

# SENATE BILL NO. 512

September 19, 2023, Introduced by Senators DALEY, MCBROOM, VICTORY, LAUWERS, OUTMAN, JOHNSON, BELLINO, NESBITT, MCDONALD RIVET and DAMOOSE and referred to the Committee on Appropriations.

A bill to amend 1979 PA 94, entitled  
"The state school aid act of 1979,"  
by amending sections 15 and 163 (MCL 388.1615 and 388.1763),  
section 15 as amended by 2022 PA 144 and section 163 as amended by  
2021 PA 15.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

**1**       Sec. 15. (1) If a district or intermediate district fails to  
**2** receive its proper apportionment, the department, upon satisfactory  
**3** proof that the district or intermediate district was entitled

1 justly, shall apportion the deficiency in the next apportionment.  
2 Subject to subsections (2) and (3), if a district or intermediate  
3 district has received more than its proper apportionment, the  
4 department, upon satisfactory proof, shall deduct the excess in the  
5 next apportionment. Notwithstanding any other provision in this  
6 article, state aid overpayments to a district, other than  
7 overpayments in payments for special education or special education  
8 transportation, may be recovered from any payment made under this  
9 article other than a special education or special education  
10 transportation payment, from the proceeds of a loan to the district  
11 under the emergency municipal loan act, 1980 PA 243, MCL 141.931 to  
12 141.942, or from the proceeds of millage levied or pledged under  
13 section 1211 of the revised school code, MCL 380.1211. State aid  
14 overpayments made in special education or special education  
15 transportation payments may be recovered from subsequent special  
16 education or special education transportation payments, from the  
17 proceeds of a loan to the district under the emergency municipal  
18 loan act, 1980 PA 243, MCL 141.931 to 141.942, or from the proceeds  
19 of millage levied or pledged under section 1211 of the revised  
20 school code, MCL 380.1211.

21 (2) If the result of an audit conducted by or for the  
22 department affects the current fiscal year membership, the  
23 department shall adjust affected payments in the current fiscal  
24 year. A deduction due to an adjustment made as a result of an audit  
25 conducted by or for the department, or as a result of information  
26 obtained by the department from the district, an intermediate  
27 district, the department of treasury, or the office of auditor  
28 general, must be deducted from the district's apportionments when  
29 the adjustment is finalized. At the request of the district and

1 upon the district presenting evidence satisfactory to the  
 2 department of the hardship, the department may grant up to an  
 3 additional 4 years for the adjustment and may advance payments to  
 4 the district otherwise authorized under this article if the  
 5 district would otherwise experience a significant hardship in  
 6 satisfying its financial obligations. However, a district that  
 7 presented satisfactory evidence of hardship and was undergoing an  
 8 extended adjustment during 2018-2019 may continue to use the period  
 9 of extended adjustment as originally granted by the department.

10 (3) If, based on an audit by the department or the  
 11 department's designee or because of new or updated information  
 12 received by the department, the department determines that the  
 13 amount paid to a district or intermediate district under this  
 14 article for the current fiscal year or a prior fiscal year was  
 15 incorrect, the department shall make the appropriate deduction or  
 16 payment in the district's or intermediate district's allocation in  
 17 the next apportionment after the adjustment is finalized. The  
 18 department shall calculate the deduction or payment according to  
 19 the law in effect in the fiscal year in which the incorrect amount  
 20 was paid. If the district does not receive an allocation for the  
 21 fiscal year or if the allocation is not sufficient to pay the  
 22 amount of any deduction, the amount of any deduction otherwise  
 23 applicable must be satisfied from the proceeds of a loan to the  
 24 district under the emergency municipal loan act, 1980 PA 243, MCL  
 25 141.931 to 141.942, or from the proceeds of millage levied or  
 26 pledged under section 1211 of the revised school code, MCL  
 27 380.1211, as determined by the department.

