

# HOUSE BILL No. 6576

November 17, 2010, Introduced by Rep. Durhal and referred to the Committee on Education.

A bill to amend 1976 PA 451, entitled  
"The revised school code,"  
by amending section 1225 (MCL 380.1225), as amended by 2006 PA 285,  
and by adding part 5B.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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PART 5B

RENAISSANCE SCHOOL DISTRICTS

SEC. 381. AS USED IN THIS PART:

(A) "BOARD" MEANS THE BOARD OF THE SCHOOL DISTRICT OR, IF THE  
SCHOOL DISTRICT IS OPERATING UNDER THE OVERSIGHT OF AN EMERGENCY  
FINANCIAL MANAGER UNDER THE LOCAL GOVERNMENT FISCAL RESPONSIBILITY  
ACT, 1990 PA 72, MCL 141.1201 TO 141.1291, THE EMERGENCY FINANCIAL  
MANAGER.

1 (B) "DEFICIT DISTRICT" MEANS A SCHOOL DISTRICT WITH A GENERAL  
2 FUND DEFICIT AS OF JUNE 30, 2010.

3 (C) "RESOLUTION" MEANS A RESOLUTION ADOPTED BY THE BOARD OF A  
4 SCHOOL DISTRICT OR AN ORDER EXECUTED BY AN EMERGENCY FINANCIAL  
5 MANAGER IN PLACE IN A SCHOOL DISTRICT UNDER THE LOCAL GOVERNMENT  
6 FISCAL RESPONSIBILITY ACT, 1990 PA 72, MCL 141.1201 TO 141.1291.

7 (D) "CEO" MEANS A CHIEF EXECUTIVE OFFICER APPOINTED BY THE  
8 BOARD OF A SCHOOL DISTRICT UNDER SECTION 382 AND CONFIRMED BY THE  
9 SUPERINTENDENT OF PUBLIC INSTRUCTION OR THE SUPERINTENDENT OF THE  
10 SCHOOL DISTRICT.

11 (E) "RENAISSANCE PLAN" MEANS A RENAISSANCE PLAN THAT IS  
12 ADOPTED UNDER AND MEETS THE REQUIREMENTS OF SECTION 382.

13 (F) "RENAISSANCE SCHOOL DISTRICT" MEANS A SCHOOL DISTRICT THAT  
14 HAS ADOPTED A RENAISSANCE PLAN APPROVED BY THE SUPERINTENDENT OF  
15 PUBLIC INSTRUCTION UNDER SECTION 382.

16 (G) "UNDERPERFORMING DISTRICT" MEANS A SCHOOL DISTRICT IN  
17 WHICH 10% OR MORE OF ITS PUPILS ARE ENROLLED IN A SCHOOL THAT IS ON  
18 THE LIST OF LOWEST ACHIEVING 5% OF PUBLIC SCHOOLS IN THIS STATE  
19 UNDER SECTION 1280C.

20 SEC. 382. (1) NOT LATER THAN DECEMBER 15, 2010, THE  
21 SUPERINTENDENT FOR PUBLIC INSTRUCTION SHALL IDENTIFY AND PUBLISH A  
22 LIST OF DEFICIT DISTRICTS.

23 (2) A DEFICIT DISTRICT MAY BECOME A RENAISSANCE SCHOOL  
24 DISTRICT BY ADOPTING A RESOLUTION THAT ADOPTS A RENAISSANCE PLAN  
25 MEETING THE REQUIREMENTS OF THIS SECTION, SUBMITTING THE PROPOSED  
26 RENAISSANCE PLAN TO THE SUPERINTENDENT OF PUBLIC INSTRUCTION FOR  
27 APPROVAL, AND HAVING THE RENAISSANCE PLAN APPROVED BY THE

