

SENATE BILL No. 62

January 27, 2009, Introduced by Senator JACOBS and referred to the Committee on Education.

A bill to amend 1976 PA 451, entitled
"The revised school code,"
by amending sections 605, 622, 622a, 629, and 703 (MCL 380.605,
380.622, 380.622a, 380.629, and 380.703), section 605 as amended by
2008 PA 1, section 622 as amended by 2008 PA 307, section 622a as
added by 2004 PA 412, and sections 629 and 703 as amended by 2003
PA 299, and by adding sections 642, 643, 644, 645, 646, 648, and
649.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 605. (1) If constituent districts of more than 1
2 intermediate school district are reorganized into a single school
3 district, the reorganized school district shall be constituent to
4 the intermediate school district designated by the board of the

1 reorganized school district. If a decision is not reached within 30
2 days after the effective date of the reorganization of the
3 constituent districts, the determination shall be made by the
4 superintendent of public instruction.

5 (2) A constituent district, by resolution of its board, may
6 transfer and become constituent to another contiguous intermediate
7 school district if approval is given by each intermediate school
8 board affected. The intermediate school board shall take final
9 action within 60 days after receiving a resolution. If an
10 intermediate school district from which a constituent district
11 wishes to transfer has fewer than 4,000 constituent district pupils
12 and fails to take action or denies a transfer, the inaction or
13 decision may be appealed to the superintendent of public
14 instruction using the procedures described in section 971. If the
15 intermediate school district to which transfer is proposed has
16 adopted by referendum a program for financing special education
17 programs for students with a disability, or has bonded indebtedness
18 outstanding for special education building facilities, the school
19 electors of the constituent district to be transferred shall vote
20 on the acceptance of those sections and the assumption of the
21 district's pro rata share of bonded indebtedness outstanding for
22 special education facilities for students with a disability.

23 (3) If the intermediate school district to which transfer is
24 proposed has established an area vocational-technical education
25 program ~~by referendum~~ **OR AN AREA EARLY CHILDHOOD EDUCATION PROGRAM,**
26 or has bonded indebtedness outstanding for area vocational-
27 technical education facilities, the school electors of the district

1 to be transferred shall vote on the acceptance of those sections
2 and the assumption of the district's pro rata share of bonded
3 indebtedness outstanding for area vocational-technical education
4 facilities.

5 (4) The transfer is effective only if the applicable issues
6 relating to special education programs, area vocational-technical
7 education programs, **OR AREA EARLY CHILDHOOD EDUCATION PROGRAMS** and
8 bonded indebtedness for special education and area vocational-
9 technical facilities are approved at an election in the constituent
10 district proposing transfer at which all applicable issues are
11 submitted and receive favorable majorities.

12 (5) The territory of a constituent district of an intermediate
13 school district having bonded indebtedness for special education
14 facilities or area vocational-technical education facilities that
15 is transferred to another intermediate school district shall remain
16 as a part of the intermediate school district from which
17 transferred for the purpose of levying debt retirement taxes for
18 the bonded indebtedness until the bonds are redeemed or sufficient
19 funds are available in the debt retirement funds for that purpose.
20 The transferred constituent district shall be a constituent
21 district of the intermediate school district to which transferred
22 for all other purposes.

23 Sec. 622. (1) The intermediate school board shall select
24 financial institutions for the deposit of school funds. The
25 intermediate school board shall keep a set of coded accounts to be
26 approved by the superintendent of public instruction and shall have
27 its books audited at least annually by a certified public

1 accountant. General operating funds, building and site funds,
2 cooperative education funds, special education funds, vocational-
3 technical education funds, **AREA EARLY CHILDHOOD EDUCATION PROGRAM**
4 **FUNDS**, and debt retirement funds shall be maintained separately and
5 shall not be commingled, except that the intermediate school board,
6 by resolution, may authorize the treasurer to combine money from
7 more than 1 fund for the purpose of making an investment authorized
8 by subsection (2)(g).

9 (2) The treasurer of an intermediate school district, if
10 authorized by resolution of the intermediate school board, may
11 invest general operating funds, special education funds, area
12 vocational-technical education funds, **AREA EARLY CHILDHOOD**
13 **EDUCATION PROGRAM FUNDS**, building and site funds, cooperative
14 education funds, and debt retirement funds of the district.
15 Investments shall be made subject to subsection (4) and shall be
16 restricted to any of the following:

17 (a) Bonds, bills, or notes of the United States or obligations
18 of this state.

19 (b) Certificates of deposit issued by a financial institution.

20 (c) Commercial paper rated prime at the time of purchase and
21 maturing not more than 270 days after the date of purchase.

22 (d) Securities issued or guaranteed by agencies or
23 instrumentalities of the United States government.

24 (e) United States government or federal agency obligation
25 repurchase agreements.

26 (f) Bankers' acceptances issued by a bank that is a member of
27 the federal deposit insurance corporation.

1 (g) Investment pools, as authorized by the surplus funds
2 investment pool act, 1982 PA 367, MCL 129.111 to 129.118, composed
3 entirely of instruments that are legal for direct investment by an
4 intermediate school district.

5 (h) Mutual funds composed entirely of investment vehicles that
6 are legal for direct investment by an intermediate school district.

7 (i) Certificates of deposit issued in accordance with the
8 following conditions:

9 (i) The funds are initially invested through a financial
10 institution that is not ineligible to be a depository of surplus
11 funds belonging to this state under section 6 of 1855 PA 105, MCL
12 21.146.

13 (ii) The financial institution arranges for the investment of
14 the funds in certificates of deposit in 1 or more insured
15 depository institutions, as defined in 12 USC 1813, for the account
16 of the intermediate school district.

17 (iii) The full amount of the principal and any accrued interest
18 of each certificate of deposit is insured by an agency of the
19 United States.

20 (iv) The financial institution acts as custodian for the
21 intermediate school district with respect to each certificate of
22 deposit.

23 (v) At the same time that the funds of the intermediate school
24 district are deposited and the certificate or certificates of
25 deposit are issued, the financial institution receives an amount of
26 deposits from customers of other insured depository institutions
27 equal to or greater than the amount of the funds initially invested

1 by the intermediate school district through the financial
2 institution.

