



HOUSE BILL No. 5375

February 24 1994 Introduced by Reps Dalman Sikkema Jersevic Kukuk Gilmer Horton, Voorhees, McNutt, Crissman and Llewellyn and referred to the Committee on Higher Education

A bill to amend the title and sections 2, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, and 44 of Act No 72 of the Public Acts of 1990 entitled

Local government fiscal responsibility act,
section 33 as amended by Act No 265 of the Public Acts of 1992,
being sections 141 1202, 141 1231, 141 1232, 141 1233 141 1234,
141 1235 141 1236 141 1237 141 1238 141 1239 141 1240,
141 1241 141 1242 141 1243, and 141 1244 of the Michigan
Compiled Laws

THE PEOPLE OF THE STATE OF MICHIGAN ENACT

1 Section 1 The title and sections 2, 31, 32, 33, 34, 35,
2 36, 37, 38, 39, 40 41, 42, 43, and 44 of Act No 72 of the
3 Public Acts of 1990, section 33 as amended by Act No 265 of the
4 Public Acts of 1992, being sections 141 1202, 141 1231, 141 1232,
5 141 1233, 141 1234, 141 1235, 141 1236, 141 1237, 141 1238,

1 141 1239, 141 1240, 141 1241 141 1242 141 1243 and 141 1244 of
2 the Michigan Compiled Laws, are amended to read as follows

3 TITLE

4 An act to provide for review, management planning, and con-
5 trol of the financial operation of units of local government,
6 including school districts AND COMMUNITY COLLEGE DISTRICTS to
7 provide criteria to be used in determining the financial condi-
8 tion of a local government to permit a declaration of the exis-
9 tence of a local government financial emergency and to prescribe
10 the powers and duties of the governor, other state boards, agen-
11 cies, and officials, and officials and employees of units of
12 local government to provide for a review and appeal process to
13 provide for the appointment and to prescribe the powers and
14 duties of an emergency financial manager to require the develop-
15 ment of financial plans to regulate expenditures and investments
16 by a local government in a state of financial emergency to set
17 forth the conditions for termination of a local government finan-
18 cial emergency and to repeal certain acts and parts of acts

19 Sec 2 The legislature hereby determines that the public
20 health and welfare of the citizens of this state would be
21 adversely affected by the insolvency of units of local govern-
22 ment including certain school districts AND COMMUNITY COLLEGE
23 DISTRICTS, and that the survival of units of local government is
24 vitally necessary to the interests of the people of this state to
25 provide necessary governmental services The legislature further
26 determines that it is vitally necessary to protect the credit of
27 the state and its political subdivisions and that it is a valid

1 public purpose for the state to take action and to assist a unit
2 of local government in a fiscal emergency situation to remedy
3 this emergency situation by requiring prudent fiscal management
4 The legislature, therefore, determines that the authority and
5 powers conferred by this act constitute a necessary program and
6 serve a valid public purpose

7 ARTICLE 3

8 SCHOOL DISTRICT AND COMMUNITY COLLEGE PROVISIONS

9 Sec 31 As used in this article

10 (A) 'COMMUNITY COLLEGE ACT OF 1966 MEANS ACT NO 331 OF THE
11 PUBLIC ACTS OF 1966, BEING SECTIONS 389 1 TO 389 195 OF THE
12 MICHIGAN COMPILED LAWS

13 (B) "COMMUNITY COLLEGE BOARD' MEANS THE GOVERNING BODY OF A
14 COMMUNITY COLLEGE DISTRICT

15 (C) COMMUNITY COLLEGE DISTRICT" MEANS A COMMUNITY COLLEGE
16 DISTRICT ESTABLISHED UNDER THE COMMUNITY COLLEGE ACT OF 1966

17 (D) ~~(a)~~ Emergency financial manager means the emergency
18 financial manager appointed under section 34

19 (E) ~~(b)~~ "Review team" means the review team designated
20 under section 34

