

HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 118

A bill to amend 1979 PA 94, entitled  
"The state school aid act of 1979,"  
by amending section 163 (MCL 388.1763), as amended by 2020 PA 165.

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

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

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

8           (b) An individual who does not satisfy the requirements of  
9 section 1233 of the revised school code, MCL 380.1233, and rules

1 promulgated by the department to provide school counselor services  
2 to pupils in an elementary or secondary school.

3 (c) An individual who does not satisfy the requirements of  
4 section 1246 of the revised school code, MCL 380.1246, or who is  
5 not working under a valid substitute permit issued under rules  
6 promulgated by the department, to be employed as a superintendent,  
7 principal, or assistant principal, or as an individual whose  
8 primary responsibility is to administer instructional programs in  
9 an elementary or secondary school ~~or in a district or~~  
10 intermediate district.

11 (2) Except as **otherwise** provided in the revised school code,  
12 **this subsection, or subsection (4) or (7),** a district or  
13 intermediate district employing ~~individuals~~**an individual** in  
14 violation of this section ~~shall~~**before July 1, 2021 must** have  
15 deducted ~~the sum~~**an amount** equal to the amount paid **to** the  
16 ~~individuals~~**individual** for the period of employment ~~. Each~~  
17 ~~intermediate superintendent shall notify the department of the name~~  
18 ~~of the individual employed in violation of this section, and the~~  
19 ~~district employing that individual and the amount of salary the~~  
20 ~~individual was paid within a constituent district.~~**that is in**  
21 **violation of this section. Except as otherwise provided under**  
22 **subsection (4) or (7), a district or intermediate district**  
23 **employing an individual in violation of this section on or after**  
24 **July 1, 2021 must have deducted an amount equal to 50% of the**  
25 **amount paid to the individual for the period of employment that is**  
26 **in violation of this section. Except as otherwise provided under**  
27 **subsection (4), beginning July 1, 2021, if a district or**  
28 **intermediate district is notified by the department that it is**  
29 **employing an individual in violation of this section and it**

1 continues to employ the individual in violation of this section 10  
2 business days after receiving the notification, both of the  
3 following apply:

4 (a) The district or intermediate district must have deducted  
5 an amount equal to 50% of the amount paid to the individual for the  
6 period of employment that is in violation of this section that  
7 occurs before the expiration of the 10-day period described in this  
8 subsection.

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

13 (3) For purposes of subsection (2), if a district or  
14 intermediate district on behalf of an individual or an individual  
15 successfully completes the credential application process through  
16 the department, including the submission of an appropriate  
17 application, required fees, and all required supporting  
18 documentation, the individual's employment with the district or  
19 intermediate district after this completion is not considered a  
20 period of employment that is in violation of this section.

21 (4) A deduction under subsection (2) for employment in  
22 violation of this section that occurs on or after July 1, 2021, may  
23 be less than the amount required under that subsection if the  
24 superintendent of public instruction finds that the district or  
25 intermediate district was hindered in its ability to obtain a  
26 substitute credential to enable the district or intermediate  
27 district to employ the individual in compliance with this section  
28 due to unusual and extenuating circumstances resulting from  
29 conditions not within the control of school authorities, including,

1 but not limited to, a natural disaster, death or serious illness of  
2 the individual or another employee, an emergency school closure,  
3 fraud or other intentional wrongdoing of the individual or another  
4 employee, or an emergency health condition as defined by city,  
5 county, or state health authorities.

6 (5) For employment of an individual in violation of this  
7 section that occurs on or after July 1, 2021, upon request by a  
8 district or intermediate district, the department shall credit the  
9 amount of an adjustment in payments under section 15 that is based  
10 on the employment of the individual that gave rise to the deduction  
11 under subsection (2) or (4) against the amount of the deduction  
12 under subsection (2) or (4). The amount of the credit under this  
13 subsection must not be in an amount that is greater than the  
14 deduction assessed under subsection (2) or (4).

15 (6) ~~(3)~~—If a school official is notified by the department  
16 that he or she is employing an individual in violation of this  
17 section and knowingly continues to employ that individual, the  
18 school official is guilty of a misdemeanor punishable by a fine of  
19 \$1,500.00 for each incidence. This penalty is in addition to all  
20 other financial penalties otherwise specified in this article.

21 (7) There must be no deduction under subsection (2) for a  
22 period of employment in violation of this section that occurs  
23 between July 1, 2020 and June 30, 2021.