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SFA



BILL ANALYSIS

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Senate Bill 1005 (as introduced 2-15-00)
Sponsor: Senator Leon Stille
Committee: Education

Date Completed: 2-24-00

CONTENT

The bill would add Part 4A (Appointment of Chief Executive Officer for a School District Under Court Order), to the Revised School Code to do the following:

- Require the appointment of a chief executive officer (CEO) for a qualifying school district by the Governor, the State Superintendent of Public Instruction, and the superintendent of the intermediate school district (ISD) in which the qualifying school district was located.
- Define "qualifying school district" as a school district that was subject to a court desegregation order.
- Transfer the powers and duties of the elected school board to the CEO.
- Suspend the powers and duties of the district's elected board unless and until the board was reinstated upon an election.
- Require the elected school board to continue as an advisory board to the CEO and continue to hold elections to elect board members.
- Require the Governor, State Superintendent, and ISD superintendent to appoint three additional members to the advisory board.
- Require the superintendent of the qualifying school district to initiate a financial audit of the district.
- Provide that each employee of the qualifying school district whose position was not covered by a collective bargaining agreement would be employed at the will of the CEO.
- Require the CEO to develop a district improvement plan, and report annually on initiatives implemented to improve school quality and measurements to determine school improvement.
- Require that, after five years following the CEO's appointment, the question of

retaining the CEO and authority to appoint him or her be placed on the ballot in the qualifying school district.

- Permit the question to be placed on the ballot again at least five years after the most recent election on the question, upon submission of petitions calling for the question to be on the ballot.
- Specify that if a qualifying school district were subject to a court-ordered desegregation plan, Part 4A would be subject to that court order.

The bill states that if a school district became a qualifying school district under Part 4A, all powers and duties of the school board of the school district and of its officers would be subject to Part 4A.

Elected Board/Advisory Board

Beginning on the bill's effective date, the powers and duties of the elected school board of the qualifying school district and its officers would be suspended unless and until the elected school board was reinstated as provided in Part 4A. The elected school board would have to continue to meet as an advisory board to provide input to the CEO on an advisory basis only, and continue to hold school board elections to elect school board members as otherwise provided by law. Notwithstanding any board policy, bylaw, or resolution to the contrary, these elected school board members would have to serve without compensation or reimbursement unless and until the elected school board was reinstated.

In addition to the members of the elected school board serving on the advisory board, the Governor or his or her designee, the Superintendent of Public Instruction, and the intermediate superintendent of the ISD in which the qualifying school district was located each would have to appoint a member to the advisory board. These additional three members would serve at the will of the appointing official, and a vacancy among them would have to be filled in the

same manner as the original appointment. The additional members would have to serve without compensation or reimbursement. If the elected school board were reinstated, the service of the additional advisory board members would cease upon the reinstatement.

Transfer of Powers

Beginning on the bill's effective date and until the appointment of a CEO, all provisions of the Code that otherwise would apply to the school board of the qualifying school district or to the chief executive officer would apply to the superintendent of schools of the qualifying school district. The superintendent immediately could exercise all the powers and duties otherwise vested by law in the board of the qualifying school district and in its officers, and all powers and duties of the CEO as provided under Part 4A.

Within 30 days after the bill's effective date, the superintendent would have to initiate a financial audit of the qualifying school district. The results of the audit would have to be provided to the CEO.

Chief Executive Officer

Within 60 days after the bill's effective date, a chief executive officer would have to be appointed for the qualifying school district. The appointment would have to be by a majority vote of the Governor or his or her designee, the State Superintendent of Public Instruction, and the intermediate superintendent of the ISD in which the qualifying school district was located.

The CEO would have to pursue and promote the best interests of the qualifying school district and would have the powers and duties provided for under Part 4A. The CEO would be employed at the will of the appointing officials and could be removed by majority vote of those officials. The CEO would have to appoint for the qualifying school district a chief financial officer, chief academic officer, chief operations officer, and chief purchasing officer. These officers would be employed at the will of the CEO. If a vacancy occurred in one of these positions, a successor would have to be appointed in the same manner as the original appointment.

Upon the appointment of the CEO, all provisions of the Code that otherwise would apply to the elected school board of the qualifying school district would apply to the CEO. The CEO immediately could exercise all the powers and duties otherwise vested by law in the elected school board and in its secretary and treasurer, and all additional powers and duties provided under Part 4A. The CEO would accede to all the rights, duties, and obligations of the elected school board, including all of the following:

- Authority over the expenditure of all school district funds, including proceeds from bonded indebtedness and other funds dedicated to capital projects.
- Rights and obligations under collective bargaining agreements and employment contracts entered into by the elected school board, except for employment contracts of those employees whose position was not covered by a collective bargaining agreement.
- Rights to prosecute and defend litigation.
- Obligations under any judgments or orders entered into by or entered against the elected school board.
- Rights and obligations under statute, rule, and common law.
- Authority to delegate any of the CEO's powers and duties to one or more designees.

In addition to his or her other powers, the CEO could terminate any contract entered into by the elected school board except for a collective bargaining agreement. The bill specifies that this provision would not allow any termination or diminishment of obligations to pay debt service on legally authorized bonds. A contract terminated by a CEO under this provision would be void.