21 (F) ~~(c)~~ School board means the governing body of a
22 school district

23 (G) ~~(d)~~ School district' or district means a local
24 school district established under ~~part 2, 3, 4, 5, or 6 of the~~
25 school code of 1976 ~~, being sections 380 71 to 380 485 of the~~
26 ~~Michigan Compiled Laws,~~ or a local act school district as

1 defined in section 5 of the school code of 1976, being section
2 380 5 of the Michigan Compiled Laws

3 (H) ~~(e)~~ 'School OR COMMUNITY COLLEGE fiscal year" means a
4 fiscal year that commences July 1 and continues through June 30

5 (I) ~~(f)~~ State board means the state board of education

6 (J) ~~(g)~~ The school code of 1976 means Act No 451 of the
7 Public Acts of 1976 being sections 380 1 to 380 1852 of the
8 Michigan Compiled Laws

9 Sec 32 The superintendent of public instruction is
10 responsible for monitoring and periodically reviewing the finan-
11 cial condition of school districts AND COMMUNITY COLLEGE
12 DISTRICTS to ensure their compliance with state laws regulating
13 budgetary and accounting practices and their financial
14 soundness

15 Sec 33 (1) The superintendent of public instruction may
16 determine that a school district OR COMMUNITY COLLEGE DISTRICT
17 has a serious financial problem if he or she finds that 1 or more
18 of the following conditions exist

19 (a) The school district OR COMMUNITY COLLEGE DISTRICT ended
20 the most recently completed school OR COMMUNITY COLLEGE fiscal
21 year with a deficit in 1 or more of its funds and the superinten-
22 dent of public instruction has not approved a deficit elimination
23 plan within 3 months after the district's deadline for submission
24 of its annual financial statement TO THE DEPARTMENT OF
25 EDUCATION

26 (b) The school board of the school district OR COMMUNITY
27 COLLEGE BOARD OF THE COMMUNITY COLLEGE DISTRICT adopts a

1 resolution declaring that the school district OR COMMUNITY
2 COLLEGE DISTRICT is in a financial emergency

3 (c) The superintendent of public instruction receives a
4 petition containing specific allegations of school district OR
5 COMMUNITY COLLEGE DISTRICT financial distress signed by a number
6 of registered electors residing within the school district OR
7 COMMUNITY COLLEGE DISTRICT equal to not less than 10% of the
8 total vote cast for all candidates for governor within the school
9 district OR COMMUNITY COLLEGE DISTRICT at the last preceding
10 election at which a governor was elected Petitions shall not be
11 filed under this subdivision within 60 days before any election
12 of the school district OR COMMUNITY COLLEGE DISTRICT

13 (d) The superintendent of public instruction receives a
14 written request, from a creditor of the school district OR COMMU-
15 NITY COLLEGE DISTRICT with an undisputed claim against the school
16 district OR COMMUNITY COLLEGE DISTRICT to find the school dis-
17 trict OR COMMUNITY COLLEGE DISTRICT has a serious financial
18 problem The superintendent of public instruction may honor this
19 request only if the claim remains unpaid 6 months after its due
20 date, the claim exceeds the greater of \$10 000 00 or 1% of the
21 annual general fund budget of the school district OR COMMUNITY
22 COLLEGE DISTRICT, and the creditor notifies the school district
23 OR COMMUNITY COLLEGE DISTRICT in writing at least 30 days before
24 he or she requests the superintendent of public instruction to
25 find that the school district OR COMMUNITY COLLEGE DISTRICT has a
26 serious financial problem

1 (e) The superintendent of public instruction receives
2 written notification from a trustee paying agent, note or
3 bondholder, or the state treasurer of a violation of 1 or more of
4 the school district s OR COMMUNITY COLLEGE DISTRICT S bond or
5 note covenants

6 (f) The superintendent of public instruction receives a res-
7 olution from either the senate or the house of representatives
8 requesting a review under this section of the financial condition
9 of the school district OR COMMUNITY COLLEGE DISTRICT

10 (g) The school district OR COMMUNITY COLLEGE DISTRICT is in
11 violation of the conditions of an order issued pursuant to, or as
12 a requirement of, the municipal finance act, Act No 202 of the
13 Public Acts of 1943, being sections 131 1 to 139 3 of the
14 Michigan Compiled Laws or any other law governing the issuance
15 of bonds or notes

