

SUBSTITUTE FOR  
HOUSE BILL NO. 5475

A bill to amend 1976 PA 451, entitled  
"The revised school code,"  
(MCL 380.1 to 380.1852) by adding section 620.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1       Sec. 620. (1) Not later than December 31 of each year, the  
2 center for educational performance and information shall submit  
3 all of the following information for each intermediate school  
4 district for the immediately preceding school fiscal year to the  
5 department in the form and manner prescribed by the department:
- 6       (a) All of the following general information:
- 7       (i) The amount of the intermediate school district's total  
8 budget.
- 9       (ii) The number of pupils served by the intermediate school  
10 district.
- 11       (iii) The number of employees employed by the intermediate

1 school district.

2 (iv) The number of constituent districts, public school  
3 academies, and nonpublic schools served by the intermediate  
4 school district.

5 (b) Except as otherwise provided in subsection (2) and  
6 subject to subsection (6), for each intermediate school board  
7 member or employee of the intermediate school district who had  
8 travel expenses during the school fiscal year that totaled more  
9 than \$3,000.00 and that were paid for with intermediate school  
10 district funds, all of the following information concerning that  
11 travel:

12 (i) The total cost of air travel.

13 (ii) The total cost of overnight lodging.

14 (iii) The total cost of car rental.

15 (iv) The total cost of meals.

16 (v) The dates, purpose, and locations of travel.

17 (vi) The name and position of the board member or employee.

18 (c) Except as otherwise provided in subsection (3) and  
19 subject to subsection (5), for each contract, other than an  
20 employment contract or a contract that is reported under  
21 subdivision (f), that was entered into by the intermediate school  
22 district during the school fiscal year and that either obligated  
23 the intermediate school district for an amount in excess of  
24 \$100,000.00; was not competitively bid and obligated the  
25 intermediate school district for an amount in excess of  
26 \$25,000.00; or was entered into with an entity in which an  
27 intermediate school board member or school administrator of the

1 intermediate school district, or a family member of an  
2 intermediate school board member or school administrator of the  
3 intermediate school district, was known by the intermediate  
4 school board to have a monetary interest, a description of the  
5 contract that includes at least all of the following:

6 (i) The subject matter and cost of the contract.

7 (ii) Whether the contract was competitively bid or was a  
8 single source contract.

9 (iii) The name and position of each individual who signed the  
10 contract on behalf of the intermediate school district.

11 (d) Except as otherwise provided in subsection (3), if there  
12 was a modification made during the school fiscal year to an  
13 existing contract that resulted in an additional financial  
14 obligation owed by the intermediate school district in excess of  
15 \$100,000.00 or that resulted in the total financial obligation  
16 owed by the intermediate school district from the existing  
17 contract exceeding \$100,000.00, or was a modification to an  
18 existing contract that was not competitively bid and the  
19 modification resulted in an additional financial obligation owed  
20 by the intermediate school district in excess of \$25,000.00 or  
21 resulted in the total financial obligation owed by the  
22 intermediate school district from the existing contract exceeding  
23 \$25,000.00, a description of the modification and the total  
24 amount of the additional and total financial obligation.

25 (e) Subject to subsection (4), for each intermediate school  
26 district employee with a compensation package with a total annual  
27 monetary value in the top 3% among the intermediate school

1 district's employees, all of the following:

2 (i) The dollar value of his or her salary.

3 (ii) The dollar value of all expense accounts provided for  
4 the employee and the dollar value of all reimbursed expenses.

5 (iii) The dollar value of any bonus, stipend, or any other  
6 form of supplemental compensation. As used in this subparagraph,  
7 "supplemental compensation" means any payment or benefit made  
8 available to that employee that is not generally made available  
9 to all teaching, administrative, and executive-level employees of  
10 the intermediate school district.

11 (f) Total costs incurred during the school fiscal year, and  
12 the source or sources of the money expended during the school  
13 fiscal year, for fiber optic or cable equipment and operating  
14 system software for fiber optic or cable equipment networks. The  
15 description of the source or sources of the money expended for  
16 purposes described in this subdivision shall specify the amount  
17 used from each of the separate funds maintained by the  
18 intermediate school district and used from each other source.

19 (g) Payments made during the school fiscal year to persons  
20 who were not employees of the intermediate school district for  
21 public relations, polling, lobbying, or legal services and a  
22 description of the services received by the intermediate school  
23 district in return.

24 (h) For each person not included under subdivision (e) or (g)  
25 to whom the intermediate school district was required to issue a  
26 federal income tax form 1099 that showed payments in excess of  
27 \$25,000.00 during the school fiscal year, the total amount paid

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1 to the individual, a description of the project or projects for  
2 which the person was contracted, and the services provided by the  
3 person.

4 (i) The amount and percentage of the intermediate school  
5 district's total budget that was spent on each of the following:

6 (i) Administrative costs, as defined under the Michigan  
7 public school accounting manual.

8 (ii) Public relations, surveys, polling, lobbying, and legal  
9 services.

10 (j) A list of all motor vehicles weighing 7,500 pounds or  
11 less that were owned or leased by the intermediate school  
12 district during the school fiscal year and are not reported under  
13 subdivision (c) and a description of the purposes for which each  
14 of these motor vehicles was used.

