

SUBSTITUTE FOR  
SENATE BILL NO. 957

A bill to amend 1976 PA 451, entitled  
"The revised school code,"  
(MCL 380.1 to 380.1852) by adding section 1219.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1        SEC. 1219. (1) BEFORE JULY 7 OF EACH SCHOOL FISCAL YEAR, EACH  
2        SCHOOL DISTRICT AND PUBLIC SCHOOL ACADEMY SHALL TRANSMIT TO CEPI  
3        THE BUDGETARY ASSUMPTIONS USED IN THE PREPARATION OF ITS ANNUAL  
4        BUDGET PURSUANT TO THE UNIFORM BUDGETING AND ACCOUNTING ACT, 1968  
5        PA 2, MCL 141.421 TO 141.440A. THE SUBMISSION OF THE BUDGETARY  
6        ASSUMPTIONS UNDER THIS SUBSECTION SHALL BE IN THE FORM PRESCRIBED  
7        BY CEPI AND SHALL INCLUDE AT LEAST ALL OF THE FOLLOWING  
8        INFORMATION:

9        (A) THE PROJECTED FOUNDATION ALLOWANCE FOR THE SCHOOL DISTRICT

1 OR PUBLIC SCHOOL ACADEMY USED BY ITS GOVERNING BODY WHEN ADOPTING  
2 THE BUDGET FOR THE SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY FOR THE  
3 CURRENT SCHOOL FISCAL YEAR.

4 (B) AN INDICATION OF WHETHER THE PROJECTED FOUNDATION  
5 ALLOWANCE UNDER SUBDIVISION (A) INCREASED, DECREASED, OR REMAINED  
6 UNCHANGED FROM THE FOUNDATION ALLOWANCE OF THE SCHOOL DISTRICT OR  
7 PUBLIC SCHOOL ACADEMY FOR THE IMMEDIATELY PRECEDING SCHOOL FISCAL  
8 YEAR.

9 (C) THE PROJECTED MEMBERSHIP OF THE SCHOOL DISTRICT OR PUBLIC  
10 SCHOOL ACADEMY USED WHEN ADOPTING THE BUDGET OF THE SCHOOL DISTRICT  
11 OR PUBLIC SCHOOL ACADEMY FOR THE CURRENT SCHOOL FISCAL YEAR.

12 (D) AN INDICATION OF WHETHER THE PROJECTED MEMBERSHIP UNDER  
13 SUBDIVISION (C) INCREASED, DECREASED, OR REMAINED UNCHANGED FROM  
14 THE MEMBERSHIP REPORTED BY THE DEPARTMENT FOR THE SCHOOL DISTRICT  
15 OR PUBLIC SCHOOL ACADEMY IN THE MOST RECENT STATE AID FINANCIAL  
16 STATUS REPORT FOR THE MONTH OF MAY.

17 (E) THE EXPENDITURES PER PUPIL FOR THE SCHOOL DISTRICT OR  
18 PUBLIC SCHOOL ACADEMY FOR THE IMMEDIATELY PRECEDING SCHOOL FISCAL  
19 YEAR, CALCULATED BY DIVIDING TOTAL GENERAL FUND OPERATING  
20 EXPENDITURES FOR THE SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY  
21 DURING THAT SCHOOL FISCAL YEAR BY THE MEMBERSHIP FOR THE SCHOOL  
22 DISTRICT OR PUBLIC SCHOOL ACADEMY REPORTED BY THE DEPARTMENT IN THE  
23 MOST RECENT STATE AID FINANCIAL STATUS REPORT FOR THE MONTH OF MAY.

24 (F) THE PROJECTED EXPENDITURES PER PUPIL FOR THE SCHOOL  
25 DISTRICT OR PUBLIC SCHOOL ACADEMY FOR THE CURRENT SCHOOL FISCAL  
26 YEAR, CALCULATED BY DIVIDING THE TOTAL GENERAL FUND OPERATING  
27 EXPENDITURES AUTHORIZED BY THE GOVERNING BODY OF THE SCHOOL

1 DISTRICT OR THE PUBLIC SCHOOL ACADEMY WHEN ADOPTING THE BUDGET FOR  
2 THE CURRENT SCHOOL FISCAL YEAR BY THE PROJECTED MEMBERSHIP OF THE  
3 SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY USED WHEN ADOPTING THE  
4 BUDGET OF THE SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY FOR THE  
5 CURRENT SCHOOL FISCAL YEAR.