3 (3) The earnings of an investment shall become a part of the
4 fund from which the investment was made. When money of more than 1
5 fund of a single intermediate school district or money of more than
6 1 intermediate school district are combined for an investment pool
7 authorized by subsection (2)(g), the money shall be accounted for
8 separately, and the earnings from the investment shall be
9 separately and individually computed, recorded, and credited to the
10 fund or intermediate school district, as the case may be, for which
11 the investment was acquired.

12 (4) Notwithstanding subsection (2), additional funds of an
13 intermediate school district shall not be deposited or invested in
14 a financial institution that is not eligible to be a depository of
15 surplus funds belonging to this state under section 6 of 1855 PA
16 105, MCL 21.146.

17 (5) Assets acceptable for pledging to secure deposits of funds
18 under this act are limited to any of the following:

19 (a) Assets considered acceptable to the state treasurer under
20 section 3 of 1855 PA 105, MCL 21.143, to secure deposits of state
21 surplus funds.

22 (b) Any of the following:

23 (i) Securities issued by the federal home loan mortgage
24 corporation.

25 (ii) Securities issued by the federal national mortgage
26 association.

27 (iii) Securities issued by the government national mortgage

1 association.

2 (c) Securities considered acceptable to the intermediate
3 school board and the financial institution.

4 (6) As used in this section, "deposit" includes purchases of
5 or investment in shares of a credit union.

6 (7) As used in this section, "financial institution" means a
7 state or nationally chartered bank or a state or federally
8 chartered savings and loan association, savings bank, or credit
9 union whose deposits are insured by an agency of the United States
10 government and that maintains a principal office or branch office
11 located in this state under the laws of this state or the United
12 States.

13 Sec. 622a. (1) In addition to the annual financial audit
14 required under section 622, an intermediate school district is
15 subject to an audit of the matters described in this section
16 conducted by an independent auditor under the direction of the
17 department of treasury under this section. An audit conducted under
18 this section shall be based in part on an examination of an
19 intermediate school district's accounts, financial records, and
20 accounting procedures and shall address at least 3 of the following
21 aspects of the intermediate school district's operations, as
22 directed by the department of treasury:

23 (a) Whether intermediate school board members, intermediate
24 school district administrators, and intermediate school district
25 employees are adhering to ethics policies adopted by the
26 intermediate school board or required by state law.

27 (b) Whether intermediate school board members, intermediate

1 school district administrators, and intermediate school district
2 employees are adhering to conflict of interest policies adopted by
3 the intermediate school board or required by state law. This
4 includes, but is not limited to, policies and practices with regard
5 to contracts in which an intermediate school board member, an
6 intermediate school district administrator, or an intermediate
7 school district employee who is involved in the contracting
8 process, or a family member of an intermediate school board member,
9 an intermediate school district administrator, or an intermediate
10 school district employee who is involved in the contracting
11 process, has a substantial conflict of interest; and policies and
12 practices with regard to an intermediate school district
13 administrator negotiating, handling, presenting, or recommending a
14 contract in which the administrator or a family member of the
15 administrator has a substantial conflict of interest. As used in
16 this subdivision, "substantial conflict of interest" means that
17 term as defined in section 634(5).

18 (c) Whether a modification to an existing contract was made
19 during the audit period that resulted in an additional financial
20 obligation to the intermediate school district and the modification
21 was not competitively bid. As used in this subdivision,
22 "competitively bid" means that a contract was entered into through
23 a request for information, a request for proposal, or a formal
24 competitive bid process that was advertised and open to the public,
25 and includes a contract entered into on behalf of the intermediate
26 school district by a federal, state, or local governmental entity
27 that performed a request for information, request for proposal, or

1 formal competitive bid process or by a nonprofit corporation or
2 nonprofit association that performed a request for information,
3 request for proposal, or formal competitive bid process.

4 (d) Whether the intermediate school district's policies and
5 practices for responding to requests received under the freedom of
6 information act, 1976 PA 442, MCL 15.231 to 15.246, and the
7 intermediate school district's actual responses to requests made
8 during the audit period under that act, were in compliance with
9 that act. This part of the audit shall include, but is not limited
10 to, an examination of whether the costs charged for responding to
11 requests exceeded the costs permitted under that act.

12 (e) Whether intermediate school board members, intermediate
13 school district administrators, and intermediate school district
14 employees are adhering to travel guidelines and practices adopted
15 by the intermediate school board or required by state law.

16 (f) Whether the intermediate school district has accurately
17 accounted for and reported all information relating to stipends,
18 salaries, benefits, or other compensation paid to intermediate
19 school district administrators.

20 (g) Whether the intermediate school district has used public
21 funds in violation of law to pay for food, gifts, or other items
22 that are not used for instructional purposes, as defined by the
23 intermediate school board.

24 (h) Whether proceeds **FROM A TAX LEVIED UNDER SECTION 642 FOR**
25 **AREA EARLY CHILDHOOD EDUCATION PROGRAM OPERATING PURPOSES**, from a
26 tax levied under section 681 for area vocational-technical
27 education operating purposes, or from a tax levied under section

1 1724a for special education operating purposes have been expended
2 for a purpose other than the purpose for which the tax was levied.

3 (2) The department of treasury shall direct the random audits
4 of intermediate school districts under this section as follows:

5 (a) The department of treasury shall select the intermediate
6 school districts to be audited under this section on a random
7 basis.

8 (b) The department of treasury shall announce between July 1
9 and July 15 of each calendar year the intermediate school districts
10 that will be subject that year to an audit under this section for
11 the immediately preceding school fiscal year.

12 (c) The department of treasury shall select 5 intermediate
13 school districts for audit under this section every 2 years.

14 (d) Upon request by the department of treasury, the
15 intermediate school district shall notify the department of
16 treasury of the name, address, and contact person of the
17 independent auditor selected by the intermediate school board to
18 perform the annual financial audit for the intermediate school
19 district. The department of treasury shall enter into an agreed-
20 upon procedures agreement with the selected independent auditor,
21 identifying the matters to be audited and establishing the rate of
22 payment, which shall be no more than the rate the department would
23 charge for the same type of audit. The department of treasury shall
24 oversee the conduct of the audit by the independent auditor to the
25 extent the department of treasury considers necessary to meet the
26 purposes of this section.