15 (2) Subsection (1)(b) does not apply to any of the  
16 following:

17 (a) Round-trip air travel on a scheduled airline from a  
18 location in the Upper Peninsula to a location in the Lower  
19 Peninsula or chartered round-trip air travel from a location in  
20 the Upper Peninsula to a location in the Lower Peninsula if the  
21 cost of the chartered air travel is less than the published cost  
22 of the same air travel on a scheduled airline.

[(b) Travel expenses for air or boat travel for work-related  
purposes within this state between an island and the mainland.

23 (c)] Travel expenses for travel within the boundaries of the  
24 intermediate school district for work-related purposes.

25 [(d)] Mileage reimbursement.

26 (3) Subsection (1)(c) and (d) do not apply to a contract for  
27 utilities or to a contract for an annuity or retirement benefit

1 in which all employees are eligible to participate unless the  
2 contract is for payment of a commission to a third-party broker  
3 for securing 1 of those contracts.

4 (4) If an intermediate school district has fewer than 3  
5 employees in the top 3% of employees as described in subsection  
6 (1)(e), the center for educational performance and information  
7 shall submit the information required under subsection (1)(e) for  
8 each intermediate school district employee with a compensation  
9 package with a total monetary value in the top 3 among the  
10 intermediate school district's employees. If an intermediate  
11 school district has more than 20 employees in the top 3% of  
12 employees as described in subsection (1)(e), the center for  
13 educational performance and information shall submit the  
14 information under subsection (1)(e) for each intermediate school  
15 district employee with a compensation package with a total  
16 monetary value in the top 20 among the intermediate school  
17 district's employees.

18 (5) For the purposes of subsection (1)(c), an intermediate  
19 school board member or school administrator of an intermediate  
20 school district, or a family member of an intermediate school  
21 board member or school administrator of an intermediate school  
22 district, is not considered to have a monetary interest in any of  
23 the following contracts:

24 (a) A contract between the intermediate school district and  
25 any of the following:

26 (i) A corporation in which an intermediate school board  
27 member, intermediate school district administrator, or family

1 member is a stockholder owning 1% or less of the total stock  
2 outstanding in any class if the stock is not listed on a stock  
3 exchange or owning stock that has a present market value of  
4 \$25,000.00 or less if the stock is listed on a stock exchange.

5 (ii) A corporation in which a trust, if an intermediate  
6 school board member, intermediate school district administrator,  
7 or family member is a beneficiary under the trust, owns 1% or  
8 less of the total stock outstanding in any class if the stock is  
9 not listed on a stock exchange or owning stock that has a present  
10 market value of \$25,000.00 or less if the stock is listed on a  
11 stock exchange.

12 (iii) A professional limited liability company organized  
13 pursuant to the Michigan limited liability company act, 1993 PA  
14 23, MCL 450.5101 to 450.6200, if an intermediate school board  
15 member, intermediate school district administrator, or family  
16 member is an employee but not a member of the company.

17 (b) A contract between the intermediate school district and  
18 any of the following:

19 (i) A corporation in which an intermediate school board  
20 member, intermediate school district administrator, or family  
21 member is not a stockholder owning more than 1% of the total  
22 stock outstanding in any class if the stock is not listed on a  
23 stock exchange; is not a stockholder owning stock that has a  
24 present market value in excess of \$25,000.00 if the stock is  
25 listed on a stock exchange; or is not a director, officer, or  
26 employee.

27 (ii) A firm, partnership, or other unincorporated

1 association, in which an intermediate school board member,  
2 intermediate school district administrator, or family member is  
3 not a partner, member, or employee.

4 (iii) A corporation or firm that has an indebtedness owed to  
5 an intermediate school board member, intermediate school district  
6 administrator, or family member.

7 (c) A contract between the intermediate school district and a  
8 constituent district.

9 (6) Beginning January 1, 2006, the monetary amount specified  
10 in subsection (1)(b) shall be adjusted each January 1 pursuant to  
11 the annual average percentage increase or decrease in the Detroit  
12 consumer price index--all items. The adjustment for each year  
13 shall be made by comparing the percentage increase or decrease in  
14 the Detroit consumer price index for the preceding August by the  
15 corresponding Detroit consumer price index--all items 1 year  
16 earlier. The resultant percentage change shall then be  
17 multiplied by the affected monetary amount. These results shall  
18 be rounded up to the nearest dollar and added to or subtracted  
19 from the current monetary amount as previously adjusted by this  
20 subsection to determine the new amount for that year. The  
21 adjustment shall apply only to expenditures or violations  
22 occurring after the date of the adjusting of the amount. The  
23 adjusted amount shall be determined and announced by the  
24 department on or before December 15 of each year and shall be  
25 provided to all persons requesting the adjusted amount. If the  
26 index is unavailable, the department shall make a reasonable  
27 approximation.



1       (7) The department shall post the information received under  
2 subsection (1) on its website.

3       (8) As used in this section:

4       (a) "Family member" means a person's spouse or spouse's  
5 sibling or child; a person's sibling or sibling's spouse or  
6 child; a person's child or child's spouse; or a person's parent  
7 or parent's spouse, and includes these relationships as created  
8 by adoption or marriage.

9       (b) "Total budget" means budget for all funds held by the  
10 intermediate school district.

11       Enacting section 1. This amendatory act takes effect July  
12 1, 2005.

13       Enacting section 2. This amendatory act does not take  
14 effect unless House Bill No. 5627 of the 92nd Legislature is  
15 enacted into law.