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BILL ANALYSIS

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Senate Bills 80 and 81 (as enrolled)
Sponsor: Senator Geoff Hansen
Senate Committee: Education
House Committee: Education

Date Completed: 1-5-15

CONTENT

Senate Bill 80 would amend the State School Aid Act to require districts to make information regarding reimbursement of expenses available to the public. The bill also would appropriate up to \$40.0 million to the At-Risk program for fiscal year 2014-15. Senate Bill 81 would amend the Revised School Code to include public school academies and the Education Achievement Authority (EAA) in provisions that govern the payment of board members' expenses, and to include school districts, public school academies, and the EAA in provisions that prohibit the use of district funds for certain purposes.

The section of Senate Bill 80 making the appropriation would not take effect unless the voters approve House Joint Resolution UU. Senate Bill 81 would take effect 90 days after enactment.

Senate Bill 80

Provision of Information

The State School Aid Act requires school districts to provide certain information through a district's website, in a format prescribed by the Department of Education. The required information includes a district's annual operating budget, personnel expenditures, and other expenditures.

The bill also would require a district to provide, through its website, its written policies on 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 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.

Appropriation

Under Section 31a of the School Aid Act, an amount appropriated from the School Aid Fund is allocated for payments to eligible districts, eligible public school academies, and the Education Achievement Authority for the purpose of ensuring that pupils are proficient in reading by the end of grade 3 and that high school graduates are career and college ready, as well as to support child and adolescent health centers and pay for health and vision

screenings (called the At-Risk program). The amount of funding that districts, public school academies, and the EAA receive under this section is based on the number of pupils who are eligible for free breakfast, lunch, or milk, according to income eligibility criteria.

The bill would appropriate an additional amount not to exceed \$40.0 million from the State School Aid Fund for fiscal year 2014-15 for the purposes of Section 31a.

The bill's amendment to Section 31a would not take effect unless House Joint Resolution UU is approved by the voters. (House Joint Resolution UU proposes to amend the State Constitution to do the following:

- Prevent the sales or use tax from being charged or collected after October 1, 2015, on the sale or use of gasoline or diesel fuel used to operate motor vehicles.
- Increase the maximum rate of the sales and use taxes from 6% to 7%.
- Dedicate to the School Aid Fund 60% of the first 5% (rather than the first 4%, as currently provided) of the sales tax.
- Dedicate to the School Aid Fund an amount equal to 12.3% of the first 5% of the use tax.
- Require the School Aid Fund to be used exclusively for aid to school districts, school employees' retirement systems, public community colleges, public career and technical education programs, and scholarships for students attending such colleges or programs (rather than aid to school districts, school employees' retirement systems, and "higher education").
- Require 15% of the first 5% of the sales tax (rather than the first 4%, as currently provided) to be used for assistance to cities, townships, and villages (revenue sharing).

House Joint Resolution UU was adopted by the House of Representatives and the Senate, and will be presented to the electors of the State on May 5, 2015.)

Senate Bill 81

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. The bill would extend this section to the board of directors of a public school academy (PSA), and the authority board of the EAA. The section also requires expenses to be approved in advance by a board, and to 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.

The bill also would include ISDs, public school academies, and the EAA in 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.

Subject to certain exceptions, the Code makes it a misdemeanor to use ISD funds or other public funds under control of the district to purchase alcoholic beverages, jewelry, gifts, golf fees, or any items that cannot be legally purchased or possessed. A violation of this prohibition is a misdemeanor punishable by imprisonment for up to 93 days and/or a fine based on the amount of funds used illegally. The violator also must provide restitution to that district. The bill would include school district, PSA, and EAA funds in these provisions.

Section 1254 defines "public funds" as funds generated from taxes levied under the Code, State appropriations or State or Federal funds, or to an ISD payments for services. The bill also would refer to payments a school district, a public school academy, or the EAA.

MCL 388.1618 & 388.1631a (S.B. 80)
380.1814 (S.B. 81)

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

If the voters approve House Joint Resolution UU on May 5, 2015, Senate Bill 80 would result in a \$40.0 million additional appropriation for the At Risk program, paid for out of the State School Aid Fund. While this would be a \$40.0 million cost to the State, it also would represent an increase in revenue to local districts that receive At Risk funding. (Currently, 766 local districts and public school academies (charter schools) receive nearly \$309.0 million in At Risk funding.)

Aside from the potential increase in At Risk funding, any local fiscal impact from the legislation would be minimal, and would arise from the requirement to make available additional details on personnel expenses, written policies governing procurement of supplies, materials, and equipment, written policies establishing specific categories of reimbursable expenses, and either the accounts payable check register or amount of reimbursed expenses.

Fiscal Analyst: Kathryn Summers

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.