27 (e) An intermediate school board and intermediate school

1 district officials shall provide all information requested by the
2 independent auditors or the department of treasury and shall
3 cooperate with them to the fullest extent possible.

4 (f) The independent auditor shall submit an audit report of
5 the audit to the center for educational performance and information
6 in the form and manner prescribed by the center for educational
7 performance and information. The center for educational performance
8 and information shall submit a copy of the audit report of each
9 audit conducted under this section to the department of treasury,
10 to the applicable intermediate school board, to the senate and
11 house standing committees having jurisdiction over education
12 legislation, to the department, and, subject to subdivision (g), to
13 the attorney general if the department of treasury considers it
14 appropriate.

15 (g) If the department of treasury determines that an audit
16 conducted under this section has disclosed that the intermediate
17 school board or any intermediate school district official or
18 employee has violated any state law governing the financial
19 operations of an intermediate school district, the department of
20 treasury shall notify the intermediate school district of that
21 determination. If the intermediate school district disputes the
22 determination or claims that the situation has been corrected,
23 within 15 days after receipt of the determination the intermediate
24 school district may submit an appeal of the determination to the
25 department of treasury. Within 90 days after receipt of the appeal,
26 the department of treasury shall consider the appeal and make a
27 determination of whether the initial determination was correct or

1 incorrect and of whether the situation has been corrected. If the
2 department of treasury finds that the initial determination was
3 correct and that the situation has not been corrected, then the
4 department of treasury shall file a copy of the report with the
5 attorney general. The attorney general shall review the report and,
6 if the attorney general considers it appropriate, shall commence or
7 direct the prosecuting attorney for the county in which the
8 violations occurred to commence appropriate proceedings against the
9 intermediate school board or the official or employee. These
10 proceedings shall include at least a civil action in a court of
11 competent jurisdiction for the recovery of any public money
12 determined by the audit to have been illegally expended and for the
13 recovery of any public property determined by the audit to have
14 been converted or misappropriated.

15 (3) In addition to the intermediate school districts selected
16 for a random audit under subsection (2), the department of treasury
17 may also direct an audit under this section of 1 or more additional
18 intermediate school districts selected by the department of
19 treasury if the department of treasury considers that additional
20 audit or audits to be appropriate. Subsection (2)(d), (e), (f), and
21 (g) applies to an audit under this subsection.

22 (4) The department and the department of treasury, in
23 consultation with intermediate school districts, shall develop and
24 make available to intermediate school districts the auditing
25 criteria to be used for the purposes of this section.

26 (5) An audit under this section shall be performed in
27 accordance with standards issued by the American institute of

1 certified public accountants and with government audit standards
2 issued by the United States general accounting office.

3 (6) The department of treasury shall pay the costs of the
4 audit conducted under this section. The department of treasury's
5 obligation under this section is limited to the amount of a
6 separate line item appropriation identified for the purpose of
7 funding the department of treasury's duties under this section and
8 included in the annual appropriations act making appropriations for
9 the department of treasury.

10 (7) The department shall post on its website the audit reports
11 it receives under subsection (2)(f).

12 Sec. 629. (1) An intermediate school board may borrow, subject
13 to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to
14 141.2821, sums of money on terms the intermediate school board
15 considers necessary for 1 or more of the following purposes:

16 (a) For temporary purposes for which the intermediate school
17 board may give notes of the intermediate school district. The
18 intermediate school board shall not borrow a sum that exceeds the
19 amount that has been voted by the intermediate school board or the
20 school electors of the intermediate school district.

21 (b) To purchase sites for buildings; to purchase, erect,
22 complete, remodel, improve, furnish, refurnish, equip, or reequip
23 buildings and facilities the board is authorized to acquire,
24 including, but not limited to, general administrative, vocational,
25 or special education buildings or facilities, or parts of those
26 buildings or facilities, or additions to those buildings or
27 facilities, and prepare, develop, or improve sites for those

1 buildings or facilities; to purchase and install information
2 technology systems, together with the equipment and software, as
3 are necessary for programs conducted by the intermediate school
4 district under section 627(2); and to issue and sell bonds of the
5 intermediate school district in the form and on the terms the board
6 considers advisable.

7 (2) An intermediate school board shall not borrow money or
8 issue bonds for a sum that, together with the total outstanding
9 bonded indebtedness of the intermediate school district, exceeds
10 $\frac{1}{9}$ of 1% of the state equalized valuation of the taxable property
11 within the district, unless the question of borrowing the money or
12 issuing bonds is submitted first to a vote of the school electors
13 of the intermediate school district held under section 661 and
14 approved by the majority of the registered school electors voting
15 on the question. Regardless of the amount of outstanding bonded
16 indebtedness of the intermediate school district, a vote of the
17 school electors is not necessary in order to issue bonds for a
18 purpose described in section 1274a or to issue bonds under section
19 11i of the state school aid act of 1979, 1979 PA 94, MCL 388.1611i.
20 Money may be borrowed and bonds may be issued for the purposes
21 stated in this section in an amount equal to that provided by part
22 17. For the purposes of this subsection, bonds authorized by vote
23 of the school electors for special education facilities under part
24 30 and for area vocational-technical education facilities under
25 sections 681 to 690, and bonds issued under section 11i of the
26 state school aid act of 1979, MCL 388.1611i, shall not be included
27 in computing the total outstanding bonded indebtedness of an

1 intermediate school district.

2 (3) Not later than 30 days after receipt of notice that the
3 question of issuing bonds under this section to purchase and
4 install information technology systems as are necessary for a
5 cooperative program under section 627(2) will be submitted to the
6 school electors of the intermediate school district, the board of a
7 constituent school district by resolution may elect not to
8 participate in the cooperative program and not to conduct an
9 election on the question within the constituent school district.