1 SUPERINTENDENT OF PUBLIC INSTRUCTION UNDER SUBSECTION (3).

2 (3) THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL APPROVE,  
3 DISAPPROVE, OR REQUEST MODIFICATIONS TO A PROPOSED RENAISSANCE PLAN  
4 WITHIN 30 DAYS AFTER RECEIVING IT. THE SUPERINTENDENT OF PUBLIC  
5 INSTRUCTION SHALL APPROVE A RENAISSANCE PLAN THAT HE OR SHE  
6 DETERMINES MEETS THE REQUIREMENTS OF THIS SECTION. THE  
7 SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL EXPLAIN ANY REASONS FOR  
8 DISAPPROVAL OR REQUESTED MODIFICATIONS IN WRITING, AND THE DEFICIT  
9 DISTRICT MAY REVISE AND RESUBMIT ITS PROPOSED RENAISSANCE PLAN  
10 WITHIN 30 DAYS AFTER RECEIVING THE WRITTEN EXPLANATION FROM THE  
11 SUPERINTENDENT OF PUBLIC INSTRUCTION. IF THE DEFICIT DISTRICT  
12 REVISES AND RESUBMITS ITS PROPOSED RENAISSANCE PLAN WITHIN THIS 30-  
13 DAY TIME PERIOD, THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL  
14 ISSUE A FINAL DETERMINATION EITHER APPROVING OR DISAPPROVING THE  
15 RENAISSANCE PLAN WITHIN 30 DAYS AFTER RECEIVING THE RESUBMITTED  
16 RENAISSANCE PLAN. UPON A FINAL DETERMINATION BY THE SUPERINTENDENT  
17 OF PUBLIC INSTRUCTION APPROVING A DEFICIT DISTRICT'S RENAISSANCE  
18 PLAN, THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL TRANSMIT THE  
19 RENAISSANCE PLAN AND APPROVAL TO THE STATE BOARD OF EDUCATION, AND  
20 THE DEFICIT DISTRICT IS THEN A RENAISSANCE SCHOOL DISTRICT ELIGIBLE  
21 FOR FUNDING PURSUANT TO SECTION 10(F) OF THE MICHIGAN TRUST FUND  
22 ACT, 2000 PA 489, MCL 12.260, AND IS SUBJECT TO THIS PART.

23 (4) A RENAISSANCE PLAN SHALL INCLUDE ALL OF THE FOLLOWING:

24 (A) THE NAME OF THE SCHOOL DISTRICT.

25 (B) THE ADMINISTRATIVE MANAGEMENT TEAM FOR THE SCHOOL  
26 DISTRICT, WHICH MAY INCLUDE A CEO, A CHIEF FINANCIAL OFFICER, AND A  
27 CHIEF ACADEMIC OFFICER, INCLUDING THE QUALIFICATIONS AND RATIONALE

1 FOR APPOINTMENT OF EACH MEMBER OF THE ADMINISTRATIVE MANAGEMENT  
2 TEAM.

3 (C) THE SCHOOL DISTRICT'S DEFICIT ELIMINATION PLAN, BUDGET  
4 STATUS, 12-MONTH CASH FLOW, AND PLAN FOR RESOLVING AND ADDRESSING  
5 AUDIT FINDINGS, INCLUDING A PLAN AND TIMELINE FOR ADDRESSING ANY  
6 MATERIAL FINDINGS.

7 (D) THE SCHOOL DISTRICT'S ACADEMIC STATUS AND PLAN FOR  
8 IMPROVING THE SCHOOL DISTRICT'S ACADEMIC PERFORMANCE, INCLUDING AT  
9 LEAST ALL OF THE FOLLOWING:

10 (i) THE LEVEL OF AUTONOMY TO BE GRANTED TO EACH SCHOOL IN THE  
11 RENAISSANCE SCHOOL DISTRICT.

12 (ii) IF THE DEFICIT DISTRICT IS AN UNDERPERFORMING DISTRICT, A  
13 DESCRIPTION OF INITIATIVES TO IMPROVE STUDENT ACHIEVEMENT AND  
14 PERFORMANCE IN THE SCHOOL DISTRICT AND THE METHODS BY WHICH THESE  
15 INITIATIVES WILL BE IMPLEMENTED, INCLUDING INITIATIVES FOR MEETING  
16 THE NEEDS OF PUPILS AT RISK OF FALLING SERIOUSLY BEHIND OTHER  
17 PUPILS OF THE SAME AGE LEVEL, OF NOT ADVANCING IN GRADE LEVEL, OR  
18 OF DROPPING OUT OR BEING EXPELLED FROM SCHOOL.

19 (E) IF REQUIRED BY THE SUPERINTENDENT OF PUBLIC INSTRUCTION,  
20 THE RETENTION OF EITHER AN AUDITOR GENERAL OR AN INSPECTOR GENERAL  
21 AS PROVIDED IN SECTION 384, OR BOTH.

22 (F) A PLAN FOR THE EXPENDITURE, TOGETHER WITH OTHER FUNDS  
23 AVAILABLE TO THE SCHOOL DISTRICT, OF FUNDS TO BE RECEIVED PURSUANT  
24 TO SECTION 10(F) OF THE MICHIGAN TRUST FUND ACT, 2000 PA 489, MCL  
25 12.260. THIS PLAN FOR EXPENDITURE OF FUNDS MUST INCLUDE THE  
26 ELIMINATION OF THE SCHOOL DISTRICT'S GENERAL FUND DEFICIT AND THE  
27 ADOPTION OF BALANCED BUDGETS DURING THE TERM OF THE RENAISSANCE

1 PLAN.

2 (G) THE TIMELINES FOR THE IMPLEMENTATION AND EVALUATION OF  
3 EACH OF THE PRINCIPLES AND GOALS DESCRIBED IN THE RENAISSANCE PLAN.

