

# Legislative Analysis



## **SCHOOL ACCOUNTABILITY: POST EXPENSE REIMBURSEMENTS**

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**Senate Bill 80 (Substitute H-2)**  
**Senate Bill 81 (Substitute S-2)**  
**Sponsor: Sen. Goeff Hansen**

**House Committee: Education**  
**Senate Committee: Education**

**Complete to 12-17-14**

## **A SUMMARY OF SENATE BILLS 80 (H-2) AND 81 (S-2) AS REPORTED BY HOUSE COMMITTEE**

Senate Bill 80 (H-2) would amend the State School Aid Act (MCL 388.1618) to require districts to make information regarding reimbursement of expenses available to the public on their websites. Senate Bill 81 (S-2) would amend the Revised School Code (MCL 380.1814) to include public school academies and an educational achievement authority (EAA) in provisions that govern the payment of board members' expenses, and to include school districts, public school academies, and an EAA in provisions that prohibit the use of district funds for certain purposes.

The bills are tie-barred to each other, so that neither can take effect unless both are enacted. If enacted, the bills would take effect 90 days after their enactment.

A more detailed description of each bill follows.

### ***Senate Bill 80 (H-2)***

The State School Aid Act requires school districts to provide certain information concerning operations via the district's website in a format prescribed by the Michigan Department of Education. The required information includes a district's annual operating budget, personnel expenditures, and other expenditures. Senate Bill 80 (H-2) would retain all of these provisions.

In addition, the bill also would require a district to provide, through its website, its written policies concerning the following:

- Procuring supplies, materials, and equipment.
- Establishing specific categories of reimbursable expenses, as described in Section 1254 of the Revised School Code (a section that Senate Bill 81 (S-2) would amend).
- Either the district's accounts payable check register or a statement of the total amount of reimbursed expenses, for the most recent school fiscal year.

### **Senate Bill 81 (S-2)**

Now under the law, Section 1254 of the Revised School Code allows the board of a school district or intermediate school district (ISD) to pay an expense incurred by a board member. Senate Bill 81 (S-2) would retain this provision and extend it to the boards of directors for public school academies, and also for an authority board of an education achievement authority. Currently expenses must be approved in advance by a board and be consistent with the board's adopted policy on categories of reimbursable expenses. Under the bill, this policy would be a public record, and the board would have to make the policy available to people who requested it.

Senate Bill 81 (S-2) also would include ISDs, public school academies, and the EAA within existing provisions that prohibit a school board from issuing to board members credit cards or debit cards that pledge payment of funds from a district account (except in compliance with law).

Currently, the Revised School Code makes it a misdemeanor to use ISD funds or other public funds under control of the district to purchase alcoholic beverages, jewelry, gifts, fees for golf, or any items that cannot be legally purchased or possessed. Exceptions to this rule include purchases for awards in recognition of an employee, volunteer, or pupil, if the price is not more than \$100 per recipient (annually adjusted by the average consumer price index since 1995). A person who violates this prohibition is guilty of a misdemeanor punishable by imprisonment for up to 93 days and/or a fine based on the amount of funds used illegally. The person also must provide restitution to that district. Senate Bill 81 (S-2) would include within these provisions the funds of school districts, public school academies, and the EAA.

Finally, the Revised School Code defines "public funds" as taxes, state appropriations, federal funds, or payments for services to an ISD. Under the bill, "public funds" would be defined to mean funds generated from taxes levied under this act, state appropriations of state or federal funds, or payments to a school district, intermediate school district, public school academy, or EAA for services, but does not include voluntary contributions made for a specific purpose by a board member or employee of a school district, intermediate school district, public school academy, or education achievement authority; another individual; or a private entity.

### **FISCAL IMPACT:**

The bills would have no fiscal impact on state government, but Senate Bill 80 could increase costs to school districts. Under the bill, school districts could incur an indeterminate, yet marginal, cost in having to report additional district expenses online.

### **HOUSE COMMITTEE ACTION:**

The members of the House Education Committee reported out a 'conflict substitute'—Senate Bill 80 (Substitute H-2). The 'conflict sub' updates the bill to reflect all changes in these sections of statute that have occurred since the bill was introduced earlier in the two-year legislative session. In this instance, the 'conflict sub' incorporates all changes the legislature enacted in Public Act 196 of 2014.

The members of the House Education Committee reported out Senate Bill 81 (S-2) in its Senate-passed version without amendment.

**POSITIONS:**

No positions were advanced.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.