject, or that is a literary work  
6 relevant to the study of a subject required for the use of  
7 classroom pupils, or another type of course material that forms the  
8 basis of classroom instruction.

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

12 Sec. 18. (1) Except as provided in another section of this  
13 article, each district or other entity shall apply the money  
14 received by the district or entity under this article to salaries  
15 and other compensation of teachers and other employees, tuition,  
16 transportation, lighting, heating, ventilation, water service, the  
17 purchase of textbooks, other supplies, and any other school  
18 operating expenditures defined in section 7. However, not more than  
19 20% of the total amount received by a district under sections 22a  
20 and 22b or received by an intermediate district under section 81  
21 may be transferred by the board to either the capital projects fund  
22 or to the debt retirement fund for debt service. A district or  
23 other entity shall not apply or take the money for a purpose other  
24 than as provided in this section. The department shall determine  
25 the reasonableness of expenditures and may withhold from a  
26 recipient of funds under this article the apportionment otherwise  
27 due upon a violation by the recipient.

28 (2) A district or intermediate district shall adopt an annual  
29 budget in a manner that complies with the uniform budgeting and

1 accounting act, 1968 PA 2, MCL 141.421 to 141.440a. Within 15 days  
2 after a district board adopts its annual operating budget for the  
3 following school fiscal year, or after a district board adopts a  
4 subsequent revision to that budget, the district shall make all of  
5 the following available through a link on its website homepage, or  
6 may make the information available through a link on its  
7 intermediate district's website homepage, in a form and manner  
8 prescribed by the department:

9 (a) The annual operating budget and subsequent budget  
10 revisions.

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

15 (i) A chart of personnel expenditures, broken into the  
16 following subcategories:

17 (A) Salaries and wages.

18 (B) Employee benefit costs, including, but not limited to,  
19 medical, dental, vision, life, disability, and long-term care  
20 benefits.

21 (C) Retirement benefit costs.

22 (D) All other personnel costs.

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

25 (A) Instruction.

26 (B) Support services.

27 (C) Business and administration.

28 (D) Operations and maintenance.

29 (c) Links to all of the following:

1 (i) The current collective bargaining agreement for each  
2 bargaining unit.

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

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

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

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

13 (vi) The district's written policy establishing specific  
14 categories of reimbursable expenses, as described in section  
15 1254(2) of the revised school code, MCL 380.1254.

16 (vii) Either the district's accounts payable check register for  
17 the most recent school fiscal year or a statement of the total  
18 amount of expenses incurred by board members or employees of the  
19 district that were reimbursed by the district for the most recent  
20 school fiscal year.

21 (d) The total salary and a description and cost of each fringe  
22 benefit included in the compensation package for the superintendent  
23 of the district and for each employee of the district whose salary  
24 exceeds \$100,000.00.

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

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

29 (g) Any deficit elimination plan or enhanced deficit

1 elimination plan the district was required to submit under the  
2 revised school code.

3 (h) Identification of all credit cards maintained by the  
4 district as district credit cards, the identity of all individuals  
5 authorized to use each of those credit cards, the credit limit on  
6 each credit card, and the dollar limit, if any, for each  
7 individual's authorized use of the credit card.

8 (i) Costs incurred for each instance of out-of-state travel by  
9 the school administrator of the district that is fully or partially  
10 paid for by the district and the details of each of those instances  
11 of out-of-state travel, including at least identification of each  
12 individual on the trip, destination, and purpose.

13 (3) For the information required under subsection (2)(a),  
14 (2)(b)(i), and (2)(c), an intermediate district shall provide the  
15 same information in the same manner as required for a district  
16 under subsection (2).

17 (4) For the purposes of determining the reasonableness of  
18 expenditures, whether a district or intermediate district has  
19 received the proper amount of funds under this article, and whether  
20 a violation of this article has occurred, all of the following  
21 apply:

22 (a) The department shall require that each district and  
23 intermediate district have an audit of the district's or  
24 intermediate district's financial and pupil accounting records  
25 conducted at least annually, and at such other times as determined  
26 by the department, at the expense of the district or intermediate  
27 district, as applicable. The audits must be performed by a  
28 certified public accountant or by the intermediate district  
29 superintendent, as may be required by the department, or in the

1 case of a district of the first class by a certified public  
2 accountant, the intermediate superintendent, or the auditor general  
3 of the city. A district or intermediate district shall retain these  
4 records for the current fiscal year and from at least the 3  
5 immediately preceding fiscal years.