4 (5) A RENAISSANCE PLAN MAY INCLUDE ANY OF THE FOLLOWING:

5 (A) GOALS OR PLANS FOR REDUCING THE SCHOOL DISTRICT'S COSTS  
6 FOR CURRENT EMPLOYEE BENEFITS, NONINSTRUCTIONAL SUPPORT SERVICES,  
7 AND TRANSPORTATION, IF APPLICABLE.

8 (B) GOALS FOR REDUCING SCHOOL BUILDING OVERCAPACITY, IF ANY.

9 (C) GOALS FOR ENHANCING INFORMATION TECHNOLOGY CAPABILITIES  
10 AND DATA QUALITY THROUGH INTERNAL RESTRUCTURING, SHARED SERVICES,  
11 OR OUTSOURCING.

12 (D) A PLAN TO GRANT INDIVIDUAL SCHOOLS A DEGREE OF AUTONOMY,  
13 SUBJECT TO SPECIFIED OPERATING AND PERFORMANCE PARAMETERS.

14 (E) COMPENSATION SCHEDULES FOR EMPLOYEE GROUPS, INCLUDING  
15 INCENTIVE COMPENSATION FOR TEACHERS WORKING IN AN UNDERPERFORMING  
16 DISTRICT.

17 (F) A PLAN TO PARTNER WITH 1 OR MORE EDUCATION SERVICE  
18 PROVIDERS TO MANAGE INDIVIDUAL SCHOOLS WITHIN THE SCHOOL DISTRICT.

19 (G) A PLAN FOR PAYING THE COSTS ASSOCIATED WITH SPECIFIC  
20 ELEMENTS OF THE RENAISSANCE PLAN, INCLUDING INCENTIVE COMPENSATION,  
21 IF ANY, FOR TEACHERS WORKING IN AN UNDERPERFORMING DISTRICT.

22 (6) THE APPOINTMENTS OF THE MEMBERS OF THE ADMINISTRATIVE  
23 MANAGEMENT TEAM IDENTIFIED IN THE RENAISSANCE PLAN ARE SUBJECT TO  
24 APPROVAL BY THE SUPERINTENDENT OF PUBLIC INSTRUCTION. AN  
25 APPOINTMENT SHALL BE CONSIDERED TO BE CONFIRMED BY THE  
26 SUPERINTENDENT OF PUBLIC INSTRUCTION, UNLESS SPECIFICALLY  
27 DISAPPROVED BY THE SUPERINTENDENT OF PUBLIC INSTRUCTION ON THE

1 BASIS OF REVIEW OF THE QUALIFICATIONS OF AN INDIVIDUAL MEMBER OR  
2 MEMBERS OF THE ADMINISTRATIVE MANAGEMENT TEAM.

3 (7) UPON APPROVAL OF A RENAISSANCE SCHOOL DISTRICT'S  
4 RENAISSANCE PLAN PURSUANT TO THIS SECTION, THE ADMINISTRATIVE  
5 MANAGEMENT TEAM SHALL IMPOSE AN ADDENDUM TO EACH COLLECTIVE  
6 BARGAINING AGREEMENT IN EFFECT IN THE RENAISSANCE SCHOOL DISTRICT.  
7 THE ADDENDUM SHALL INCLUDE ALL OF THE FOLLOWING:

8 (A) THAT ANY CONTRACTUAL OR OTHER SENIORITY SYSTEM THAT WOULD  
9 OTHERWISE BE APPLICABLE SHALL NOT APPLY IN THE RENAISSANCE SCHOOL  
10 DISTRICT. THIS SUBDIVISION DOES NOT ALLOW UNILATERAL CHANGES IN PAY  
11 SCALES OR BENEFITS.

12 (B) THAT ANY CONTRACTUAL OR OTHER WORK RULES THAT ARE  
13 IMPEDIMENTS TO IMPLEMENTING FINANCIAL AND ACADEMIC REFORMS IN  
14 ACCORDANCE WITH THIS PART SHALL NOT APPLY IN THE RENAISSANCE SCHOOL  
15 DISTRICT. THIS SUBDIVISION DOES NOT ALLOW UNILATERAL CHANGES IN PAY  
16 SCALES OR BENEFITS.

17 (C) THAT THE CEO SHALL IMPLEMENT A DATA-DRIVEN EVALUATION  
18 POLICY FOR ALL INSTRUCTIONAL PERSONNEL AND ADMINISTRATORS. THIS  
19 POLICY SHALL PROMOTE QUALITY INSTRUCTION, PROFESSIONAL DEVELOPMENT,  
20 AND CORRECTIVE ACTION, AND SHALL DETERMINE THE MINIMUM LEVEL OF  
21 ADMINISTRATORS' CLASSROOM OBSERVATIONS FOR TENURED INSTRUCTIONAL  
22 PERSONNEL.