6 (2) BY JULY 21 OF EACH SCHOOL FISCAL YEAR, USING THE BUDGETARY  
7 ASSUMPTIONS RECEIVED UNDER SUBSECTION (1), CEPI SHALL COMPLETE A  
8 SUMMARY OF THE BUDGETARY ASSUMPTIONS FOR EACH INTERMEDIATE SCHOOL  
9 DISTRICT AND AUTHORIZING BODY IN THIS STATE. A SUMMARY OF THE  
10 BUDGETARY ASSUMPTIONS FOR AN INTERMEDIATE SCHOOL DISTRICT SHALL  
11 INCLUDE BUDGETARY ASSUMPTION INFORMATION FOR EACH SCHOOL DISTRICT  
12 LOCATED WITHIN THE INTERMEDIATE SCHOOL DISTRICT. A SUMMARY OF THE  
13 BUDGETARY ASSUMPTIONS FOR AN AUTHORIZING BODY SHALL INCLUDE  
14 BUDGETARY ASSUMPTION INFORMATION FOR EACH PUBLIC SCHOOL ACADEMY  
15 AUTHORIZED BY THE AUTHORIZING BODY. BY JULY 21 OF EACH SCHOOL  
16 FISCAL YEAR, CEPI SHALL TRANSMIT THE SUMMARY OF THE BUDGETARY  
17 ASSUMPTIONS FOR EACH INTERMEDIATE SCHOOL DISTRICT TO THE  
18 INTERMEDIATE SUPERINTENDENT OF THE INTERMEDIATE SCHOOL DISTRICT,  
19 THE SUPERINTENDENT OF PUBLIC INSTRUCTION, AND THE STATE TREASURER.  
20 BY JULY 21 OF EACH SCHOOL FISCAL YEAR, CEPI SHALL TRANSMIT THE  
21 SUMMARY OF THE BUDGETARY ASSUMPTIONS FOR EACH AUTHORIZING BODY TO  
22 THE AUTHORIZING BODY, THE SUPERINTENDENT OF PUBLIC INSTRUCTION, AND  
23 THE STATE TREASURER. A SUMMARY OF THE BUDGETARY ASSUMPTIONS SHALL  
24 INCLUDE AT LEAST ALL OF THE FOLLOWING INFORMATION:

25 (A) FOR AN INTERMEDIATE SCHOOL DISTRICT, ALL OF THE FOLLOWING  
26 FOR EACH SCHOOL DISTRICT LOCATED WITHIN THE INTERMEDIATE SCHOOL  
27 DISTRICT:

(i) THE NAME OF EACH SCHOOL DISTRICT.

(ii) THE PROJECTED FOUNDATION ALLOWANCE REPORTED UNDER  
SUBSECTION (1) (A) AND THE INDICATION PROVIDED UNDER SUBSECTION  
(1) (B) .

(iii) THE PROJECTED MEMBERSHIP REPORTED UNDER SUBSECTION (1) (C)  
AND THE INDICATION PROVIDED UNDER SUBSECTION (1) (D) .

(iv) THE EXPENDITURES PER PUPIL AMOUNTS FOR THE SCHOOL DISTRICT  
PROVIDED UNDER SUBSECTION (1) (E) AND (F) .

(B) FOR AN AUTHORIZING BODY, ALL OF THE FOLLOWING FOR EACH  
PUBLIC SCHOOL ACADEMY AUTHORIZED BY THE AUTHORIZING BODY:

(i) THE NAME OF EACH PUBLIC SCHOOL ACADEMY.

(ii) THE PROJECTED FOUNDATION ALLOWANCE REPORTED UNDER  
SUBSECTION (1) (A) AND THE INDICATION PROVIDED UNDER SUBSECTION  
(1) (B) .

(iii) THE PROJECTED MEMBERSHIP REPORTED UNDER SUBSECTION (1) (C)  
AND THE INDICATION PROVIDED UNDER SUBSECTION (1) (D) .

(iv) THE EXPENDITURES PER PUPIL AMOUNTS FOR THE PUBLIC SCHOOL  
ACADEMY PROVIDED UNDER SUBSECTION (1) (E) AND (F) .