10 **SEC. 642. (1) AN INTERMEDIATE SCHOOL DISTRICT MAY ESTABLISH AN**
11 **AREA EARLY CHILDHOOD EDUCATION PROGRAM AND OPERATE THE PROGRAM**
12 **UNDER SECTIONS 642 TO 649 IF APPROVED BY A MAJORITY OF THE**
13 **INTERMEDIATE SCHOOL ELECTORS OF THE INTERMEDIATE SCHOOL DISTRICT**
14 **VOTING ON THE QUESTION. THE ELECTION SHALL BE CALLED AND CONDUCTED**
15 **IN ACCORDANCE WITH THIS ACT AND THE MICHIGAN ELECTION LAW. THE**
16 **ESTABLISHMENT OF THE AREA EARLY CHILDHOOD EDUCATION PROGRAM MAY BE**
17 **RESCINDED BY THE SAME PROCESS.**

18 (2) THE QUESTION OF ESTABLISHING AN AREA EARLY CHILDHOOD
19 EDUCATION PROGRAM MAY BE SUBMITTED TO THE INTERMEDIATE SCHOOL
20 ELECTORS OF AN INTERMEDIATE SCHOOL DISTRICT AT A REGULAR SCHOOL
21 ELECTION OR AT A SPECIAL ELECTION HELD IN EACH OF THE CONSTITUENT
22 DISTRICTS. SUBJECT TO SECTION 641 OF THE MICHIGAN ELECTION LAW, MCL
23 168.641, THE INTERMEDIATE SCHOOL BOARD SHALL DETERMINE THE DATE OF
24 THE ELECTION AND SHALL GIVE NOTICE TO THE SCHOOL DISTRICT FILING
25 OFFICIAL AT LEAST 60 DAYS IN ADVANCE OF THE DATE THE BALLOT
26 QUESTION IS TO BE SUBMITTED TO THE INTERMEDIATE SCHOOL ELECTORS.

27 (3) THE BALLOT FOR SUBMITTING THE QUESTION OF ADOPTING

1 SECTIONS 642 TO 649 AND ESTABLISHING AN AREA EARLY CHILDHOOD
 2 EDUCATION PROGRAM TO THE INTERMEDIATE SCHOOL ELECTORS OF AN
 3 INTERMEDIATE SCHOOL DISTRICT SHALL BE SUBSTANTIALLY IN THE
 4 FOLLOWING FORM:

5 "SHALL _____ (LEGAL NAME OF INTERMEDIATE SCHOOL
 6 DISTRICT), STATE OF MICHIGAN, COME UNDER SECTIONS 642 TO 649 OF THE
 7 REVISED SCHOOL CODE AND ESTABLISH AN AREA EARLY CHILDHOOD EDUCATION
 8 PROGRAM THAT IS DESIGNED TO ENCOURAGE THE OPERATION OF AREA EARLY
 9 CHILDHOOD EDUCATION PROGRAMS IF THE ANNUAL PROPERTY TAX LEVIED FOR
 10 THIS PURPOSE IS LIMITED TO _____ MILLS?

11 ()

12 ()".

13 (4) SUBJECT TO SECTION 625B, THE INTERMEDIATE SCHOOL BOARD,
 14 WITH THE APPROVAL OF THE INTERMEDIATE SCHOOL ELECTORS, MAY LEVY NOT
 15 MORE THAN 1 MILL OF AD VALOREM PROPERTY TAXES FOR AREA EARLY
 16 CHILDHOOD EDUCATION PROGRAM OPERATING PURPOSES UNDER SECTIONS 642
 17 TO 649.

18 (5) AN INTERMEDIATE SCHOOL DISTRICT THAT LEVIES A TAX FOR AREA
 19 EARLY CHILDHOOD EDUCATION PROGRAM OPERATING PURPOSES SHALL NOT USE
 20 PROCEEDS FROM THE TAX FOR ANY PURPOSE OTHER THAN AREA EARLY
 21 CHILDHOOD EDUCATION PROGRAM OPERATING PURPOSES AND SHALL SUBMIT TO
 22 THE DEPARTMENT OF TREASURY A COPY OF THE AUDIT REPORT FROM THE
 23 AUDIT OF THE INTERMEDIATE SCHOOL DISTRICT CONDUCTED UNDER SECTION
 24 622A. IF THE DEPARTMENT OF TREASURY DETERMINES FROM THE AUDIT
 25 REPORT THAT THE PROCEEDS FROM THE TAX HAVE BEEN USED FOR A PURPOSE
 26 OTHER THAN AREA EARLY CHILDHOOD EDUCATION PROGRAM OPERATING
 27 PURPOSES, AS DEFINED UNDER SUBSECTION (7), THE DEPARTMENT OF

1 TREASURY SHALL NOTIFY THE INTERMEDIATE SCHOOL DISTRICT OF THAT
2 DETERMINATION. IF THE INTERMEDIATE SCHOOL DISTRICT DISPUTES THE
3 DETERMINATION OR CLAIMS THAT THE SITUATION HAS BEEN CORRECTED,
4 WITHIN 15 DAYS AFTER RECEIPT OF THE DETERMINATION THE INTERMEDIATE
5 SCHOOL DISTRICT MAY SUBMIT AN APPEAL OF THE DETERMINATION TO THE
6 DEPARTMENT OF TREASURY. WITHIN 90 DAYS AFTER RECEIPT OF THE APPEAL,
7 THE DEPARTMENT OF TREASURY SHALL CONSIDER THE APPEAL AND MAKE A
8 DETERMINATION OF WHETHER THE INITIAL DETERMINATION WAS CORRECT OR
9 INCORRECT AND OF WHETHER THE SITUATION HAS BEEN CORRECTED. IF THE
10 DEPARTMENT OF TREASURY FINDS THAT THE INITIAL DETERMINATION WAS
11 CORRECT AND THAT THE SITUATION HAS NOT BEEN CORRECTED, THEN THE
12 DEPARTMENT OF TREASURY SHALL FILE A COPY OF THE REPORT WITH THE
13 ATTORNEY GENERAL. THE ATTORNEY GENERAL SHALL REVIEW THE REPORT AND,
14 IF THE ATTORNEY GENERAL CONSIDERS IT APPROPRIATE, SHALL COMMENCE OR
15 DIRECT THE PROSECUTING ATTORNEY FOR THE COUNTY IN WHICH THE
16 VIOLATIONS OCCURRED TO COMMENCE APPROPRIATE PROCEEDINGS AGAINST THE
17 INTERMEDIATE SCHOOL BOARD OR THE OFFICIAL OR EMPLOYEE. THESE
18 PROCEEDINGS SHALL INCLUDE AT LEAST A CIVIL ACTION IN A COURT OF
19 COMPETENT JURISDICTION FOR THE RECOVERY OF ANY PUBLIC MONEY
20 DETERMINED BY THE AUDIT TO HAVE BEEN ILLEGALLY EXPENDED AND FOR THE
21 RECOVERY OF ANY PUBLIC PROPERTY DETERMINED BY THE AUDIT TO HAVE
22 BEEN CONVERTED OR MISAPPROPRIATED.