23 (D) THAT THE CEO SHALL IMPLEMENT A DATA-DRIVEN DETERMINATION  
24 OF OPTIMUM CLASS SIZES FOR EACH GRADE LEVEL AND ACADEMIC SUBJECT  
25 AREA TO PROMOTE QUALITY INSTRUCTION AND ADEQUATE YEARLY PROGRESS.

26 (E) THAT THE CEO SHALL IMPLEMENT WORK SCHEDULES THAT PROMOTE  
27 QUALITY INSTRUCTION AND ADEQUATE YEARLY PROGRESS, INCLUDING

1 SCHEDULES FOR THE LENGTH OF THE SCHOOL DAY AND THE LENGTH OF THE  
2 SCHOOL YEAR.

3 (F) THAT THE CEO SHALL IMPLEMENT AN ATTENDANCE POLICY FOR ALL  
4 INSTRUCTIONAL AND NONINSTRUCTIONAL PERSONNEL. THE ATTENDANCE POLICY  
5 SHALL PROMOTE CONTINUITY OF INSTRUCTION AND EFFICIENCY AND  
6 EFFECTIVENESS OF EXPENDITURES OF FUNDS.

7 (G) THAT THE CEO MAY IMPLEMENT A DATA-DRIVEN, MERIT-BASED  
8 COMPENSATION POLICY FOR INSTRUCTIONAL AND ADMINISTRATIVE PERSONNEL.  
9 THE COMPENSATION POLICY SHALL PROVIDE INCENTIVES FOR QUALITY  
10 INSTRUCTION AND PROFESSIONAL DEVELOPMENT.

11 (8) A RENAISSANCE SCHOOL DISTRICT SHALL IMPLEMENT ITS  
12 RENAISSANCE PLAN IN ACCORDANCE WITH THE TERMS AND TIMELINES  
13 ESTABLISHED IN THE RENAISSANCE PLAN.

14 (9) FOR EACH SCHOOL YEAR IN WHICH OVERSIGHT BY THE  
15 SUPERINTENDENT OF PUBLIC INSTRUCTION REMAINS IN PLACE IN THE  
16 RENAISSANCE SCHOOL DISTRICT PURSUANT TO SECTION 383, NOT LATER THAN  
17 JUNE 30 AFTER CONCLUSION OF THAT SCHOOL YEAR, THE BOARD AND CEO OF  
18 THE RENAISSANCE SCHOOL DISTRICT SHALL SUBMIT AN ANNUAL UPDATE AND  
19 REPORT TO THE SUPERINTENDENT OF PUBLIC INSTRUCTION ON THE SCHOOL  
20 DISTRICT'S PROGRESS IN IMPLEMENTING EACH ELEMENT OF ITS RENAISSANCE  
21 PLAN, INCLUDING THE DEFICIT ELIMINATION PLAN, AND A SUMMARY OF THE  
22 INITIATIVES DESCRIBED IN THE RENAISSANCE PLAN THAT HAVE BEEN  
23 IMPLEMENTED TO IMPROVE SCHOOL QUALITY IN THE SCHOOL DISTRICT,  
24 INDICATIONS OF SUCCESS OR LACK OF SUCCESS IN IMPLEMENTATION, AND  
25 PROPOSED REVISIONS TO THE RENAISSANCE PLAN TO ADDRESS ELEMENTS OF  
26 THE PLAN THAT HAVE NOT MET THE PLAN'S GOALS.

27 SEC. 383. (1) THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL

1 PERFORM THE RESPONSIBILITIES LISTED UNDER SUBSECTION (2) FOR A  
2 RENAISSANCE SCHOOL DISTRICT UNTIL THE RENAISSANCE SCHOOL DISTRICT  
3 HAS MET ALL OF THE FOLLOWING:

4 (A) HAS SUBMITTED AUDITS FOR 2 CONSECUTIVE FISCAL YEARS  
5 WITHOUT MATERIAL WEAKNESSES DEMONSTRATING THAT THE DISTRICT HAS  
6 POSITIVE FUND BALANCES IN ITS GENERAL FUND AND NO MORE THAN DE  
7 MINIMIS OPERATING DEFICITS IN ITS OTHER FUNDS.

8 (B) DEMONSTRATES THAT IT HAS ACHIEVED THE FINANCIAL AND  
9 ACADEMIC OBJECTIVES IN ITS RENAISSANCE PLAN IN ALL MATERIAL  
10 RESPECTS.

11 (2) SUBJECT TO SUBSECTIONS (1) AND (3), THE SUPERINTENDENT OF  
12 PUBLIC INSTRUCTION SHALL REVIEW ALL OF THE FOLLOWING FOR A  
13 RENAISSANCE SCHOOL DISTRICT AT LEAST ONCE EVERY 3 MONTHS:

14 (A) THE RENAISSANCE SCHOOL DISTRICT'S BUDGET STATUS, CASH  
15 FLOW, AND PROGRESS IN RESOLVING AND ADDRESSING AUDIT FINDINGS.