At-Will Employees

Beginning on the bill's effective date and until the appointment of a CEO, each employee of the qualifying school district whose position was not covered by a collective bargaining agreement would be employed at the will of the superintendent of

schools of the qualifying school district. Upon the appointment of a CEO, these employees would be employed at the will of the CEO.

Improvement Plan

Within 90 days after his or her initial appointment, and at least annually thereafter, the CEO would have to develop and submit to the School District Accountability Board (created under Part 5A of the Code) a school district improvement plan that included at least detailed academic, financial, capital, and operational goals and benchmarks for improvement and a description of strategies to be used to accomplish those goals and benchmarks. If the qualifying school district had developed a five-year school improvement plan for the district, the CEO would have to give substantial consideration to that progress plan in developing the academic goals and benchmarks included in the school district improvement plan under the bill. This plan also would have to include an assessment of available resources and recommendations concerning additional resources or changes in statute or rule, if any, needed to meet those goals and benchmarks. In addition, the improvement plan would have to include an evaluation of local school governance issues, including criteria for establishing building-level governance.

Annual Report

The CEO would have to submit an annual report to the Governor, School District Accountability Board, and Legislature, and make the report available to the community in the qualifying school district. The annual report would have to contain at least all of the following:

- A summary of the initiatives that had been implemented to improve school quality in the qualifying school district.
- A description of long-term performance goals that could include statewide averages or comparable measures of long-term improvement.
- Measurements that were related to attainment of the benchmarks for improvement in school quality in the qualifying school district.

The measurements would have to indicate changes from baseline data from the school year before the appointment of the CEO, and include at least all of the following: standardized test scores of pupils, dropout rates, daily attendance figures, enrollment figures, high school completion and other pertinent completion rates, changes made in course offerings, and the proportion of school district resources devoted to direct educational services.

Ballot Question

After the expiration of five years following the initial appointment of a CEO in the qualifying school district, the question of whether to retain the CEO and the authority to appoint him or her would have to be placed on the ballot in the qualifying school district, at the next school election occurring at least 90 days after the five-year expiration. The question would have to be in substantially the form described in the bill, in which a vote in the affirmative would continue the CEO in place in the school district and would continue the authority of State officials to appoint a CEO for the district. A vote in the negative would result in the election of a new elected school board as the governing body of the school district and would render the provisions of law establishing authority to appoint a CEO inapplicable for the school district.

The question could be placed on the ballot again in the qualifying school district if petitions calling for it to be placed on the ballot were filed with the county clerk for the county in which the qualifying school district was located not sooner than four years after the question had been most recently on the ballot. The petitions would have to be signed by a number of school electors of the qualifying school district at least equal to 10% of the number of votes cast within the city in which the district was located for Secretary of State in the most recent November general election in which a Secretary of State had been elected. If those petitions were submitted and verified, the question would have to be placed on the ballot in the qualifying school district at the next November general election occurring at least five years after the question had been most recently on the ballot and at least 90 days after the petitions were submitted and verified.

If the question were approved by a majority of the school electors voting on it either initially or at least five years later, all of the following would apply: The CEO would continue in place in the qualifying school district; the authority of the officials, described above, to appoint a CEO would continue in the qualifying school district; and, the question could not be placed on the ballot again in the qualifying school district until the expiration of five years after the election at which the question was approved.

If the question were not approved by a majority of the school electors voting on it either initially or at least five years later, all of the following would apply effective July 1 following the election: The elected school board of the qualifying school district would be reinstated, effective on the next July 1 following [S9900/s1005sa](#)

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the election, as the governing body of the qualifying school district and as of that date the elected school board and its officers again would be fully vested with all powers and duties that they had before the bill's effective date; the powers of the CEO and of all other officers appointed under Part 4A would cease; and, the provisions of Part 4A would not apply to the qualifying school district.

Accountability Board

Part 5A (Appointment of School Reform Boards) of the Code provides for the creation of the School District Accountability Board in the Department of Education, and specifies that the board's powers and duties are limited to a qualifying school district in which a school reform board is in place. The Code also establishes the board's responsibilities with respect to a qualifying school district in which a school reform board has been established under Part 5A, including receiving and reviewing the district's improvement plan and monitoring the progress being made by the school reform board in achieving the goals and benchmarks identified in the district improvement plan. The bill would apply these provisions to the qualifying school district under Part 4A.

Immunity from Obligation or Claim

The bill states that the Governor, the Superintendent of Public Instruction, the State Board of Education, the School District Accountability Board, the State, or a CEO or other officer appointed under Part 4A would not be liable for any obligation of or claim against a qualifying school district resulting from an action taken under Part 4A.

MCL 380.376 et al.

Legislative Analyst: L. Arasim

FISCAL IMPACT

The bill would have no fiscal impact on State government. There would be a fiscal impact on the local district due to the costs associated with the financial audit that would be required within 30 days of the bill's effective date. Also, the school district would have to incur the costs associated with the required annual school district improvement plan.

Fiscal Analyst: J. Carrasco