(3) BY JULY 28 OF EACH SCHOOL FISCAL YEAR, THE INTERMEDIATE  
SUPERINTENDENT OF EACH INTERMEDIATE SCHOOL DISTRICT RECEIVING A  
SUMMARY OF BUDGETARY ASSUMPTIONS UNDER SUBSECTION (2) SHALL REVIEW  
THE BUDGETARY ASSUMPTIONS INCLUDED IN THE SUMMARY OF BUDGETARY  
ASSUMPTIONS FOR EACH SCHOOL DISTRICT IN THE INTERMEDIATE SCHOOL  
DISTRICT AND NOTIFY CEPI, ON A FORM PRESCRIBED BY CEPI, WHETHER THE  
INTERMEDIATE SUPERINTENDENT CONCURS WITH THE BUDGETARY ASSUMPTIONS  
FOR EACH SCHOOL DISTRICT INCLUDED IN THE SUMMARY OF BUDGETARY  
ASSUMPTIONS. BY JULY 28 OF EACH SCHOOL FISCAL YEAR, EACH

1 AUTHORIZING BODY RECEIVING A SUMMARY OF BUDGETARY ASSUMPTIONS UNDER  
2 SUBSECTION (2) SHALL REVIEW THE BUDGETARY ASSUMPTIONS INCLUDED IN  
3 THE SUMMARY OF BUDGETARY ASSUMPTIONS FOR EACH PUBLIC SCHOOL ACADEMY  
4 AND NOTIFY CEPI, ON A FORM PRESCRIBED BY CEPI, WHETHER THE  
5 AUTHORIZING BODY CONCURS WITH THE BUDGETARY ASSUMPTIONS FOR EACH  
6 PUBLIC SCHOOL ACADEMY INCLUDED IN THE SUMMARY OF BUDGETARY  
7 ASSUMPTIONS. IN DETERMINING WHETHER TO CONCUR WITH BUDGETARY  
8 ASSUMPTIONS UNDER THIS SUBSECTION, AN INTERMEDIATE SUPERINTENDENT  
9 OR AN AUTHORIZING BODY SHALL CONSIDER ALL OF THE FOLLOWING FACTORS  
10 FOR EACH SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY:

11 (A) THE SCHOOL DISTRICT'S OR PUBLIC SCHOOL ACADEMY'S  
12 FOUNDATION ALLOWANCE AND MEMBERSHIP FOR PRIOR FISCAL YEARS.

13 (B) FOR A SCHOOL DISTRICT, PROJECTIONS USED BY OTHER SCHOOL  
14 DISTRICTS WITHIN THE INTERMEDIATE SCHOOL DISTRICT FOR THE SAME  
15 FISCAL YEAR.

16 (C) FOR A PUBLIC SCHOOL ACADEMY, PROJECTIONS USED BY OTHER  
17 PUBLIC SCHOOL ACADEMIES AUTHORIZED BY THE AUTHORIZING BODY FOR THE  
18 SAME FISCAL YEAR.

19 (D) PROJECTIONS RELEASED BY 1 OR MORE OF THE DEPARTMENT OF  
20 TREASURY, THE HOUSE FISCAL AGENCY, THE SENATE FISCAL AGENCY, OR A  
21 REVENUE ESTIMATING CONFERENCE CONDUCTED UNDER SECTION 367B OF THE  
22 MANAGEMENT AND BUDGET ACT, 1984 PA 431, MCL 18.1367B.

23 (E) PROJECTIONS BASED ON PENDING OR ENACTED LEGISLATION.

24 (4) BY AUGUST 10 OF EACH SCHOOL FISCAL YEAR, CEPI SHALL  
25 PREPARE AND TRANSMIT TO THE SUPERINTENDENT OF PUBLIC INSTRUCTION  
26 AND THE STATE TREASURER A FINAL SUMMARY OF BUDGETARY ASSUMPTIONS  
27 FOR EACH INTERMEDIATE SCHOOL DISTRICT AND AUTHORIZING BODY IN THIS