16 (B) THE RENAISSANCE SCHOOL DISTRICT'S PROGRESS IN IMPLEMENTING  
17 THE OTHER FINANCIAL AND ACADEMIC OBJECTIVES CONTAINED IN ITS  
18 RENAISSANCE PLAN AND THE REPORT SUBMITTED ANNUALLY BY THE CEO  
19 PURSUANT TO SECTION 382(9).

20 (C) THE INSPECTOR GENERAL AND AUDITOR GENERAL REPORTS  
21 DESCRIBED IN SECTION 384, IF APPLICABLE.

22 (3) THE SUPERINTENDENT OF PUBLIC INSTRUCTION MAY ADJUST HIS OR  
23 HER LEVEL OF OVERSIGHT FOR A RENAISSANCE SCHOOL DISTRICT AND THE  
24 LEVEL OF FUNDING FOR A RENAISSANCE SCHOOL DISTRICT UNDER SECTION  
25 10(F) OF THE MICHIGAN TRUST FUND ACT, 2000 PA 489, MCL 12.260, AND  
26 A RENAISSANCE SCHOOL DISTRICT'S RENAISSANCE PLAN MAY BE ADJUSTED  
27 ANNUALLY BY THE SCHOOL DISTRICT WITH THE APPROVAL OF THE

1 SUPERINTENDENT OF PUBLIC INSTRUCTION, BASED ON THE PROGRESS OR LACK  
2 OF PROGRESS THE SUPERINTENDENT OF PUBLIC INSTRUCTION DETERMINES THE  
3 SCHOOL DISTRICT IS MAKING IN MEETING THE OBJECTIVES OF THE  
4 RENAISSANCE PLAN WITHIN THE TIMELINES CONTAINED IN THE PLAN. THE  
5 SUPERINTENDENT OF PUBLIC INSTRUCTION MAY ASK THE STATE TREASURER TO  
6 PHASE FUNDING TO THE RENAISSANCE SCHOOL DISTRICT UNDER SECTION  
7 10(F) OF THE MICHIGAN TRUST FUND ACT, 2000 PA 489, MCL 12.260, IF  
8 THE RENAISSANCE SCHOOL DISTRICT HAS NOT DEMONSTRATED PROGRESS IN  
9 THE 18 MONTHS BEFORE APPROVAL OF THE RENAISSANCE PLAN OR IN EACH  
10 YEAR AFTER THE RENAISSANCE PLAN IS APPROVED TOWARD ACHIEVING THE  
11 OBJECTIVES OF THE RENAISSANCE PLAN. THE SUPERINTENDENT OF PUBLIC  
12 INSTRUCTION MAY ASK THE STATE TREASURER TO ACCELERATE FUNDING TO  
13 THE RENAISSANCE SCHOOL DISTRICT UNDER SECTION 10(F) OF THE MICHIGAN  
14 TRUST FUND ACT, 2000 PA 489, MCL 12.260, IF PROGRESS EXCEEDS  
15 TARGETED BENCHMARKS. THE SUPERINTENDENT OF PUBLIC INSTRUCTION MAY  
16 PHASE OUT OVERSIGHT UNDER THIS SECTION AS GOALS IDENTIFIED IN THE  
17 RENAISSANCE PLAN ARE MET AND SUSTAINED. THE SUPERINTENDENT OF  
18 PUBLIC INSTRUCTION MAY INCREASE OVERSIGHT UNDER THIS SECTION IF  
19 GOALS ARE NOT MET WITHIN THE TIMELINES IDENTIFIED IN THE  
20 RENAISSANCE PLAN FOR MEETING EACH GOAL.

21 (4) THE RESPONSIBILITIES OF THE SUPERINTENDENT OF PUBLIC  
22 INSTRUCTION UNDER THIS SECTION WITH RESPECT TO A RENAISSANCE SCHOOL  
23 DISTRICT SHALL BE SUSPENDED IF THE SCHOOL DISTRICT DEMONSTRATES THE  
24 RESULTS DESCRIBED IN SUBSECTION (1), BUT THE SUPERINTENDENT OF  
25 PUBLIC INSTRUCTION SHALL RESUME THOSE RESPONSIBILITIES  
26 AUTOMATICALLY UPON THE OCCURRENCE OF AT LEAST 1 OF THE FOLLOWING:

27 (A) THE SCHOOL DISTRICT HAS A NEGATIVE GENERAL FUND BALANCE

1 BASED ON THE ANNUAL AUDIT REPORT OR THE BOARD OF THE SCHOOL  
2 DISTRICT ADOPTS A BUDGET THAT PROJECTS A NEGATIVE FUND BALANCE IN  
3 EXCESS OF 1% OF THE SCHOOL DISTRICT'S REVENUES FOR THE IMMEDIATELY  
4 PRECEDING FISCAL YEAR.