23 (6) IF THE ATTORNEY GENERAL DETERMINES FROM A REPORT FILED
24 UNDER SUBSECTION (5) THAT AN INTERMEDIATE SCHOOL DISTRICT HAS
25 MISSENT TAX PROCEEDS AS DESCRIBED IN SUBSECTION (5) AND NOTIFIES
26 THE INTERMEDIATE SCHOOL DISTRICT OF THIS DETERMINATION, THE
27 INTERMEDIATE SCHOOL DISTRICT SHALL REPAY TO ITS AREA EARLY

1 CHILDHOOD EDUCATION PROGRAM OPERATING FUND AN AMOUNT EQUAL TO THE
2 AMOUNT THE DEPARTMENT OF TREASURY DETERMINED UNDER SUBSECTION (5)
3 HAS BEEN USED FOR A PURPOSE OTHER THAN AREA EARLY CHILDHOOD
4 EDUCATION PROGRAM OPERATING PURPOSES. THE INTERMEDIATE SCHOOL
5 DISTRICT SHALL MAKE THIS REPAYMENT FROM FUNDS OF THE INTERMEDIATE
6 SCHOOL DISTRICT THAT LAWFULLY MAY BE USED FOR MAKING SUCH A
7 REPAYMENT.

8 (7) FOR THE PURPOSES OF SUBSECTIONS (5) AND (6), THE
9 DEPARTMENT AND THE DEPARTMENT OF TREASURY, IN CONSULTATION WITH
10 INTERMEDIATE SCHOOL DISTRICTS, SHALL DEVELOP AND MAKE AVAILABLE TO
11 INTERMEDIATE SCHOOL DISTRICTS A DEFINITION OF AREA EARLY CHILDHOOD
12 EDUCATION PROGRAM OPERATING PURPOSES.

13 (8) AN INTERMEDIATE SCHOOL DISTRICT SHALL NOT HOLD MORE THAN 2
14 ELECTIONS IN A CALENDAR YEAR CONCERNING THE AUTHORIZATION OF A
15 MILLAGE RATE FOR AREA EARLY CHILDHOOD EDUCATION PROGRAM OPERATING
16 PURPOSES UNDER SECTIONS 642 TO 649.

17 SEC. 643. SUBJECT TO SECTION 642(4), AN INTERMEDIATE SCHOOL
18 BOARD OPERATING UNDER SECTIONS 642 TO 649 MAY DIRECT THAT THE
19 QUESTION OF INCREASING THE MILLAGE LIMIT ON THE ANNUAL PROPERTY TAX
20 LEVIED FOR AREA EARLY CHILDHOOD EDUCATION BE SUBMITTED TO THE
21 INTERMEDIATE SCHOOL ELECTORS OF THE INTERMEDIATE SCHOOL DISTRICT.
22 THE ELECTION SHALL BE CALLED AND CONDUCTED IN ACCORDANCE WITH
23 SECTION 661. THE BALLOT SHALL BE SUBSTANTIALLY IN THE FOLLOWING
24 FORM:

25 "SHALL THE _____-MILL LIMITATION ON THE ANNUAL PROPERTY TAX
26 PREVIOUSLY APPROVED BY THE ELECTORS OF _____
27 (LEGAL NAME OF INTERMEDIATE SCHOOL DISTRICT), STATE OF MICHIGAN,

1 FOR THE ESTABLISHMENT AND OPERATION OF AREA EARLY CHILDHOOD
2 EDUCATION PROGRAMS, BE INCREASED BY _____ MILLS?

3 YES ()

4 NO ()".

5 SEC. 644. (1) AN INTERMEDIATE SCHOOL BOARD OPERATING UNDER
6 SECTIONS 642 TO 649 SHALL PREPARE ANNUALLY AN AREA EARLY CHILDHOOD
7 EDUCATION BUDGET WHICH SHALL BE IN THE SAME FORM AS THAT REQUIRED
8 IN LOCAL SCHOOL DISTRICTS, AND SHALL BE DELIVERED TO THE COUNTY
9 CLERKS OF THE COUNTIES IN WHICH THE INTERMEDIATE SCHOOL DISTRICT IS
10 LOCATED, EXCEPT IN COUNTIES WHICH HAVE ESTABLISHED SEPARATE TAX
11 LIMITATION MILLAGE RATES PURSUANT TO THE PROPERTY TAX LIMITATION
12 ACT, 1933 PA 62, MCL 211.201 TO 211.217A. THE COUNTY CLERK SHALL
13 DELIVER THE BUDGET TO THE TAX ALLOCATION BOARD IN THE SAME MANNER
14 AS LOCAL SCHOOL DISTRICT BUDGETS ARE HANDLED.

15 (2) COUNTY TAX ALLOCATION BOARDS SHALL RECEIVE AREA EARLY
16 CHILDHOOD EDUCATION BUDGETS FROM THEIR RESPECTIVE COUNTY CLERKS;
17 SHALL TREAT THEM AS LOCAL SCHOOL DISTRICT BUDGETS ARE TREATED; AND
18 SHALL ALLOCATE TAX RATES TO INTERMEDIATE SCHOOL DISTRICTS FOR THE
19 PURPOSES OF SECTIONS 642 TO 649. THE ALLOCATIONS SHALL BE HANDLED
20 IN THE SAME MANNER AS OTHER ALLOCATIONS FOR LOCAL SCHOOL DISTRICTS.
21 THE ALLOCATIONS SHALL NOT BE MADE WITHIN THE 15-MILL LIMITATION AND
22 SHALL NOT EXCEED THE LIMIT AUTHORIZED UNDER THESE SECTIONS.