6 (b) If a district operates in a single building with fewer  
7 than 700 full-time equated pupils, if the district has stable  
8 membership, and if the error rate of the immediately preceding 2  
9 pupil accounting field audits of the district is less than 2%, the  
10 district may have a pupil accounting field audit conducted  
11 biennially but must continue to have desk audits for each pupil  
12 count. The auditor must document compliance with the audit cycle in  
13 the pupil auditing manual. As used in this subdivision, "stable  
14 membership" means that the district's membership for the current  
15 fiscal year varies from the district's membership for the  
16 immediately preceding fiscal year by less than 5%.

17 (c) A district's or intermediate district's annual financial  
18 audit must include an analysis of the financial and pupil  
19 accounting data used as the basis for distribution of state school  
20 aid.

21 (d) The pupil and financial accounting records and reports,  
22 audits, and management letters are subject to requirements  
23 established in the auditing and accounting manuals approved and  
24 published by the department.

25 (e) All of the following shall be done not later than November  
26 1 each year for reporting the prior fiscal year data:

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

29 (ii) The intermediate district shall file the annual financial

1 audit reports for the intermediate district with the department.

2 (iii) The intermediate district shall enter the pupil membership  
3 audit reports for its constituent districts and for the  
4 intermediate district, for the pupil membership count day and  
5 supplemental count day, in the Michigan student data system.

6 (f) The annual financial audit reports and pupil accounting  
7 procedures reports must be available to the public in compliance  
8 with the freedom of information act, 1976 PA 442, MCL 15.231 to  
9 15.246.

10 (g) Not later than January 31 of each year, the department  
11 shall notify the state budget director and the legislative  
12 appropriations subcommittees responsible for review of the school  
13 aid budget of districts and intermediate districts that have not  
14 filed an annual financial audit and pupil accounting procedures  
15 report required under this section for the school year ending in  
16 the immediately preceding fiscal year.

17 (5) By November 1 each fiscal year, each district and  
18 intermediate district shall submit to the center, in a manner  
19 prescribed by the center, annual comprehensive financial data  
20 consistent with the district's or intermediate district's audited  
21 financial statements and consistent with accounting manuals and  
22 charts of accounts approved and published by the department. For an  
23 intermediate district, the report must also contain the website  
24 address where the department can access the report required under  
25 section 620 of the revised school code, MCL 380.620. The department  
26 shall ensure that the prescribed Michigan public school accounting  
27 manual chart of accounts includes standard conventions to  
28 distinguish expenditures by allowable fund function and object. The  
29 functions must include at minimum categories for instruction, pupil

support, instructional staff support, general administration, school administration, business administration, transportation, facilities operation and maintenance, facilities acquisition, and debt service; and must include object classifications of salary, benefits, including categories for active employee health expenditures, purchased services, supplies, capital outlay, and other. A district shall report the required level of detail consistent with the manual as part of the comprehensive annual financial report.

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

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

**(8) All of the following apply:**

**(a) By not later than June 30, 2020, the pupil accounting and pupil auditing manual oversight committee is created within the department. The committee described in this subsection must consist of the following 9 members appointed as follows:**

**(i) One member appointed by the governor.**

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



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

5           (iv) The superintendent of public instruction, or his or her  
6 designee.

7           (v) Two members appointed by the superintendent of public  
8 instruction and selected from a list of 2 or more nominees  
9 submitted by statewide organizations representing school  
10 administrators working in districts.

11           (vi) Two members appointed by the superintendent of public  
12 instruction and selected from a list of 2 or more nominees  
13 submitted by statewide organizations representing public school  
14 academies. One of the members appointed under this subparagraph  
15 must represent districts that are schools of excellence that  
16 operate as cyber schools.

17           (vii) One member appointed by the superintendent of public  
18 instruction from a list of 2 or more nominees submitted by  
19 statewide organizations representing school administrators working  
20 in intermediate districts.

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

25           (c) Members of the pupil accounting and pupil auditing manual  
26 oversight committee described in subdivision (a) serve for terms of  
27 3 years or until a successor is appointed, whichever is later.

28           (d) If a vacancy occurs on the pupil accounting and pupil  
29 auditing manual oversight committee described in subdivision (a),

1 the appointment for the unexpired term must be made in the same  
2 manner as the original appointment.