5 (B) FAILURE BY THE SCHOOL DISTRICT TO PROVIDE AN ANNUAL  
6 FINANCIAL REPORT OR AUDIT THAT CONFORMS WITH THE MINIMUM PROCEDURES  
7 AND STANDARDS REQUIRED UNDER SECTION 303 OF THE REVISED MUNICIPAL  
8 FINANCE ACT, 2001 PA 34, MCL 141.2303, OR THE UNIFORM BUDGET AND  
9 ACCOUNTING ACT, 1968 PA 2, MCL 141.421 TO 141.440A.

10 (5) THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL REPORT HIS  
11 OR HER FINDINGS IN WRITING AT LEAST ANNUALLY TO THE GOVERNOR, THE  
12 LEGISLATURE, AND THE STATE BOARD OF EDUCATION, WITH A COPY TO THE  
13 BOARD OF THE SCHOOL DISTRICT.

14 (6) THE SUPERINTENDENT OF PUBLIC INSTRUCTION MAY CONSULT WITH  
15 THE STATE TREASURER AND THE DIRECTOR OF THE STATE DEPARTMENT OF  
16 TECHNOLOGY, MANAGEMENT, AND BUDGET AS TO NONACADEMIC ELEMENTS OF A  
17 PARTICULAR RENAISSANCE PLAN.

18 SEC. 384. (1) AS PART OF THE APPROVAL OF A RENAISSANCE PLAN,  
19 THE SUPERINTENDENT OF PUBLIC INSTRUCTION MAY REQUIRE A DEFICIT  
20 DISTRICT TO RETAIN 1 OR MORE INDIVIDUALS OR FIRMS TO PERFORM THE  
21 DUTIES OF AN INSPECTOR GENERAL OR AN AUDITOR GENERAL AS DESCRIBED  
22 IN THIS SECTION. AN INDIVIDUAL OR FIRM RETAINED BY A SCHOOL  
23 DISTRICT UNDER THIS SECTION MAY BE SELECTED FROM A LIST MAINTAINED  
24 BY THE SUPERINTENDENT OF PUBLIC INSTRUCTION OR MAY BE ANOTHER  
25 INDIVIDUAL OR FIRM EMPLOYED OR RETAINED BY THE SCHOOL DISTRICT WITH  
26 THE APPROVAL OF THE SUPERINTENDENT OF PUBLIC INSTRUCTION.

27 (2) AN INSPECTOR GENERAL RETAINED UNDER THIS SECTION SHALL

1 ENSURE INTEGRITY, ECONOMY, EFFICIENCY, AND EFFECTIVENESS IN THE  
2 OPERATIONS OF THE SCHOOL DISTRICT BY CONDUCTING MEANINGFUL AND  
3 ACCURATE INVESTIGATIONS, FORENSIC AUDITS, AND PROGRAM REVIEWS, AND  
4 SHALL TAKE STEPS TO DETECT AND DETER WASTE, FRAUD, AND ABUSE. AT  
5 LEAST ANNUALLY, THE INSPECTOR GENERAL SHALL SUBMIT A REPORT TO THE  
6 CEO, THE SUPERINTENDENT OF PUBLIC INSTRUCTION, AND THE STATE BOARD  
7 OF EDUCATION. THE ANNUAL REPORT SHALL DETAIL THE INSPECTOR  
8 GENERAL'S ACTIVITIES AND FINDINGS.

9 (3) AN AUDITOR GENERAL RETAINED UNDER THIS SECTION SHALL TAKE  
10 MEASURES AS NECESSARY TO PROVIDE ASSURANCE THAT INTERNAL CONTROLS  
11 OVER SCHOOL DISTRICT OPERATIONS ARE DESIGNED AND OPERATING  
12 EFFECTIVELY TO MITIGATE RISKS THAT HAMPER THE ACHIEVEMENT OF  
13 DEPARTMENTAL GOALS; TO ENSURE THAT SCHOOL DISTRICT OPERATIONS ARE  
14 EFFECTIVE AND EFFICIENT; TO ENSURE FINANCIAL INFORMATION IS  
15 ACCURATE, RELIABLE, AND TIMELY; TO COMPLY WITH POLICIES,  
16 REGULATIONS, AND APPLICABLE LAWS; AND TO ENSURE ASSETS ARE PROPERLY  
17 SAFEGUARDED. AT LEAST ANNUALLY, THE AUDITOR GENERAL SHALL SUBMIT A  
18 REPORT TO THE CEO, THE SUPERINTENDENT OF PUBLIC INSTRUCTION, AND  
19 THE STATE BOARD OF EDUCATION. THE ANNUAL REPORT SHALL DETAIL THE  
20 AUDITOR GENERAL'S ACTIVITIES AND FINDINGS.