16 (h) The school district OR COMMUNITY COLLEGE DISTRICT is in
17 violation of the requirements of sections 17 to 20 of the uniform
18 budgeting and accounting act, Act No 2 of the Public Acts of
19 1968 being sections 141 437 to 141 440 of the Michigan Compiled
20 Laws

21 (i) The school district fails to provide an annual financial
22 report or audit that conforms with the minimum procedures and
23 standards of the state board and is required under the school
24 code of 1976 and the state school aid act of 1979, Act No 94 of
25 the Public Acts of 1979, being sections 388 1601 to 388 1772 of
26 the Michigan Compiled Laws, OR THE COMMUNITY COLLEGE DISTRICT
27 FAILS TO COMPLY WITH THE ACCOUNTING AUDIT OR REPORTING

1 REQUIREMENTS OF SECTION 143 OF THE COMMUNITY COLLEGE ACT OF 1966,
2 BEING SECTION 389 143 OF THE MICHIGAN COMPILED LAWS

3 (j) A court has ordered an additional tax levy without the
4 prior approval of the school board of the school district OR THE
5 COMMUNITY COLLEGE BOARD OF THE COMMUNITY COLLEGE DISTRICT

6 (2) Upon determining that a school district OR COMMUNITY
7 COLLEGE DISTRICT has a serious financial problem, the superinten-
8 dent of public instruction shall notify the governor and the
9 state board of that determination and of the basis for and find-
10 ings supporting the determination

11 Sec 34 (1) Within 30 days after an occurrence described
12 in this subsection, the governor shall appoint a review team com-
13 posed of the superintendent of public instruction, the state
14 treasurer, the director of the department of management and
15 budget, a nominee of the senate majority leader, and a nominee of
16 the speaker of the house of representatives to review the finan-
17 cial condition of a school district OR COMMUNITY COLLEGE DISTRICT
18 if 1 or more of the following occur

19 (a) The governor is informed by the superintendent of public
20 instruction pursuant to section 33(2) that he or she has deter-
21 mined that the school district OR COMMUNITY COLLEGE DISTRICT has
22 a serious financial problem

23 (b) The school district OR COMMUNITY COLLEGE DISTRICT is in
24 default in the payment of interest on or principal of any obliga-
25 tion of the school district OR COMMUNITY COLLEGE DISTRICT

1 (c) The school district OR COMMUNITY COLLEGE DISTRICT fails
2 to pay its employees within 5 days of any regularly scheduled
3 payday

4 (d) The school district OR COMMUNITY COLLEGE DISTRICT fails
5 to make any contribution required by a pension retirement, or
6 benefit plan in accordance with state law

7 (e) The superintendent of public instruction determines that
8 the school district has failed to comply substantively with the
9 terms of an approved deficit elimination plan required under
10 section 102 of the state school aid act of 1979, Act No 94 of
11 the Public Acts of 1979, being section 388 1702 of the Michigan
12 Compiled Laws

13 (f) The state treasurer notifies the governor that the
14 appointment of a review team is necessary to protect the credit
15 of the school district or the state or both OR OF THE COMMUNITY
16 COLLEGE DISTRICT OR THE STATE OR BOTH

17 (2) The review team appointed by the governor pursuant to
18 subsection (1) ~~shall have~~ HAS full power in its review to per-
19 form all of the following functions

20 (a) Examine the books and records of the school district OR
21 COMMUNITY COLLEGE DISTRICT

22 (b) Utilize the services of other state agencies and employ-
23 ees and employ professionals necessary to assist in its duties

24 (c) Sign a consent agreement with the superintendent of the
25 school district OR THE CHIEF EXECUTIVE OF THE COMMUNITY COLLEGE
26 DISTRICT The agreement may provide for remedial measures
27 considered necessary including, but not limited to a long-range