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

7 (f) The first meeting of the pupil accounting and pupil  
8 auditing manual oversight committee described in subdivision (a)  
9 must be called by August 15, 2020. At the first meeting, the pupil  
10 accounting and pupil auditing manual oversight committee shall  
11 elect from among its members a chairperson and other officers as it  
12 considers necessary or appropriate. After the first meeting, the  
13 pupil accounting and pupil auditing manual oversight committee  
14 shall meet at least quarterly, or more frequently at the call of  
15 the chairperson or if requested by a majority of the members.

16 (g) A majority of the members of the pupil accounting and  
17 pupil auditing manual oversight committee described in subdivision  
18 (a) constitute a quorum for the transaction of business at a  
19 meeting of the pupil accounting and pupil auditing manual oversight  
20 committee. A majority of the members present and serving are  
21 required for official action of the pupil accounting and pupil  
22 auditing manual oversight committee.

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

28 (i) A writing prepared, owned, used, in the possession of, or  
29 retained by the pupil accounting and pupil auditing manual

oversight committee described in subdivision (a) in the performance of an official function is subject to the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

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

(9) ~~(8)~~—The ~~department~~ pupil accounting and pupil auditing manual oversight committee described in subsection (8) shall review ~~its~~ ~~the department's~~ pupil accounting and pupil auditing manuals at least annually and shall periodically ~~update~~ **recommend updates to** those manuals to reflect changes in this article. **The department shall adopt all of the recommendations by the committee under this subsection.**

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

(11) ~~(10)~~—If a district or intermediate district does not comply with subsections (4), (5), (6), (7), and ~~(12)~~, **(13)**, or if the department determines that the financial data required under subsection (5) are not consistent with audited financial statements, the department shall withhold all state school aid due to the district or intermediate district under this article, beginning with the next payment due to the district or intermediate

1 district, until the district or intermediate district complies with  
 2 subsections (4), (5), (6), (7), and ~~(12)~~—**(13)**. If the district or  
 3 intermediate district does not comply with subsections (4), (5),  
 4 (6), (7), and ~~(12)~~—**(13)** by the end of the fiscal year, the district  
 5 or intermediate district forfeits the amount withheld.

6 **(12)** ~~(11)~~—If a district or intermediate district does not  
 7 comply with subsection (2), the department may withhold up to 10%  
 8 of the total state school aid due to the district or intermediate  
 9 district under this article, beginning with the next payment due to  
 10 the district or intermediate district, until the district or  
 11 intermediate district complies with subsection (2). If the district  
 12 or intermediate district does not comply with subsection (2) by the  
 13 end of the fiscal year, the district or intermediate district  
 14 forfeits the amount withheld.

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

28 **(14)** ~~(13)~~—By March 31 of each year, the department shall  
 29 submit to the house and senate appropriations subcommittees on

1 state school aid, the state budget director, and the house and  
 2 senate fiscal agencies a report summarizing the per-pupil costs by  
 3 vendor type of virtual courses available under section 21f and  
 4 virtual courses provided by a school of excellence that is a cyber  
 5 school, as **that term is** defined in section 551 of the revised  
 6 school code, MCL 380.551.

7 **(15)** ~~(14)~~ As used in subsections ~~(12)~~ and ~~(13)~~ **and (14)**,  
 8 "vendor type" means the following:

9 (a) Virtual courses provided by the Michigan Virtual  
 10 University.

11 (b) Virtual courses provided by a school of excellence that is  
 12 a cyber school, as **that term is** defined in section 551 of the  
 13 revised school code, MCL 380.551.

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

16 (d) Virtual courses created and offered by a district or  
 17 intermediate district.

18 **(16)** ~~(15)~~ An allocation to a district or another entity under  
 19 this article is contingent upon the district's or entity's  
 20 compliance with this section.

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

26 (a) Enrolls only eligible pupils.

27 (b) Provides an advocate and teacher of record. An advocate  
 28 may serve in that role for more than 1 pupil but not more than 50  
 29 pupils. An advocate or teacher of record may be employed by the

1 district or may be provided by an education management organization  
2 that is partnering with the district. Before an individual is  
3 assigned to be an advocate or teacher of record for a pupil in the  
4 dropout recovery program, the district must comply with sections  
5 1230 and 1230a of the revised school code, MCL 380.1230 and  
6 380.1230a, with respect to that individual.