21 SEC. 385. UPON APPROVAL OF ITS RENAISSANCE PLAN BY THE  
22 SUPERINTENDENT OF PUBLIC INSTRUCTION, A RENAISSANCE SCHOOL DISTRICT  
23 IS ENTITLED TO RECEIVE FUNDS UNDER SECTION 10(F) OF THE MICHIGAN  
24 TRUST FUND ACT, 2000 PA 489, MCL 12.260, IN THE AMOUNT SPECIFIED IN  
25 ITS RENAISSANCE PLAN. THE RENAISSANCE SCHOOL DISTRICT SHALL APPLY  
26 THESE FUNDS IN ACCORDANCE WITH THE TERMS OF THE RENAISSANCE PLAN.  
27 THE STATE TREASURER SHALL DEPOSIT FUNDS GRANTED TO A RENAISSANCE

1 SCHOOL DISTRICT UNDER SECTION 10(F) OF THE MICHIGAN TRUST FUND ACT,  
2 2000 PA 489, MCL 12.260, DIRECTLY IN A SEPARATE DEPOSITORY ACCOUNT  
3 HELD BY A TRUSTEE DESIGNATED BY THE STATE TREASURER. THE  
4 RENAISSANCE SCHOOL DISTRICT MAY REQUEST FUNDS FROM THE TRUST  
5 ACCOUNT FROM TIME TO TIME. FUNDS MAY BE DISBURSED FROM THE TRUST  
6 ACCOUNT ONLY WITH THE PRIOR WRITTEN APPROVAL OF THE SUPERINTENDENT  
7 OF PUBLIC INSTRUCTION, AND THE SCHOOL DISTRICT SHALL APPLY THOSE  
8 FUNDS ONLY FOR THE PURPOSES SPECIFIED IN THE SCHOOL DISTRICT'S  
9 RENAISSANCE PLAN. THE SUPERINTENDENT OF PUBLIC INSTRUCTION MAY  
10 DIRECT THAT PAYMENT FROM THE TRUST ACCOUNT BE MADE DIRECTLY TO A  
11 THIRD PARTY.

12 SEC. 386. THE VALIDITY OF THE ADOPTION OF A RENAISSANCE PLAN  
13 BY A SCHOOL DISTRICT UNDER THIS PART AND THE APPLICABILITY OF THIS  
14 PART TO A RENAISSANCE SCHOOL DISTRICT SHALL BE CONCLUSIVE UNLESS  
15 CONTESTED IN THE COURT OF APPEALS WITHIN 60 DAYS AFTER A FINAL  
16 DETERMINATION OF APPROVAL OF THE SCHOOL DISTRICT'S RENAISSANCE PLAN  
17 BY THE SUPERINTENDENT OF PUBLIC INSTRUCTION.

18 Sec. 1225. (1) Subject to restrictions of this section, the  
19 board of a local or intermediate school district may borrow money  
20 and issue its notes for the borrowed money to secure funds for  
21 school operations or to pay previous loans obtained for school  
22 operations under this or any other statute. The school board or  
23 intermediate school board shall pledge money to be received by it  
24 from state school aid for the payment of notes issued under this  
25 section. ~~The notes~~ **A PLEDGE OF STATE SCHOOL AID BY A LOCAL OR**  
26 **INTERMEDIATE SCHOOL DISTRICT FOR THE PAYMENT OF NOTES OR OTHER**  
27 **OBLIGATIONS ISSUED PURSUANT TO THIS SECTION IS VALID AND BINDING**

1 FROM THE TIME WHEN THE PLEDGE IS MADE. A PLEDGE MADE PURSUANT TO  
2 THIS SECTION FOR THE BENEFIT OF THE HOLDERS OF NOTES OR OTHER  
3 OBLIGATIONS OR OTHERS IS PERFECTED WITHOUT DELIVERY, RECORDING, OR  
4 NOTICE. NOTES AND OBLIGATIONS ISSUED PURSUANT TO THIS SECTION are  
5 full faith and credit obligations of the school district or  
6 intermediate school district and are payable from tax levies or  
7 from unencumbered funds of the school district or intermediate  
8 school district in event of the unavailability or insufficiency of  
9 state school aid for any reason.

10 (2) A LOCAL OR INTERMEDIATE SCHOOL DISTRICT THAT HAS AN  
11 EXISTING OPERATING DEFICIT OR AN OPERATING DEFICIT PROJECTED FOR  
12 THE END OF THE CURRENT FISCAL YEAR OR FOR WHICH AN EMERGENCY  
13 FINANCIAL MANAGER HAS BEEN APPOINTED PURSUANT TO THE LOCAL  
14 GOVERNMENT FISCAL RESPONSIBILITY ACT, 1990 PA 72, MCL 141.1201 TO  
15 141.1291, MAY ENTER INTO AN AGREEMENT WITH THE MICHIGAN FINANCE  
16 AUTHORITY OR WITH A TRUSTEE IN ACCORDANCE WITH SECTION 17A OF THE  
17 STATE SCHOOL AID ACT, 1979 PA 94, MCL 388.1617A, PROVIDING FOR THE  
18 DIRECT PAYMENT TO THE MICHIGAN FINANCE AUTHORITY OR TO THE TRUSTEE  
19 OF STATE SCHOOL AID PLEDGED AND TO BE USED FOR THE SOLE PURPOSE OF  
20 PAYING THE PRINCIPAL OF AND INTEREST ON THE NOTES OR OBLIGATIONS  
21 ISSUED PURSUANT TO THIS SECTION AND SECURED BY STATE SCHOOL AID.