1 STATE. THE FINAL SUMMARY OF BUDGETARY ASSUMPTIONS SHALL INCLUDE AT  
2 LEAST ALL OF THE INFORMATION DETAILED IN SUBSECTION (2)(A) AND (B),  
3 AND ANY CHANGES SUBMITTED TO CEPI BY AN INTERMEDIATE SCHOOL  
4 DISTRICT OR AUTHORIZING BODY IN BUDGETARY ASSUMPTIONS UNDER  
5 SUBSECTION (2) OR IN INTERMEDIATE SUPERINTENDENT OR AUTHORIZING  
6 BODY CONCURRENCE UNDER SUBSECTION (3) AND CONFIRMED BY CEPI BEFORE  
7 THAT AUGUST 10. WHEN TRANSMITTING THE FINAL SUMMARY OF BUDGETARY  
8 ASSUMPTIONS TO THE SUPERINTENDENT OF PUBLIC INSTRUCTION AND THE  
9 STATE TREASURER UNDER THIS SUBSECTION, CEPI ALSO SHALL TRANSMIT A  
10 COPY OF THE FINAL SUMMARY OF BUDGETARY ASSUMPTIONS FOR AN  
11 INTERMEDIATE SCHOOL DISTRICT TO THE INTERMEDIATE SUPERINTENDENT OF  
12 THE INTERMEDIATE SCHOOL DISTRICT AND A COPY OF THE FINAL SUMMARY OF  
13 BUDGETARY ASSUMPTIONS FOR AN AUTHORIZING BODY TO THE AUTHORIZING  
14 BODY. BY AUGUST 20 OF EACH SCHOOL FISCAL YEAR, THE STATE TREASURER  
15 SHALL REVIEW EACH FINAL SUMMARY OF BUDGETARY ASSUMPTIONS PREPARED  
16 UNDER THIS SUBSECTION. IF THE STATE TREASURER CONCURS WITH A  
17 DETERMINATION BY AN INTERMEDIATE SUPERINTENDENT OR AUTHORIZING BODY  
18 THAT A BUDGETARY ASSUMPTION USED BY THE GOVERNING BODY OF A SCHOOL  
19 DISTRICT OR PUBLIC SCHOOL ACADEMY IS UNREASONABLE OR IF THE STATE  
20 TREASURER DOES NOT CONCUR WITH A DETERMINATION BY AN INTERMEDIATE  
21 SUPERINTENDENT OR AUTHORIZING BODY THAT A BUDGETARY ASSUMPTION USED  
22 BY THE GOVERNING BODY OF A SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY  
23 IS REASONABLE, THEN BY THAT AUGUST 20 THE STATE TREASURER SHALL  
24 NOTIFY THE SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY AND PROVIDE A  
25 COPY OF THE NOTICE TO THE SUPERINTENDENT OF PUBLIC INSTRUCTION. FOR  
26 A SCHOOL DISTRICT, THE STATE TREASURER SHALL ALSO PROVIDE A COPY OF  
27 THE NOTICE TO THE INTERMEDIATE SUPERINTENDENT OF THE INTERMEDIATE

1 SCHOOL DISTRICT IN WHICH THE SCHOOL DISTRICT IS LOCATED AND TO EACH  
2 MEMBER OF THE SCHOOL BOARD OF THE SCHOOL DISTRICT. FOR A PUBLIC  
3 SCHOOL ACADEMY, THE STATE TREASURER SHALL ALSO PROVIDE A COPY OF  
4 THE NOTICE TO THE AUTHORIZING BODY OF THE PUBLIC SCHOOL ACADEMY AND  
5 TO EACH MEMBER OF THE BOARD OF DIRECTORS OF THE PUBLIC SCHOOL  
6 ACADEMY. IF THE STATE TREASURER NOTIFIES A SCHOOL DISTRICT OR  
7 PUBLIC SCHOOL ACADEMY OF CONCURRENCE OR NONCONCURRENCE UNDER THIS  
8 SUBSECTION, WITHIN 5 DAYS AFTER THAT NOTIFICATION THE SCHOOL  
9 DISTRICT OR PUBLIC SCHOOL ACADEMY SHALL POST A NOTICE ON THE MAIN  
10 PAGE OF THE SCHOOL DISTRICT'S OR PUBLIC SCHOOL ACADEMY'S WEBSITE  
11 INDICATING THAT THE SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY HAS  
12 ADOPTED A BUDGET THAT RELIES UPON UNREASONABLE BUDGETARY  
13 ASSUMPTIONS. THE NOTICE SHALL REMAIN ON THE MAIN PAGE OF THE SCHOOL  
14 DISTRICT'S OR PUBLIC SCHOOL ACADEMY'S WEBSITE UNTIL THE EARLIER OF  
15 THE FOLLOWING:

16 (A) THE NEXT JUNE 30.

