

**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           **(16) The amendatory act that added this subsection must not be**  
10 **construed as imposing mandates on nonpublic schools.**

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

14           (a) House Bill No. 5910.

15           (b) House Bill No. 5911.

16           (c) House Bill No. 5912.