23 (3) WHEN THE INTERMEDIATE SCHOOL BOARD RECEIVES AN ALLOCATION
24 ON THE BASIS OF ITS AREA EARLY CHILDHOOD EDUCATION BUDGET, THE
25 INTERMEDIATE SCHOOL BOARD SHALL CERTIFY FOR COLLECTION TO THE
26 OFFICIALS OF THE LOCAL PROPERTY TAX COLLECTING UNIT A STATEMENT OF
27 THE AMOUNT OF TAXES TO BE LEVIED. THE CERTIFICATION SHALL BE MADE

1 IN THE SAME MANNER AS LOCAL SCHOOL DISTRICTS, BUT THE RATE
2 CERTIFIED FOR LEVY SHALL NOT EXCEED THE AMOUNT ALLOCATED.

3 (4) ON RECEIPT OF THE STATEMENT FROM THE INTERMEDIATE SCHOOL
4 BOARD, THE OFFICIALS RESPONSIBLE FOR THE LEVYING AND COLLECTION OF
5 THESE TAXES SHALL SPREAD ON THE TAX ROLL AN AREA EARLY CHILDHOOD
6 EDUCATION TAX EQUAL TO THE AMOUNT ORDERED SPREAD, AND SHALL COLLECT
7 THE TAXES IN THE SAME MANNER AS OTHER TAXES ARE COLLECTED.

8 (5) TAXES COLLECTED BY A CITY OR TOWNSHIP TREASURER UNDER
9 SUBSECTION (4) SHALL BE PAID TO THE TREASURER OF THE INTERMEDIATE
10 SCHOOL BOARD PURSUANT TO SECTION 43 OF THE GENERAL PROPERTY TAX
11 ACT, 1893 PA 206, MCL 211.43, OR TO THE COUNTY TREASURERS IN THE
12 SAME MANNER AS OTHER COUNTY TAXES ARE PAID AND SIMILAR ACCOUNTS AND
13 RECORDS SHALL BE KEPT. THE COUNTY TREASURERS SHALL PAY ALL FUNDS
14 RECEIVED UNDER SUBSECTION (4) TO THE TREASURER OF THE INTERMEDIATE
15 SCHOOL BOARD.

16 SEC. 645. (1) AN INTERMEDIATE SCHOOL BOARD IN WHICH AN AREA
17 EARLY CHILDHOOD EDUCATION PROGRAM HAS BEEN ESTABLISHED MAY OPERATE
18 AREA EARLY CHILDHOOD EDUCATION PROGRAMS OR MAY CONTRACT WITH LOCAL
19 SCHOOL DISTRICTS OR WITH COMMUNITY COLLEGES FOR THE OPERATION OF
20 THE PROGRAMS. AREA EARLY CHILDHOOD EDUCATION PROGRAMS OPERATED
21 UNDER SECTIONS 642 TO 649 SHALL BE SUBMITTED FOR REVIEW OF THE
22 REPRESENTATIVES OF THE CONSTITUENT DISTRICTS OF THE INTERMEDIATE
23 SCHOOL DISTRICT AT AN ANNUAL BUDGET REVIEW MEETING HELD ON OR
24 BEFORE JUNE 1 UNDER SECTION 624.

25 (2) AN INTERMEDIATE SCHOOL BOARD MAY EXPEND AREA EARLY
26 CHILDHOOD EDUCATION FUNDS FOR THE OPERATION OF AREA EARLY CHILDHOOD
27 EDUCATION PROGRAMS APPROVED BY THE SUPERINTENDENT OF PUBLIC

1 INSTRUCTION AND PURCHASING AREA EARLY CHILDHOOD EDUCATION
2 EQUIPMENT. AN INTERMEDIATE SCHOOL BOARD SHALL NOT EXPEND AREA EARLY
3 CHILDHOOD EDUCATION FUNDS FOR PURPOSES OTHER THAN THOSE SET FORTH
4 IN SECTIONS 642 TO 649.

5 (3) AN INTERMEDIATE SCHOOL BOARD OPERATING UNDER SECTIONS 642
6 TO 649 MAY EXPEND FUNDS RECEIVED UNDER SECTION 644 FOR THE COSTS OF
7 A SPECIAL ELECTION HELD TO RENEW OR INCREASE THE MILLAGE LIMIT ON
8 THE ANNUAL PROPERTY TAX LEVIED FOR AREA EARLY CHILDHOOD EDUCATION
9 PURPOSES.

10 (4) THE TREASURER OF AN INTERMEDIATE SCHOOL BOARD SHALL PAY
11 OUT AREA EARLY CHILDHOOD EDUCATION FUNDS ON ORDER OF THE
12 INTERMEDIATE SCHOOL BOARD.

13 SEC. 646. AN INTERMEDIATE SCHOOL BOARD IN WHICH AN AREA EARLY
14 CHILDHOOD EDUCATION PROGRAM IS ESTABLISHED SHALL MAKE PAYMENTS FROM
15 AREA EARLY CHILDHOOD EDUCATION FUNDS TO THOSE CONSTITUENT DISTRICTS
16 AND COMMUNITY COLLEGES UNDER CONTRACT SERVING THE INTERMEDIATE
17 SCHOOL DISTRICT THAT OPERATE AREA EARLY CHILDHOOD EDUCATION
18 CENTERS. PAYMENTS SHALL BE COMPUTED AS FOLLOWS:

19 (A) THE TOTAL COST OF AN AREA EARLY CHILDHOOD EDUCATION CENTER
20 SHALL BE COMPUTED, AND FROM THIS AMOUNT, THERE SHALL BE DEDUCTED
21 THE CURRENT STATE AND FEDERAL EARLY CHILDHOOD EDUCATION
22 REIMBURSEMENT FOR THE AREA EARLY CHILDHOOD EDUCATION CENTER.