7 (c) Develops a written learning plan.

8 (d) Monitors the pupil's progress against the written learning  
9 plan.

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

12 (f) Reports the pupil's progress results to the partner  
13 district at least monthly.

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

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

19 (i) If the district partners with an education management  
20 organization for the program, the education management organization  
21 has a dropout recovery program partnership relationship with at  
22 least 1 other district.

23 (2) A district operating a dropout recovery program under this  
24 section shall adopt a definition of satisfactory monthly progress  
25 that is consistent with the definition of that term under  
26 subsection (3).

27 (3) As used in this section:

28 (a) "Advocate" means an adult available to meet in person with  
29 assigned pupils, as needed, to conduct social interventions, to

1 proctor final examinations, and to provide academic and social  
2 support to pupils enrolled in the district's dropout recovery  
3 program.

4 (b) "Education management organization" means a private  
5 provider that operates 1 or more other dropout recovery programs  
6 that meet the requirements of this section in partnership with 1 or  
7 more districts.

8 (c) "Eligible pupil" means a pupil who has been expelled from  
9 school under the mandatory expulsion provisions in section 1311 or  
10 1311a of the revised school code, MCL 380.1311 and 380.1311a, a  
11 pupil who has been suspended or expelled from school under a local  
12 policy, a pupil who is referred by a court, a pupil who is pregnant  
13 or is a parent, a pupil who was previously a dropout, or a pupil  
14 who is determined by the district to be at risk of dropping out.

15 (d) "Satisfactory monthly progress" means an amount of  
16 progress that is measurable on a monthly basis and that, if  
17 continued for a full 12 months, would result in the same amount of  
18 academic credit being awarded to the pupil as would be awarded to a  
19 general education pupil completing a full school year. Satisfactory  
20 monthly progress may include a lesser required amount of progress  
21 for the first 2 months a pupil participates in the program.

22 (e) "Teacher of record" means a teacher who holds a valid  
23 Michigan teaching certificate; who, if applicable, is endorsed in  
24 the subject area and grade of the course; and is responsible for  
25 providing instruction, determining instructional methods for each  
26 pupil, diagnosing learning needs, assessing pupil learning,  
27 prescribing intervention strategies, reporting outcomes, and  
28 evaluating the effects of instruction and support strategies. If  
29 the district partners with an education management organization for

1 the program, the teacher of record may be employed by or contracted  
2 through the education management organization.

3 (f) "Written learning plan" means a written plan developed in  
4 conjunction with the advocate that includes the plan start and end  
5 dates, courses to be taken, credit to be earned for each course,  
6 teacher of record for each course, and advocate name and contact  
7 information.

8 Sec. 104. (1) In order to receive state aid under this  
9 article, a district ~~shall~~**must** comply with sections 1249, 1278a,  
10 1278b, ~~1279~~, 1279g, and 1280b of the revised school code, MCL  
11 380.1249, 380.1278a, 380.1278b, ~~380.1279~~, 380.1279g, and 380.1280b,  
12 and 1970 PA 38, MCL 388.1081 to 388.1086. Subject to subsection  
13 (2), from the state school aid fund money appropriated in section  
14 11, there is allocated for 2019-2020 an amount not to exceed  
15 \$32,009,400.00 for payments on behalf of districts for costs  
16 associated with complying with those provisions of law. In  
17 addition, from the federal funds appropriated in section 11, there  
18 is allocated for 2019-2020 an amount estimated at \$6,250,000.00,  
19 funded from DED-OESE, title VI, state assessment funds, and from  
20 DED-OSERS, section 504 of part B of the individuals with  
21 disabilities education act, Public Law 94-142, plus any carryover  
22 federal funds from previous year appropriations, for the purposes  
23 of complying with the every student succeeds act, Public Law 114-  
24 95.

25 (2) The results of each test administered as part of the  
26 Michigan student test of educational progress (M-STEP), including  
27 tests administered to high school students, must include an item  
28 analysis that lists all items that are counted for individual pupil  
29 scores and the percentage of pupils choosing each possible



1 response. The department shall work with the center to identify the  
2 number of students enrolled at the time assessments are given by  
3 each district. In calculating the percentage of pupils assessed for  
4 a district's scorecard, the department shall use only the number of  
5 pupils enrolled in the district at the time the district  
6 administers the assessments and shall exclude pupils who enroll in  
7 the district after the district administers the assessments.