17 (B) THE ADOPTION BY THE SCHOOL DISTRICT OR PUBLIC SCHOOL  
18 ACADEMY OF AN AMENDED BUDGET FOR THE SCHOOL FISCAL YEAR BASED UPON  
19 BUDGETARY ASSUMPTIONS THAT THE INTERMEDIATE SCHOOL DISTRICT OR  
20 AUTHORIZING BODY, WITH THE CONCURRENCE OF THE STATE TREASURER,  
21 DETERMINES ARE REASONABLE.

22 (5) IF A SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR  
23 PUBLIC SCHOOL ACADEMY, OR THE AUTHORIZING BODY OF A PUBLIC SCHOOL  
24 ACADEMY, DETERMINES THAT CONDITIONS OF FISCAL STRESS, A DEFICIT, OR  
25 CONDITIONS INDICATING A POTENTIAL FINANCIAL EMERGENCY HAVE ARISEN  
26 OR MAY ARISE FOR THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT,  
27 OR PUBLIC SCHOOL ACADEMY, THAT SCHOOL DISTRICT, INTERMEDIATE SCHOOL

1 DISTRICT, PUBLIC SCHOOL ACADEMY, OR AUTHORIZING BODY SHALL NOTIFY  
2 THE SUPERINTENDENT OF PUBLIC INSTRUCTION AND REQUEST TECHNICAL  
3 ASSISTANCE FROM THIS STATE IN ADDRESSING THE FISCAL STRESS,  
4 DEFICIT, OR POTENTIAL FINANCIAL EMERGENCY. THE SUPERINTENDENT OF  
5 PUBLIC INSTRUCTION SHALL NOTIFY THE STATE TREASURER OF ANY REQUEST  
6 FOR TECHNICAL ASSISTANCE UNDER THIS SUBSECTION.

7 (6) A SCHOOL DISTRICT THAT REQUESTS ASSISTANCE UNDER  
8 SUBSECTION (5) SHALL PROVIDE A COPY OF THE NOTICE AND REQUEST TO  
9 THE SUPERINTENDENT OF THE INTERMEDIATE SCHOOL DISTRICT IN WHICH THE  
10 SCHOOL DISTRICT IS LOCATED. A PUBLIC SCHOOL ACADEMY THAT REQUESTS  
11 ASSISTANCE UNDER SUBSECTION (5) SHALL PROVIDE A COPY OF THE NOTICE  
12 AND REQUEST TO ITS AUTHORIZING BODY.

13 (7) WITHIN 45 DAYS AFTER RECEIVING A REQUEST FOR ASSISTANCE  
14 UNDER SUBSECTION (5), THE DEPARTMENT SHALL CONSULT WITH THE  
15 DEPARTMENT OF TREASURY REGARDING THE PROVISION OF TECHNICAL  
16 ASSISTANCE TO THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR  
17 PUBLIC SCHOOL ACADEMY. SUBJECT TO AVAILABLE RESOURCES, THE  
18 DEPARTMENT AND THE DEPARTMENT OF TREASURY SHALL REVIEW THE  
19 FINANCIAL CONDITION AND THE BUDGET OF THE SCHOOL DISTRICT,  
20 INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY, AND, AFTER  
21 CONSULTATION WITH THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL  
22 DISTRICT, OR PUBLIC SCHOOL ACADEMY, PROVIDE TECHNICAL ASSISTANCE,  
23 INCLUDING, BUT NOT LIMITED TO, DATA ANALYSIS TOOLS, WITH THE  
24 OBJECTIVE OF ASSISTING THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL  
25 DISTRICT, OR PUBLIC SCHOOL ACADEMY IN AVOIDING CONDITIONS OF FISCAL  
26 STRESS, A DEFICIT, OR A POTENTIAL FINANCIAL EMERGENCY BEFORE  
27 FURTHER STATE INTERVENTION. TO ASSURE GREATER COORDINATION AND