23 (B) THE INTERMEDIATE SCHOOL BOARD SHALL REIMBURSE ALL OR PART
24 OF THE DIFFERENCE RESULTING UNDER SUBDIVISION (A). IF THE FUNDS ARE
25 NOT SUFFICIENT TO MAKE UP THIS DIFFERENCE, A LIKE PERCENT OF THE
26 DIFFERENCE SHALL BE PAID TO ALL AREA EARLY CHILDHOOD EDUCATION
27 CENTERS IN THE INTERMEDIATE SCHOOL DISTRICT.

1 SEC. 648. A CONSTITUENT DISTRICT OR COMMUNITY COLLEGE
2 MAINTAINING AN AREA EARLY CHILDHOOD EDUCATION FACILITY DESIGNATED
3 BY THE SUPERINTENDENT OF PUBLIC INSTRUCTION MAY ENTER INTO A
4 CONTRACT WITH THE INTERMEDIATE SCHOOL BOARD AND SHALL BECOME AN
5 AREA EARLY CHILDHOOD EDUCATION CENTER BY CONTRACTING WITH THE
6 INTERMEDIATE SCHOOL BOARD TO ACCEPT NONRESIDENT CHILDREN ASSIGNED
7 INTO ITS FACILITY BY THE INTERMEDIATE SCHOOL BOARD.

8 SEC. 649. (1) A SCHOOL DISTRICT OF NOT LESS THAN 18,000 PUPILS,
9 A FIRST CLASS SCHOOL DISTRICT, OR A SCHOOL DISTRICT OFFERING OR
10 MAKING AVAILABLE TO ITS RESIDENTS A COMPREHENSIVE EARLY CHILDHOOD
11 EDUCATION PROGRAM APPROVED BY THE SUPERINTENDENT OF PUBLIC
12 INSTRUCTION MAY ELECT NOT TO COME UNDER AN AREA EARLY CHILDHOOD
13 EDUCATION PROGRAM BY RESOLUTION ADOPTED BY ITS BOARD NOT LATER THAN
14 30 DAYS AFTER RECEIPT OF NOTICE THAT THE QUESTION OF ESTABLISHING
15 THE AREA EARLY CHILDHOOD EDUCATION PROGRAM WILL BE SUBMITTED TO THE
16 SCHOOL ELECTORS OF THE SCHOOL DISTRICT.

17 (2) A SCHOOL DISTRICT ELECTING NOT TO COME UNDER THE AREA
18 EARLY CHILDHOOD EDUCATION PROGRAM MAY THEREAFTER ELECT TO COME
19 UNDER THE PROGRAM IF AT A SPECIAL OR REGULAR SCHOOL ELECTION A
20 MAJORITY OF THE SCHOOL ELECTORS VOTING APPROVE THE OPERATION OF THE
21 AREA EARLY CHILDHOOD EDUCATION PROGRAM AND THE ANNUAL TAX RATE FOR
22 THAT PURPOSE IN EFFECT IN THE OTHER CONSTITUENT DISTRICTS OF THE
23 INTERMEDIATE SCHOOL DISTRICT.

24 (3) EXCEPT AS PROVIDED IN THIS SUBSECTION, IN AN INTERMEDIATE
25 SCHOOL DISTRICT WHERE THE SCHOOL ELECTORS HAVE VOTED UPON AND
26 FAILED TO APPROVE THE BALLOT QUESTION SET FORTH IN SECTION 642, A
27 COMBINATION OF 2 OR MORE CONTIGUOUS CONSTITUENT DISTRICTS, BY

1 RESOLUTION OF THEIR BOARDS, MAY ELECT TO ESTABLISH AN AREA EARLY
2 CHILDHOOD EDUCATION PROGRAM, IF APPROVED BY RESOLUTION OF THE
3 INTERMEDIATE DISTRICT BOARD AND DESIGNATED BY THE STATE BOARD. THE
4 REQUIREMENT OF CONTIGUITY OF CONSTITUENT DISTRICTS DOES NOT APPLY
5 IF 1 OR MORE OF THE DISTRICTS THAT CONSTITUTE THE BASIS OF
6 CONTIGUITY DECLARE THEIR INTENT, BY BOARD RESOLUTION, NOT TO BE
7 PART OF THE PROPOSED AREA EARLY CHILDHOOD EDUCATION PROGRAM. AT ANY
8 TIME WITHIN 6 MONTHS AFTER THE ENACTMENT OF THE RESOLUTION
9 ESTABLISHING THE PROGRAM IN A LOCAL SCHOOL DISTRICT, SCHOOL
10 ELECTORS EQUAL IN NUMBER TO NOT LESS THAN 5% OF THE VOTES CAST IN
11 THE MOST RECENT SCHOOL ELECTION MAY PETITION THEIR LOCAL SCHOOL
12 DISTRICT BOARD TO SUBMIT THE RESOLUTION TO THE SCHOOL DISTRICT
13 FILING OFFICIAL FOR SUBMISSION TO THE ELECTORATE, IN A FORM AND
14 MANNER TO BE PRESCRIBED BY THE SECRETARY OF STATE, AND THE
15 DISTRICT'S PARTICIPATION IN THE PROGRAM SHALL BE TERMINATED IF NOT
16 APPROVED BY A MAJORITY OF THE SCHOOL ELECTORS VOTING ON THE
17 QUESTION.

18 (4) AREA EARLY CHILDHOOD EDUCATION PROGRAMS ESTABLISHED UNDER
19 THIS SECTION SHALL RECEIVE APPROPRIATE STATE FUNDING OR FEDERAL
20 FUNDING ALLOCATED BY THE SUPERINTENDENT OF PUBLIC INSTRUCTION ON
21 EXACTLY THE SAME BASIS AS AREA EARLY CHILDHOOD EDUCATION PROGRAMS
22 AND CENTERS ESTABLISHED BY INTERMEDIATE SCHOOL DISTRICTS.
23 CONSTITUENT DISTRICTS ESTABLISHING AN APPROVED AREA EARLY CHILDHOOD
24 EDUCATION PROGRAM UNDER THIS SECTION MAY DESIGNATE, BY BOARD
25 RESOLUTION, SPECIFIC AMOUNTS OF EITHER AUTHORIZED OPERATING MILLAGE
26 OR OPERATING MILLAGE BEING REQUESTED FROM THE SCHOOL ELECTORS TO BE
27 UTILIZED SOLELY FOR THE AREA EARLY CHILDHOOD EDUCATION PROGRAM, IN

