

HOUSE BILL No. 5152

June 25, 2009, Introduced by Rep. Cushingberry and referred to the Committee on Education.

A bill to amend 1990 PA 72, entitled "Local government fiscal responsibility act," by amending section 33 (MCL 141.1233), as amended by 2002 PA 408.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 33. (1) The superintendent of public instruction may
2 determine that a school district has a serious financial problem if
3 he or she finds that 1 or more of the following conditions exist:

4 (a) The school district ended the most recently completed
5 school fiscal year with a deficit in 1 or more of its funds and the
6 superintendent of public instruction has not approved a deficit
7 elimination plan within 3 months after the district's deadline for
8 submission of its annual financial statement.

9 (b) The school board of the school district adopts a

1 resolution declaring that the school district is in a financial
2 emergency.

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

11 (d) The superintendent of public instruction receives a
12 written request, from a creditor of the school district with an
13 undisputed claim against the school district, to find the school
14 district has a serious financial problem. The superintendent of
15 public instruction may honor this request only if the claim remains
16 unpaid 6 months after its due date, the claim exceeds the greater
17 of \$10,000.00 or 1% of the annual general fund budget of the school
18 district, and the creditor notifies the school district in writing
19 at least 30 days before he or she requests the superintendent of
20 public instruction to find that the school district has a serious
21 financial problem.

22 (e) The superintendent of public instruction receives written
23 notification from a trustee, paying agent, note or bondholder, or
24 the state treasurer of a violation of 1 or more of the school
25 district's bond or note covenants.

26 (f) The superintendent of public instruction receives a
27 resolution from either the senate or the house of representatives

1 requesting a review under this section of the financial condition
2 of the school district.

3 (g) The school district is in violation of the conditions of
4 an order issued pursuant to, or as a requirement of, former 1943 PA
5 202, the revenue bond act of 1933, 1933 PA 94, MCL 141.101 to
6 141.140, the revised municipal finance act, 2001 PA 34, MCL
7 141.2101 to 141.2821, or any other law governing the issuance of
8 bonds or notes.

9 (h) The school district is in violation of the requirements of
10 sections 17 to 20 of the uniform budgeting and accounting act, 1968
11 PA 2, MCL 141.437 to 141.440.

12 (i) The school district fails to provide an annual financial
13 report or audit that conforms with the minimum procedures and
14 standards of the state board and is required under the revised
15 school code, 1976 PA 451, MCL 380.1 to 380.1852, and the state
16 school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1772.

17 (j) A court has ordered an additional tax levy without the
18 prior approval of the school board of the school district.

19 **(K) THE SUPERINTENDENT OF PUBLIC INSTRUCTION DETERMINES THAT**
20 **BOTH OF THE FOLLOWING APPLY TO 1 OR MORE OF THE SCHOOLS OPERATED BY**
21 **THE SCHOOL DISTRICT:**

22 **(i) THE SCHOOL HAS BEEN UNACCREDITED FOR 4 CONSECUTIVE YEARS**
23 **UNDER SECTION 1280 OF THE REVISED SCHOOL CODE, 1976 PA 451, MCL**
24 **380.1280, OR HAS FAILED TO ACHIEVE THE FEDERAL PUPIL PERFORMANCE**
25 **STANDARD FOR 4 OR MORE CONSECUTIVE YEARS. AS USED IN THIS**
26 **SUBPARAGRAPH, "FAILED TO ACHIEVE THE FEDERAL PUPIL PERFORMANCE**
27 **STANDARD" MEANS THAT THE DEPARTMENT HAS DETERMINED THAT THE SCHOOL**

1 HAS FAILED TO ACHIEVE ADEQUATE YEARLY PROGRESS UNDER THE NO CHILD
2 LEFT BEHIND ACT OF 2001, PUBLIC LAW 107-110, OR HAS FAILED TO MEET
3 A SUCCESSOR FEDERAL STANDARD THAT THE SUPERINTENDENT OF PUBLIC
4 INSTRUCTION HAS IDENTIFIED AS BEING A STANDARD ESTABLISHED BY THE
5 FEDERAL GOVERNMENT THAT IS BASED ON PUPIL PERFORMANCE AND IS
6 REQUIRED TO BE MET IN ORDER TO RECEIVE FULL FEDERAL FUNDING.

7 (ii) THE PERCENTAGE OF ALL PUPILS ENROLLED IN THE SCHOOL WHO
8 SCORED AT LEAST "PROFICIENT" ON THE MOST RECENT MICHIGAN EDUCATION
9 ASSESSMENT PROGRAM ASSESSMENTS OR MICHIGAN MERIT EXAMINATION, AS
10 APPLICABLE, FOR WHICH RESULTS ARE AVAILABLE WAS LESS THAN 35% IN
11 BOTH MATHEMATICS AND ENGLISH LANGUAGE ARTS.

12 (2) Upon determining that a school district has a serious
13 financial problem, the superintendent of public instruction shall
14 notify the governor and the state board of that determination and
15 of the basis for and findings supporting the determination.