1 financial recovery plan requiring specific actions The
2 agreement may utilize state financial management and technical
3 assistance as necessary in order to alleviate the financial prob-
4 lem of the school district OR COMMUNITY COLLEGE DISTRICT The
5 agreement may also provide for periodic fiscal status reports to
6 the superintendent of public instruction Before the consent
7 agreement becomes effective, the school board of the school dis-
8 trict OR THE COMMUNITY COLLEGE BOARD OF THE COMMUNITY COLLEGE
9 DISTRICT, by a majority vote of the total number of members
10 authorized by law to serve on the board shall approve the
11 agreement

12 (3) The review team shall report its findings to the gover-
13 nor and the state board within 30 days after its appointment or
14 earlier if required by the governor Upon request, the governor
15 may grant 1 60-day extension of this time limit The review team
16 shall send a copy of its report to the superintendent of public
17 instruction the school board of the school district OR COMMUNITY
18 COLLEGE BOARD OF THE COMMUNITY COLLEGE DISTRICT, the senate
19 majority leader and the speaker of the house of
20 representatives The review team shall include 1 of the follow-
21 ing conclusions in its report

22 (a) The school district OR COMMUNITY COLLEGE DISTRICT does
23 not have a serious financial problem

24 (b) The school district OR COMMUNITY COLLEGE DISTRICT does
25 have a serious financial problem, but a consent agreement con-
26 taining a plan to resolve the problem has been adopted pursuant
27 to subsection (2)(c)

1 (c) The school district OR COMMUNITY COLLEGE DISTRICT has a
2 financial emergency because a consent agreement containing a plan
3 to resolve a serious financial problem within the school district
4 OR COMMUNITY COLLEGE DISTRICT has not been adopted

5 Sec 35 (1) Within 30 days after the state board receives
6 the review team s report required by section 34(3), the superin-
7 tendent of public instruction shall make 1 of the following
8 determinations

9 (a) The school district OR COMMUNITY COLLEGE DISTRICT does
10 not have a serious financial problem

11 (b) The school district OR COMMUNITY COLLEGE DISTRICT does
12 have a serious financial problem, but a consent agreement con-
13 taining a plan to resolve the problem has been adopted pursuant
14 to section 34(2)(c)

15 (c) The school district OR COMMUNITY COLLEGE DISTRICT has a
16 financial emergency because a consent agreement containing a plan
17 to resolve a serious financial problem withir the school district
18 OR COMMUNITY COLLEGE DISTRICT has not been adopted

19 (2) If the superintendent of public instruction determines
20 pursuant to subsection (1) that a financial emergency exists, the
21 superintendent of public instruction shall provide the school
22 board of the school district OR THE COMMUNITY COLLEGE BOARD OF
23 THE COMMUNITY COLLEGE DISTRICT with written notification of the
24 determination, THE findings of fact ~~utilized~~ USED as the basis
25 ~~upon which~~ FOR this determination, ~~was made,~~ a concise and
26 explicit statement of the underlying facts supporting the
27 findings of fact, and A notice that the school board of the

1 school district OR COMMUNITY COLLEGE BOARD OF THE COMMUNITY
2 COLLEGE DISTRICT has 10 days after the date of this notification
3 to request a hearing conducted by the superintendent of public
4 instruction or his or her designee to contest the
5 superintendent's determination After the hearing ~~or~~ or, if no
6 hearing is requested, after the expiration of the deadline by
7 which a hearing may be requested, the superintendent of public
8 instruction shall either confirm or revoke, in writing, the
9 determination that the school district OR COMMUNITY COLLEGE
10 DISTRICT has a financial emergency If the determination is con-
11 firmed, the superintendent of public instruction shall provide a
12 written report to the school board of the school district OR THE
13 COMMUNITY COLLEGE BOARD OF THE COMMUNITY COLLEGE DISTRICT of the
14 findings of fact of the continuing or newly developed conditions
15 or events that provide the basis for the confirmation of the
16 determination, and a concise and explicit statement of the under-
17 lying facts supporting these findings of fact

