SFA BILL ANALYSIS

Senate Fiscal Agency • Lansing, Michigan 48909 • (517) 373-5383

Senate Bill 738 (as enrolled) (Public Act 257 of 1988)
Sponsor: Senator Gilbert J. DiNello
Senate Committee: Education and Mental Health
House Committee: Education

Date Completed: 10-24-88

RATIONALE

During the past two years, controversy has surrounded the Detroit Board of Education over its use of chauffeur-driven cars to taxi board members to school board meetings and elsewhere around the city. Spending on board travel expenses as a whole increased from 1983 to 1987 and more than doubled between the 1984-85 and 1985-86 fiscal years, according to reports released by the Detroit school district. In addition, the board is said to have spent $500,000 for chauffeurs during the 17 months that ended in May 1987. The State School Aid appropriation for the 1987-88 fiscal year included a provision that in 1987-88 a district or intermediate district would forfeit State funds equal to the district's or intermediate district's 1986-87 fiscal year expenditures for cars for board members or for chauffeurs for board members or administrators. Despite the danger of losing State funds, some people contend that this has not stopped the use of chauffeured-driven cars. Rather than placing the prohibition in the State School Aid Act, where it has to be reinstated every year with the passage of the State appropriation, some people believe the School Code should be amended to prohibit the use of funds for chauffeurs for board members, where the prohibition would remain in statute and apply to all school districts in the State.

CONTENT

The bill would amend the School Code to prohibit the board of a school district or intermediate school district from spending funds received by the district from any source for the purchase, rental, or lease of cars used by board members or for chauffeurs for board members for travel within the boundaries of the district.

Except for this type of expenditure, the School Code would still permit a school board to pay the "actual and necessary expenses" incurred by board members and employees in the discharge of official duties or in the performance of functions authorized by the board.

MCL 380.1254 et al.

FISCAL IMPACT

The bill would have no fiscal impact on State government, and would result in no increase or decrease in total resources available to local or intermediate school districts. The effect for local or intermediate school districts pertains to what services existing funds may be spent on.

It should be noted that the following language regarding this issue is included as Section 164 of Public Act 128 of 1987, the School Aid appropriation for fiscal year 1987-88:

In 1987-88, a district or intermediate district shall forfeit an amount of funds to which the district or intermediate district otherwise would be entitled under this act equal to the district's or intermediate district's expenditures in the 1986-87 fiscal year for cars for board members, or for chauffeurs for board members or administrators.

ARGUMENTS

Supporting Argument

In 1986, a State audit report noted that the Detroit school district spent $308,350 in the 1985-86 fiscal year for leasing seven luxury sedans and paying drivers. Of that total, $264,000 had been spent on drivers' salaries, fringe benefits, and overtime. The amount for overtime alone was $106,000. Auditors also discovered that about half of the 11 board members regularly traveled in chauffeured cars under a policy that gave them "total discretion" to do so. Furthermore, the Detroit school district paid six drivers an average of $33,000 each in salary and overtime in 1986 to chauffeur and run errands for board members, according to newspaper reports. In addition, the district had advertised to fill a vacancy among its seven drivers and set the pay at $20,197, or $1,561 more than is paid to some beginning teachers. One chauffeur had assessed as much as $22,800 in overtime pay in 1985 by doing errands and performing other services for board members after hours and on weekends. At a time when the Detroit schools have faced a projected deficit of $60 million, action must be taken to curb this practice. School funds must be used for education of students and not for such luxury programs, which Detroit and other districts can ill-afford.

Opposing Argument

Michigan has always maintained a system of public education based on local control. How school districts spend their funds should be left up to the local board of education and superintendent, and not the State. The Detroit school district has taken steps to limit board members' travel in a move toward greater fiscal restraint. The bill would infringe on a school district's control of its affairs, and the State should not be allowed to interfere in a district's operation — that is the responsibility of the school board which is accountable to the electors.

Response: Despite an effort by the State in the 1987-88 State School Aid Act to send a message to Detroit and other school districts in the State that they were in jeopardy of forfeiting State funds used for chauffeurs and cars for school board members, the practice continued in Detroit.

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