1 A MANNER TO BE PRESCRIBED BY THE SUPERINTENDENT OF PUBLIC
2 INSTRUCTION, AND THE SPECIFIED AMOUNT OF MILLAGE SHALL BE REGARDED
3 AS AREA EARLY CHILDHOOD EDUCATION MILLAGE RATHER THAN LOCAL SCHOOL
4 DISTRICT OPERATING MILLAGE IN ALL COMPUTATIONS MADE BY THE
5 DEPARTMENT TO DETERMINE STATE AID. THE REVENUE OBTAINED FROM THE
6 MILLAGE DESIGNATED, TOGETHER WITH APPROPRIATE STATE AND FEDERAL
7 FUNDS, MAY BE EXPENDED FOR THE SAME PURPOSES SPECIFIED FOR
8 INTERMEDIATE DISTRICT PROGRAMS IN SECTIONS 645 AND 646, INCLUDING
9 CONTRACTS WITH THE INTERMEDIATE SCHOOL DISTRICT, ANOTHER LOCAL
10 SCHOOL DISTRICT, OR A COMMUNITY COLLEGE FOR AREA EARLY CHILDHOOD
11 EDUCATION PROGRAMS AND SERVICES.

12 (5) A CONTIGUOUS DISTRICT DESIRING TO BECOME PART OF AN AREA
13 EARLY CHILDHOOD EDUCATION PROGRAM ESTABLISHED UNDER THIS SECTION
14 MAY DO SO WITH THE APPROVAL OF EACH PARTICIPATING SCHOOL DISTRICT,
15 THE INTERMEDIATE SCHOOL DISTRICT, AND THE STATE BOARD. CONSTITUENT
16 DISTRICTS OPERATING AN APPROVED AREA EARLY CHILDHOOD EDUCATION
17 PROGRAM UNDER THIS SECTION MAY SUBSEQUENTLY ELECT NOT TO
18 PARTICIPATE, OR MAY THEREAFTER ELECT TO PARTICIPATE, IN AN
19 INTERMEDIATE SCHOOL DISTRICT EARLY CHILDHOOD EDUCATION PROGRAM IN
20 EXACTLY THE SAME MANNER PRESCRIBED IN THIS SECTION FOR SCHOOL
21 DISTRICTS OF NOT LESS THAN 18,000 PUPILS, A FIRST CLASS SCHOOL
22 DISTRICT, OR A SCHOOL DISTRICT OFFERING OR MAKING AVAILABLE TO ITS
23 RESIDENTS A COMPREHENSIVE EARLY CHILDHOOD EDUCATION PROGRAM
24 APPROVED BY THE SUPERINTENDENT OF PUBLIC INSTRUCTION.

25 Sec. 703. (1) An intermediate school district comprised of
26 less than 5 constituent districts and having no bonded indebtedness
27 may be disorganized and its constituent districts attached to

1 contiguous intermediate school districts under this section.

2 (2) The board of each constituent district may request the
3 intermediate school board to prescribe a plan for disorganization
4 of the intermediate school district. Each request shall designate
5 another intermediate school district to which the constituent
6 district desires to be attached. The intermediate school board
7 shall prescribe, by resolution, a plan under which each of the
8 constituent districts will be attached in whole to contiguous
9 intermediate school districts designated in the requests. If the
10 designated intermediate school district is not contiguous, the
11 intermediate school board's plan may prescribe attachment to a
12 contiguous intermediate school district.

13 (3) The intermediate superintendent of the intermediate school
14 district that is to be disorganized shall give 30 days' notice of
15 the time and place of the meeting of the intermediate school board
16 and of the proposed plan for disorganization by publication of the
17 notice in a newspaper of general circulation in the intermediate
18 school district. The intermediate school board shall present the
19 adopted plan for dissolution to the board of each of its
20 constituent districts and to the intermediate school board of each
21 intermediate school district whose boundaries would be enlarged by
22 the proposal.

23 (4) The intermediate superintendent of each intermediate
24 school district whose boundaries would be enlarged by the
25 dissolution shall give 30 days' notice of the time and place of the
26 meeting of the intermediate school board and of the recommended
27 plan for enlargement of the intermediate school district by

1 publication of the notice in a newspaper of general circulation in
2 the intermediate school district.

3 (5) If the intermediate school board of each affected
4 intermediate school district approves the plan for disorganization,
5 the intermediate school board of the intermediate school district
6 to be dissolved shall refer the matter to the superintendent of
7 public instruction for approval. The action of the superintendent
8 of public instruction declaring the intermediate school district
9 dissolved is final. Disorganization of the intermediate school
10 district and attachment of its constituent districts to contiguous
11 intermediate school districts takes effect on July 1 after the date
12 of the approval of the superintendent of public instruction.

13 (6) The intermediate school boards of the intermediate school
14 districts to which territory is attached by dissolution shall meet
15 jointly, sitting as a single board, and make an equitable
16 distribution of the money, property, and other assets belonging to
17 the disorganized intermediate school district among the
18 intermediate school districts affected. The territory of
19 constituent districts transferred to other intermediate school
20 districts by dissolution shall be subject to all taxes levied for
21 purposes of the intermediate school district to which transferred,
22 including taxes for the retirement of bonded indebtedness, special
23 education programs, ~~and~~ area vocational-technical education
24 programs, **AND AREA EARLY CHILDHOOD EDUCATION PROGRAMS.**

25 (7) Within 30 days after a district attaches to a contiguous
26 intermediate school district under this section, the board of the
27 intermediate school district whose boundaries have been enlarged by

1 the dissolution may appoint 2 school electors of constituent
2 districts, 1 of whom shall be an elector of the attached district,
3 to membership on the intermediate school board. Intermediate school
4 board members appointed under this subsection serve until January 1
5 or, if the intermediate school district's regular school election
6 is held in May, until July 1 after the next intermediate school
7 district election. The intermediate school board may determine 1
8 initial term of less than 6 years for 1 of the additional members
9 to be elected at the intermediate school district election.
10 Notification of an appointment shall be filed with the
11 superintendent of public instruction.