28 (4) ~~If the~~ **Before the effective date of the 2023 amendatory**  
 29 **act that amended this section, if the** department makes an

1 adjustment under this section based in whole or in part on a  
2 membership audit finding that a district or intermediate district  
3 employed an educator in violation of certification requirements  
4 under the revised school code, and rules promulgated by the  
5 department, the department shall prorate the adjustment according  
6 to the period of noncompliance with the certification requirements.  
7 **On or after the effective date of the amendatory act that added**  
8 **this sentence, the department shall not make an adjustment under**  
9 **this section based in whole or in part on a membership audit**  
10 **finding that a district or intermediate district employed an**  
11 **educator in violation of this act, certification requirements under**  
12 **the revised school code, or rules promulgated by the department.**  
13 **The department shall credit a district or intermediate district**  
14 **under section 163(6) for any adjustments made before the effective**  
15 **date of the amendatory act that added this sentence under this**  
16 **section based in whole or in part on a membership audit finding**  
17 **that the district or intermediate district employed an educator in**  
18 **violation of this act, certification requirements under the revised**  
19 **school code, or rules promulgated by the department from July 1,**  
20 **2020 through June 30, 2023 or the effective date of the amendatory**  
21 **act that added this sentence, whichever occurs first.**

22 (5) The department may conduct audits, or may direct audits by  
23 designee of the department, for the current fiscal year and the  
24 immediately preceding fiscal year of all records related to a  
25 program for which a district or intermediate district has received  
26 funds under this article.

27 (6) Expenditures made by the department under this article  
28 that are caused by the write-off of prior year accruals may be  
29 funded by revenue from the write-off of prior year accruals.

1           (7) In addition to funds appropriated in section 11 for all  
2 programs and services, there is appropriated for 2022-2023 for  
3 obligations in excess of applicable appropriations an amount equal  
4 to the collection of overpayments, but not to exceed amounts  
5 available from overpayments.

6           Sec. 163. (1) Except as otherwise provided in the revised  
7 school code, the board of a district or intermediate district shall  
8 not permit any of the following:

9           (a) An individual who is not appropriately placed under a  
10 valid certificate, valid substitute permit, authorization, or  
11 approval issued under rules promulgated by the department to teach  
12 in an elementary or secondary school.

13           (b) An individual who does not satisfy the requirements of  
14 section 1233 of the revised school code, MCL 380.1233, and rules  
15 promulgated by the department to provide school counselor services  
16 to pupils in an elementary or secondary school.

17           (c) An individual who does not satisfy the requirements of  
18 section 1246 of the revised school code, MCL 380.1246, or who is  
19 not working under a valid substitute permit issued under rules  
20 promulgated by the department, to be employed as a superintendent,  
21 principal, or assistant principal, or as an individual whose  
22 primary responsibility is to administer instructional programs in  
23 an elementary or secondary school or in a district or intermediate  
24 district.

25           (2) ~~Except as otherwise provided in the revised school code,~~  
26 ~~this subsection, or subsection (4) or (7), a district or~~  
27 ~~intermediate district employing an individual in violation of this~~  
28 ~~section before July 1, 2021 must have deducted an amount equal to~~  
29 ~~the amount paid to the individual for the period of employment that~~

1 ~~is in violation of this section. Except as otherwise provided under~~  
 2 ~~subsection (4) or (7), a district or intermediate district~~  
 3 ~~employing an individual in violation of this section on or after~~  
 4 ~~July 1, 2021 must have deducted an amount equal to 50% of the~~  
 5 ~~amount paid to the individual for the period of employment that is~~  
 6 ~~in violation of this section. Except as otherwise provided under~~  
 7 ~~subsection (4) or (6), beginning July 1, 2021, if a district or~~  
 8 ~~intermediate district is notified by the department that it is~~  
 9 ~~employing~~ **employs** ~~an individual in violation of this section, and~~  
 10 ~~it continues to employ the individual in violation of this section~~  
 11 ~~10 business days after receiving the notification, both of the~~  
 12 ~~following apply:~~ **all of the following apply:**

13 ~~(a) The district or intermediate district must have deducted~~  
 14 ~~an amount equal to 50% of the amount paid to the individual for the~~  
 15 ~~period of employment that is in violation of this section that~~  
 16 ~~occurs before the expiration of the 10-day period described in this~~  
 17 ~~subsection.~~

18 ~~(b) The district or intermediate district must have deducted~~  
 19 ~~an amount equal to 100% of the amount paid to the individual for~~  
 20 ~~the period of employment that is in violation of this section that~~  
 21 ~~occurs after the 10-day period described in this subsection.~~

22 **(a) The district or intermediate district shall discontinue**  
 23 **its violation of this section not later than 10 school days after**  
 24 **discovering that the individual is employed in violation of this**  
 25 **section or not later than 10 school days after the department**  
 26 **informs the district or intermediate district that the individual**  
 27 **is employed in violation of this section, whichever occurs first.**

28 **(b) The district or intermediate district shall submit a**  
 29 **corrective action plan to the department, not later than 60 days**

1 after discovering that the individual is employed in violation of  
2 this section or not later than 60 days after the department  
3 notifies the district or intermediate district that the individual  
4 is employed in violation of this section, whichever occurs first,  
5 outlining steps the district or intermediate district is going to  
6 take to ensure that individuals are not employed in violation of  
7 this section.