1 EFFECTIVE PARTNERSHIPS, WHEN ADMINISTERING THIS SUBSECTION FOR A  
2 SCHOOL DISTRICT, THE DEPARTMENT AND THE DEPARTMENT OF TREASURY  
3 SHALL CONSULT WITH THE SUPERINTENDENT OF THE SCHOOL DISTRICT AND  
4 THE INTERMEDIATE SUPERINTENDENT OF THE INTERMEDIATE SCHOOL DISTRICT  
5 IN WHICH THE SCHOOL DISTRICT IS LOCATED, AND THE INTERMEDIATE  
6 SCHOOL DISTRICT MAY PROVIDE ASSISTANCE THAT COMPLEMENTS AND  
7 SUPPORTS THE STATE ASSISTANCE PROVIDED UNDER THIS SECTION. TO  
8 ASSURE GREATER COORDINATION AND EFFECTIVE PARTNERSHIPS, WHEN  
9 ADMINISTERING THIS SUBSECTION FOR A PUBLIC SCHOOL ACADEMY, THE  
10 DEPARTMENT AND THE DEPARTMENT OF TREASURY SHALL CONSULT WITH THE  
11 AUTHORIZING BODY OF THE PUBLIC SCHOOL ACADEMY, AND THE AUTHORIZING  
12 BODY MAY PROVIDE ASSISTANCE THAT COMPLEMENTS AND SUPPORTS THE STATE  
13 ASSISTANCE PROVIDED UNDER THIS SECTION.

14 (8) THE SUPERINTENDENT OF PUBLIC INSTRUCTION OR THE STATE  
15 TREASURER MAY REQUIRE A SCHOOL DISTRICT, INTERMEDIATE SCHOOL  
16 DISTRICT, OR PUBLIC SCHOOL ACADEMY TO SUBMIT PERIODIC FINANCIAL  
17 STATUS REPORTS UNDER SUBSECTION (9) IF EITHER THE SUPERINTENDENT OF  
18 PUBLIC INSTRUCTION OR THE STATE TREASURER DETERMINES THAT POTENTIAL  
19 FINANCIAL STRESS MAY EXIST WITHIN THE SCHOOL DISTRICT, INTERMEDIATE  
20 SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY, THAT A DEFICIT IS  
21 PROJECTED TO ARISE WITHIN THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL  
22 DISTRICT, OR PUBLIC SCHOOL ACADEMY DURING THE CURRENT SCHOOL FISCAL  
23 YEAR OR THE FOLLOWING 2 SCHOOL FISCAL YEARS, OR THAT THE SCHOOL  
24 DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY  
25 MAY BE UNABLE TO MEET ITS FINANCIAL OBLIGATIONS WHILE ALSO  
26 SATISFYING THE SCHOOL DISTRICT'S, INTERMEDIATE SCHOOL DISTRICT'S,  
27 OR PUBLIC SCHOOL ACADEMY'S OBLIGATIONS OR ABILITIES TO PROVIDE

1 PUBLIC EDUCATIONAL SERVICES IN A MANNER THAT COMPLIES WITH THIS  
2 ACT, THE STATE SCHOOL AID ACT OF 1979, AND APPLICABLE RULES, BASED  
3 UPON 1 OR MORE OF THE FOLLOWING:

4 (A) FINANCIAL DATA OR OTHER INFORMATION SUBMITTED BY THE  
5 SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL  
6 ACADEMY TO A STATE DEPARTMENT OR AGENCY.

7 (B) FINANCIAL DATA OR OTHER INFORMATION INCLUDED WITHIN AN  
8 AUDITED FINANCIAL STATEMENT OF THE SCHOOL DISTRICT, INTERMEDIATE  
9 SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY.

10 (C) FINANCIAL DATA OR OTHER INFORMATION PROVIDED TO A STATE  
11 DEPARTMENT, AGENCY, OR AUTHORITY IN CONNECTION WITH A REQUEST TO  
12 ISSUE BONDS, NOTES, OR OTHER DEBT OBLIGATIONS, INCLUDING, BUT NOT  
13 LIMITED TO, INFORMATION RELATING TO A REQUEST FOR A LOAN UNDER THE  
14 EMERGENCY MUNICIPAL LOAN ACT, 1980 PA 243, MCL 141.931 TO 141.942.

15 (D) FINANCIAL DATA OR OTHER INFORMATION INCLUDED WITHIN A  
16 RECOMMENDED BUDGET, BUDGET, OR GENERAL APPROPRIATIONS ACT OF THE  
17 SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL  
18 ACADEMY.

19 (E) FINANCIAL DATA OR OTHER INFORMATION PROVIDED TO A STATE  
20 DEPARTMENT, AGENCY, OR AUTHORITY BY AN OFFICER, EMPLOYEE,  
21 CONTRACTOR, OR AGENT OF THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL  
22 DISTRICT, OR PUBLIC SCHOOL ACADEMY.