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

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

25 (a) The department, in collaboration with all intermediate  
26 districts, shall ensure that the Michigan kindergarten entry  
27 observation tool is administered in each kindergarten classroom to  
28 either the full census of kindergarten pupils enrolled in the  
29 classroom or to a representative sample of not less than 35% of the

1 total kindergarten pupils enrolled in each classroom. If a district  
2 elects to administer the Michigan kindergarten entry observation  
3 tool to a random sample of pupils within each classroom, the  
4 district's intermediate district shall select the pupils who will  
5 receive the assessment based on the same random method. Beginning  
6 in 2020, the observation tool must be administered within 45 days  
7 after the start of the school year.

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

18 (c) By March 1, 2021, and each year thereafter, the department  
19 and the intermediate district that receives funding under this  
20 subsection shall report to the house and senate appropriations  
21 subcommittees on school aid, the house and senate fiscal agencies,  
22 and the state budget director on the results of the statewide  
23 implementation, including, but not limited to, an evaluation of the  
24 demonstrated readiness of kindergarten pupils statewide and the  
25 effectiveness of state and federal early childhood programs that  
26 are designed for school readiness under this state's authority,  
27 including the great start readiness program and the great start  
28 readiness/Head Start blended program, as referenced under section  
29 32d. By September 1, 2021, and each year thereafter, the department

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

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

21 (e) As used in this subsection:

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

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

27 (5) The department may recommend, but may not require,  
 28 districts to allow pupils to use an external keyboard with tablet  
 29 devices for online M-STEP testing, including, but not limited to,

1 open-ended test items such as constructed response or equation  
2 builder items.

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

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

15 (8) In order to receive state aid under this article, if full-  
16 time, in-person instruction resumes for the 2020-2021 school year,  
17 a district shall comply with this section and shall administer at  
18 least 1 benchmark assessment described in subsection (9) or (10) to  
19 all pupils in grades K to 8 within the first 30 days of the 2020-  
20 2021 school year to measure proficiency in reading and mathematics.  
21 If full-time, in-person instruction does not resume for some or all  
22 pupils for the first semester, trimester, or quarter of the 2020-  
23 2021 school year, then, in order to receive state aid under this  
24 article, a district must administer at least 1 benchmark assessment  
25 described in subsection (9) or (10) to all pupils in grades K to 8  
26 within 30 days of the start of the immediately following semester,  
27 trimester, or quarter.

28 (9) The department shall approve at least 3 but not more than  
29 4 benchmark assessments for administration by a district as

1 described in subsection (8). The department shall make at least 1  
2 of the benchmark assessments approved under this subsection  
3 available to districts at no cost to the district. The benchmark  
4 assessments approved under this subsection must meet all of the  
5 following:

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

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

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

10 (d) Be internet-delivered and include a standards-based  
11 assessment using a computer-adaptive model to target the  
12 instructional level of each pupil.

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

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

16 (g) Be nationally normed.

17 (h) Provide multiple measures of growth and provide for  
18 multiple testing opportunities.

19 (10) A district may administer 1 or more of the following  
20 benchmark assessments to meet the requirement under subsection (8):

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

24 (b) A benchmark assessment in math for students in grades K to  
25 6 that contains progress monitoring tools.

26 (11) To the extent practicable, if a district administers a  
27 benchmark assessment under this section, the district shall  
28 administer the same benchmark assessment described in subsection  
29 (9) or (10) that it administered to pupils in previous school

1 years, as applicable.

2 (12) A district shall enter into an agreement with the  
3 department to provide the department with access to pupil-level  
4 data from a benchmark assessment administered under this section.  
5 Not later than December 1, 2020, the department shall provide a  
6 report to the house and senate appropriations subcommittees on  
7 state school aid and the house and senate fiscal agencies  
8 identifying the number and percentage of pupils in each district  
9 who are significantly behind grade level as determined by the  
10 department based on the data provided to the department under this  
11 subsection.

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

17 (14) ~~(8)~~ As used in this section:

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

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

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

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

26 (a) Senate Bill No. 1011.

27

28 (b) Senate Bill No. 1014.

29

1 (c) Senate Bill No. 1012.  
2