18 Sec 36 If, at any time following a determination by the
19 superintendent of public instruction under section 35(1)(b) that
20 the school district OR COMMUNITY COLLEGE DISTRICT has a financial
21 emergency, the superintendent of public instruction informs the
22 governor and the state board that the school district OR COMMU-
23 NITY COLLEGE DISTRICT is not abiding by the consent agreement,
24 THEN section 35(2) and section 38 shall ~~then~~ apply to that
25 school district OR COMMUNITY COLLEGE DISTRICT

26 Sec 37 The SCHOOL board of a school district OR COMMUNITY
27 COLLEGE BOARD OF A COMMUNITY COLLEGE DISTRICT that the

1 superintendent of public instruction has determined has a
2 financial emergency may appeal this determination to the circuit
3 court for a county in which the school district OR COMMUNITY COL-
4 LEGE DISTRICT is located The court shall not set aside a deter-
5 mination of the superintendent of public instruction unless it
6 finds that the determination is either 1 of the following

7 (a) Not supported by competent, material, and substantial
8 evidence on the whole record

9 (b) Arbitrary, capricious, or clearly an abuse of OR unwar-
10 ranted exercise of discretion

11 Sec 38 (1) If the superintendent of public instruction
12 determines under section 35 or 36 that a school district OR COM-
13 MUNITY COLLEGE DISTRICT has a financial emergency the superin-
14 tendent of public instruction, within 30 days after that determin-
15 nation, shall submit to the state board the names of nominees who
16 shall be considered for appointment to serve as an emergency
17 financial manager for the school district OR COMMUNITY COLLEGE
18 DISTRICT From the list of nominees submitted to the state
19 board, the state board shall submit to the governor the names of
20 not more than 3 nominees who shall be considered for appointment
21 to serve as an emergency financial manager for the school dis-
22 trict OR COMMUNITY COLLEGE DISTRICT From the list of nominees
23 submitted to the governor, the governor shall appoint, with the
24 advice and consent of the senate, an emergency financial manager
25 for the school district OR COMMUNITY COLLEGE DISTRICT who shall
26 hold office for a term fixed by the governor, but not to exceed
27 1 year The appointment shall be by written contract and may be

1 ~~renewed on an annual basis~~ EXTENDED for ~~not more than 1 year~~

2 ADDITIONAL TERMS

3 (2) An emergency financial manager appointed under this
4 article shall be chosen solely on the basis of his or her compe-
5 tence in fiscal matters and shall not have been either an elected
6 or appointed official or employee of the school district OR COM-
7 MUNITY COLLEGE DISTRICT for which he or she is appointed ~~for not~~
8 ~~less than 5 years before~~ DURING ANY PORTION OF THE 5-YEAR PERIOD
9 IMMEDIATELY PRECEDING the appointment The emergency financial
10 manager shall not be the superintendent of public instruction
11 The emergency financial manager need not be a resident of the
12 school district OR COMMUNITY COLLEGE DISTRICT for which he or she
13 is appointed

14 (3) Unless the legislature provides special funding an
15 emergency financial manager shall receive compensation and reim-
16 bursement for actual and necessary expenses from the school dis-
17 trict OR COMMUNITY COLLEGE DISTRICT as approved by the superin-
18 tendent of public instruction In addition to staff otherwise
19 authorized by law with the approval of the superintendent of
20 public instruction, the emergency financial manager may appoint
21 additional staff and secure professional assistance considered
22 necessary to implement this article

23 Sec 39 The emergency financial manager shall issue to the
24 appropriate officials or employees of the school district OR COM-
25 MUNITY COLLEGE DISTRICT the orders that he or she considers nec-
26 essary to accomplish the purposes of this article, including, but
27 not limited to, orders for the timely and satisfactory

1 implementation of a financial plan developed pursuant to
2 section 40 An order issued under this section is binding on the
3 school district OR COMMUNITY COLLEGE DISTRICT officials or
4 employees to whom it is issued

5 Sec 40 (1) In consultation with the school board OR COM-
6 MUNITY COLLEGE BOARD, the emergency financial manager shall
7 develop, and may from time to time amend, a written financial
8 plan for the school district OR COMMUNITY COLLEGE DISTRICT The
9 financial plan shall provide for both of the following