22 (3) ~~(2)~~ Notes issued under this section shall become due not  
23 later than 372 days after the date on which they are issued, except  
24 as **OTHERWISE** provided in this section. Notes issued within a fiscal  
25 year shall not exceed 70% of the difference between the total state  
26 aid funds apportioned to the school district or intermediate school  
27 district for that fiscal year and the portion already received or

1 pledged, except secondary pledges made under section 1356.

2       (4) ~~(3)~~—A school district or intermediate school district that  
3 is not able to redeem its notes within 372 days after the date on  
4 which the notes were issued may enter into a multi-year agreement  
5 with a lending institution to repay its obligation. A repayment  
6 agreement shall not be executed without the prior approval of an  
7 authorized representative of the state board or, for notes sold to  
8 the Michigan ~~municipal bond~~ **FINANCE** authority only, without the  
9 approval of an authorized representative of the department of  
10 treasury.

11       (5) ~~(4)~~—During the last 4 months of a fiscal year, notes may  
12 be issued pledging state school aid for the next succeeding fiscal  
13 year. Except as otherwise provided in this subsection, the notes  
14 shall not exceed 50% of the state school aid apportioned to the  
15 school district or intermediate school district for the next  
16 succeeding fiscal year or, if the apportionment has not been made,  
17 50% of the apportionment for the then current fiscal year. The  
18 notes shall mature not later than 372 days after the date of  
19 issuance.

20       (6) ~~(5)~~—Notes issued under this section are subject to the  
21 revised municipal finance act, 2001 PA 34, MCL 141.2101 to  
22 141.2821. Failure of a school district or intermediate school  
23 district to receive state school aid does not affect the validity  
24 or enforceability of a note issued under this section.

25       (7) ~~(6)~~—A school board or intermediate school board may make  
26 more than 1 borrowing under this section during a school year.

27       (8) **FOR THE PURPOSES OF THIS SECTION, A LOCAL OR INTERMEDIATE**

1 SCHOOL DISTRICT IS CONSIDERED TO HAVE AN OPERATING DEFICIT IF ITS  
2 GENERAL FUND BALANCE BEFORE RESTRICTED RESERVES IS NEGATIVE, OR IF  
3 ITS OTHER FUNDS HAVE NEGATIVE BALANCES THAT IN TOTAL EXCEED THE  
4 GENERAL FUND BALANCE.

5 (9) ~~(7)~~—In addition to other powers under this section, with  
6 the approval of the state treasurer, the board of a local or  
7 intermediate school district may obtain a line of credit to secure  
8 funds for school operations or to pay previous loans obtained for  
9 school operations under this or any other statute. The school board  
10 or intermediate school board shall pledge not more than 30% of the  
11 state school aid apportioned to the school district or intermediate  
12 school district for that fiscal year for repayment of funds  
13 received pursuant to a line of credit obtained under this  
14 subsection. However, the school board or intermediate school board  
15 shall not borrow against the line of credit an amount greater than  
16 the difference, as of the date of the borrowing, between the total  
17 state school aid funds apportioned to the school district or  
18 intermediate school district for that fiscal year and the portion  
19 already received or pledged, except secondary pledges made under  
20 section 1356. To obtain approval for obtaining a line of credit  
21 under this subsection, a school board or intermediate school board  
22 shall apply to the state treasurer in the form and manner  
23 prescribed by the state treasurer, and shall provide information as  
24 requested by the state treasurer for evaluating the application.  
25 The state treasurer shall approve or disapprove an application and  
26 notify the school board or intermediate school board within 20  
27 business days after receiving a proper application. If the state

1 treasurer disapproves an application, the state treasurer shall  
2 include the reasons for disapproval in the notification to the  
3 school board or intermediate school board.

4 Enacting section 1. This amendatory act does not take effect  
5 unless all of the following bills of the 95th Legislature are  
6 enacted into law:

7 (a) Senate Bill No. \_\_\_\_ or House Bill No. 6578 (request no.  
8 07747'10).

9 (b) Senate Bill No. \_\_\_\_ or House Bill No. 6577 (request no.  
10 07748'10).

11 (c) Senate Bill No. \_\_\_\_ or House Bill No. 6579 (request no.  
12 07749'10).