8 (c) The district or intermediate district must have deducted  
9 an amount equal to 100% of the amount paid to the individual for  
10 the period of employment that is in violation of this section if  
11 the superintendent of public instruction finds any of the  
12 following:

13 (i) The district or intermediate district submitted a  
14 corrective action plan to the department as described in  
15 subdivision (b) within the last 3 years and subsequently employed  
16 an individual in violation of this section.

17 (ii) The board or board of directors of the district or the  
18 intermediate district board knowingly employed an individual in  
19 violation of this section.

20 (iii) The district or intermediate district continued to employ  
21 an individual in violation of this section for more than 10 school  
22 days after discovering that the individual was employed in  
23 violation of this section or being told by the department that the  
24 individual was employed in violation of this section, whichever  
25 occurs first.

26 (3) For purposes of subsection (2), if a district or  
27 intermediate district on behalf of an individual or an individual  
28 successfully completes the credential application process through  
29 the department, including the submission of an appropriate

1 application, required fees, and all required supporting  
2 documentation, the individual's employment with the district or  
3 intermediate district after this completion is not considered a  
4 period of employment that is in violation of this section.

5 (4) ~~A-Subject to subsection (6), a~~ deduction under subsection  
6 (2) for employment in violation of this section that occurs on or  
7 after July 1, 2021, may be less than the amount required under that  
8 subsection if the superintendent of public instruction finds that  
9 the district or intermediate district was hindered in its ability  
10 to obtain a substitute credential to enable the district or  
11 intermediate district to employ the individual in compliance with  
12 this section ~~due to~~ **because of** unusual and extenuating  
13 circumstances resulting from conditions not within the control of  
14 school authorities, including, but not limited to, a natural  
15 disaster, death or serious illness of the individual or another  
16 employee, an emergency school closure, fraud or other intentional  
17 wrongdoing of the individual or another employee, or an emergency  
18 health condition as defined by city, county, or state health  
19 authorities.

20 ~~(5) For employment of an individual in violation of this~~  
21 ~~section that occurs on or after July 1, 2021, upon request by a~~  
22 ~~district or intermediate district, the department shall credit the~~  
23 ~~amount of an adjustment in payments under section 15 that is based~~  
24 ~~on the employment of the individual that gave rise to the deduction~~  
25 ~~under subsection (2) or (4) against the amount of the deduction~~  
26 ~~under subsection (2) or (4). The amount of the credit under this~~  
27 ~~subsection must not be in an amount that is greater than the~~  
28 ~~deduction assessed under subsection (2) or (4).~~

29 (5) ~~(6)~~ If a school official is notified by the department

1 that ~~he or she~~ **the school official** is employing an individual in  
2 violation of this section and knowingly continues to employ that  
3 individual, the school official is guilty of a misdemeanor  
4 punishable by a fine of \$1,500.00 for each incidence. This penalty  
5 is in addition to all other financial penalties otherwise specified  
6 in this article.

7       **(6) ~~(7)~~—There must be no deduction under subsection (2) or (4)**  
8 **or any adjustment in payments under section 15 that is based on the**  
9 **employment of the individual that gave rise to the deduction under**  
10 **subsection (2) or (4) for a period of employment in violation of**  
11 **this section that ~~occurs between~~ occurred after July 1, 2020 and**  
12 **before June 30, ~~2021-2023~~ or the effective date of the amendatory**  
13 **act that added subsection (2) (c), whichever occurs first. The**  
14 **department shall credit a district or intermediate district for any**  
15 **deductions under this section or adjustments under section 15 that**  
16 **occurred before the effective date of the amendatory act that added**  
17 **subsection (2) (c) and that are inconsistent with this subsection.**