10 (a) Conducting the operations of the school district OR COM-
11 MUNITY COLLEGE DISTRICT within the resources available according
12 to the emergency financial manager s revenue estimate

13 (b) The payment in full of the scheduled debt service
14 requirements on all bonds and notes of the school district OR
15 COMMUNITY COLLEGE DISTRICT and all other uncontested legal
16 obligations

17 (2) After the initial development of the financial plan
18 required by subsection (1) the emergency financial manager in
19 consultation with the school board OR COMMUNITY COLLEGE BOARD
20 shall regularly reexamine the FINANCIAL plan — and, if the
21 emergency financial manager reduces his or her revenue estimates,
22 ~~he or she~~ shall modify the financial plan to conform to revised
23 revenue estimates

24 (3) The financial plan shall be in a form, and shall contain
25 that information for each year the FINANCIAL plan is in effect,
26 that the ~~school district's~~ emergency financial manager
27 specifies

1 (4) The emergency financial manager shall make public the
 2 FINANCIAL plan or modified FINANCIAL plan This subsection
 3 ~~shall~~ DOES not ~~be construed to mean that~~ REQUIRE the emer-
 4 gency financial manager ~~must~~ TO receive public approval before
 5 he or she implements the financial plan or any modification to
 6 the FINANCIAL plan

7 Sec 41 (1) Upon appointment under section 38, an emer-
 8 gency financial manager IMMEDIATELY shall ~~immediately~~ assume
 9 control over all fiscal matters of, and make all fiscal decisions
 10 for, the school district OR COMMUNITY COLLEGE DISTRICT for which
 11 he or she is appointed

12 (2) In implementing this article and performing his or her
 13 functions under this article, an emergency financial manager may
 14 take 1 or more of the following actions

15 (a) Examine the books and records of the school district OR
 16 COMMUNITY COLLEGE DISTRICT

17 (b) Review payrolls or other claims against the school dis-
 18 trict OR COMMUNITY COLLEGE DISTRICT before payment

19 (c) Negotiate renegotiate approve and enter into con-
 20 tracts on behalf of the school district OR COMMUNITY COLLEGE
 21 DISTRICT

22 (d) Receive and disburse on behalf of the school district OR
 23 COMMUNITY COLLEGE DISTRICT all federal, state, and local funds
 24 earmarked for the school district OR COMMUNITY COLLEGE DISTRICT
 25 These funds may include, but are not limited to, funds for spe-
 26 cific programs and the retirement of debt

1 (e) Adopt a final budget for the next school OR COMMUNITY
2 COLLEGE fiscal year and amend any adopted budget of the school
3 district OR COMMUNITY COLLEGE DISTRICT

4 (f) Act as an agent of the school district OR COMMUNITY COL-
5 LEGE DISTRICT in collective bargaining and, to the extent possi-
6 ble under state labor law renegotiate existing and negotiate new
7 labor agreements

8 (g) Analyze factors contributing to the financial condition
9 of the school district OR COMMUNITY COLLEGE DISTRICT and recom-
10 mend to the legislature steps that need to be taken to improve
11 the SCHOOL district s OR COMMUNITY COLLEGE DISTRICT S financial
12 condition

13 (h) Require compliance with his or her orders by court
14 action if necessary

15 (i) Require the attendance of witnesses and the production
16 of books, papers contracts, and other documents relevant to an
17 analysis of the financial condition of the school district OR
18 COMMUNITY COLLEGE DISTRICT

19 (j) Recommend to the governor the legislature, and the
20 state board that the school district OR COMMUNITY COLLEGE
21 DISTRICT be reorganized with 1 or more contiguous school dis-
22 tricts OR COMMUNITY COLLEGE DISTRICTS

23 (k) Consolidate divisions or transfer functions from 1 divi-
24 sion to another division within the school district OR COMMUNITY
25 COLLEGE DISTRICT and appoint, supervise, and, at his or her dis-
26 cretion WITHIN LEGAL LIMITATIONS, remove ~~within legal~~

1 ~~limitations,~~ heads of divisions of the school district OR

2 COMMUNITY COLLEGE DISTRICT

3 (l) Create a new position or approve or disapprove the cre-
4 ation of any new position or the filling of a vacancy in a per-
5 manent position by an appointing authority

6 (m) ~~Seek~~ FOR A SCHOOL DISTRICT, SEEK approval from the
7 state board for a reduced class schedule in accordance with
8 administrative rules governing the distribution of state school
9 aid

10 (n) Employ or contract for, at the expense of the school
11 district OR COMMUNITY COLLEGE DISTRICT and with the approval of
12 the superintendent of public instruction auditors and other
13 technical personnel considered necessary to implement this
14 article

15 (o) Reduce expenditures in the budget of the school district
16 OR COMMUNITY COLLEGE DISTRICT

17 (p) Borrow money on behalf of the school district OR COMMU-
18 NITY COLLEGE DISTRICT

19 (q) Approve or disapprove of the issuance of obligations of
20 the school district OR COMMUNITY COLLEGE DISTRICT

21 (r) Order as necessary 1 or more ~~school~~ millage elec-
22 tions for the school district OR COMMUNITY COLLEGE DISTRICT con-
23 sistent with the school code of 1976 OR THE COMMUNITY COLLEGE ACT
24 OF 1966, the Michigan election law, Act No 116 of the Public
25 Acts of 1954, being sections 168 1 to 168 992 of the Michigan
26 Compiled Laws, and sections 6 and 25 through 34 of article IX of
27 the state constitution of 1963

1 (s) Sell or otherwise use the assets of the school district
2 OR COMMUNITY COLLEGE DISTRICT to meet past or current obliga-
3 tions, provided the use of assets for this purpose does not
4 impair the education of the ~~pupils~~ STUDENTS of the district

5 (t) Exercise the authority and responsibilities affecting
6 the financial condition of the school district OR COMMUNITY COL-
7 LEGE DISTRICT that are prescribed by law to the school board OR
8 COMMUNITY COLLEGE BOARD and superintendent OR CHIEF EXECUTIVE of
9 the school district OR COMMUNITY COLLEGE DISTRICT

10 (3) After giving written notice to the superintendent of
11 public instruction, the emergency financial manager may authorize
12 the school district OR COMMUNITY COLLEGE DISTRICT to proceed
13 under chapter 9 of title 11 of the United States Code 11
14 U S C 901 to 904, 921 to ~~932~~ 930, and 941 to 946 This sec-
15 tion empowers the school district OR COMMUNITY COLLEGE DISTRICT
16 for which an emergency financial manager has been appointed to
17 become a debtor under chapter 9 of title 11 of the United States
18 Code

19 Sec 42 The superintendent of public instruction may
20 determine and certify that the conditions for revoking the decla-
21 ration of a financial emergency have been met after receiving a
22 recommendation from the emergency financial manager The emer-
23 gency financial manager may condition his or her recommendation
24 to the superintendent of public instruction upon the school
25 board s OR COMMUNITY COLLEGE BOARD'S adoption of a resolution
26 that will ensure the adoption of a balanced budget, elimination

1 of any remaining accumulated deficit, and the prevention of
2 additional negative fund balances

3 Sec 43 The superintendent of public instruction the
4 department of education and the school board OR COMMUNITY COL-
5 LEGE BOARD, administrators, and employees of a school district OR
6 COMMUNITY COLLEGE DISTRICT that has a financial emergency shall
7 provide the assistance and information considered necessary and
8 requested by the emergency financial manager in the effectuation
9 of his or her powers and duties under this article The school
10 board OR COMMUNITY COLLEGE BOARD shall comply with orders issued
11 by the emergency financial manager and may take those actions
12 necessary to comply with this article and as may be prescribed by
13 the review team, the superintendent of public instruction, or the
14 emergency financial manager in implementing this article

15 Sec 44 The state, the superintendent of public instruc-
16 tion, and an emergency financial manager are not liable for any
17 obligation of or claim against a school district OR COMMUNITY
18 COLLEGE DISTRICT resulting from actions taken in accordance with
19 this article