23 (F) FOR A SCHOOL DISTRICT, DATA RELATING TO PUPIL ENROLLMENT,  
24 INCLUDING, BUT NOT LIMITED TO, RESIDENTS OF OTHER SCHOOL DISTRICTS  
25 ENROLLED IN THE SCHOOL DISTRICT AND RESIDENTS OF THE SCHOOL  
26 DISTRICT ENROLLED IN ANOTHER SCHOOL DISTRICT OR IN A PUBLIC SCHOOL  
27 NOT OPERATED BY THE SCHOOL DISTRICT.

1 (G) FOR A SCHOOL DISTRICT, FINANCIAL DATA OR OTHER INFORMATION  
2 PROVIDED TO THE DEPARTMENT OR DEPARTMENT OF TREASURY BY THE  
3 INTERMEDIATE SCHOOL DISTRICT IN WHICH THE SCHOOL DISTRICT IS  
4 LOCATED.

5 (H) FOR A PUBLIC SCHOOL ACADEMY, FINANCIAL DATA OR OTHER  
6 INFORMATION PROVIDED TO THE DEPARTMENT OR DEPARTMENT OF TREASURY BY  
7 THE AUTHORIZING BODY OF THE PUBLIC SCHOOL ACADEMY.

8 (I) FOR A SCHOOL DISTRICT, THE INTERMEDIATE SCHOOL DISTRICT IN  
9 WHICH THE SCHOOL DISTRICT IS LOCATED DID NOT CONCUR UNDER  
10 SUBSECTION (3) WITH THE BUDGETARY ASSUMPTIONS SUBMITTED BY THE  
11 SCHOOL DISTRICT UNDER SUBSECTION (1).

12 (J) FOR A PUBLIC SCHOOL ACADEMY, THE PUBLIC SCHOOL ACADEMY'S  
13 AUTHORIZING BODY DID NOT CONCUR UNDER SUBSECTION (3) WITH THE  
14 BUDGETARY ASSUMPTIONS SUBMITTED BY THE PUBLIC SCHOOL ACADEMY UNDER  
15 SUBSECTION (1).

16 (9) FOR A SCHOOL DISTRICT, NOT LESS THAN 14 DAYS BEFORE  
17 DETERMINING UNDER SUBSECTION (8) THAT POTENTIAL FINANCIAL STRESS  
18 MAY EXIST FOR THE SCHOOL DISTRICT, THE SUPERINTENDENT OF PUBLIC  
19 INSTRUCTION OR THE STATE TREASURER SHALL NOTIFY THE SCHOOL DISTRICT  
20 AND THE INTERMEDIATE SCHOOL DISTRICT IN WHICH THE SCHOOL IS LOCATED  
21 OF A POTENTIAL DETERMINATION UNDER SUBSECTION (8). FOR AN  
22 INTERMEDIATE SCHOOL DISTRICT, NOT LESS THAN 14 DAYS BEFORE  
23 DETERMINING UNDER SUBSECTION (8) THAT POTENTIAL FINANCIAL STRESS  
24 MAY EXIST FOR THE INTERMEDIATE SCHOOL DISTRICT, THE SUPERINTENDENT  
25 OF PUBLIC INSTRUCTION OR THE STATE TREASURER SHALL NOTIFY THE  
26 INTERMEDIATE SCHOOL DISTRICT OF A POTENTIAL DETERMINATION UNDER  
27 SUBSECTION (8). FOR A PUBLIC SCHOOL ACADEMY, NOT LESS THAN 14 DAYS

1 BEFORE DETERMINING UNDER SUBSECTION (8) THAT POTENTIAL FINANCIAL  
2 STRESS MAY EXIST FOR THE PUBLIC SCHOOL ACADEMY, THE SUPERINTENDENT  
3 OF PUBLIC INSTRUCTION OR THE STATE TREASURER SHALL NOTIFY THE  
4 PUBLIC SCHOOL ACADEMY AND THE AUTHORIZING BODY OF THE PUBLIC SCHOOL  
5 ACADEMY OF A POTENTIAL DETERMINATION UNDER SUBSECTION (8). IF THE  
6 SUPERINTENDENT OF PUBLIC INSTRUCTION OR THE STATE TREASURER  
7 DETERMINES UNDER SUBSECTION (8) THAT POTENTIAL FINANCIAL STRESS MAY  
8 EXIST FOR A SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR  
9 PUBLIC SCHOOL ACADEMY, AFTER MAKING THE NOTIFICATION REQUIRED UNDER  
10 THIS SUBSECTION, EITHER THE SUPERINTENDENT OF PUBLIC INSTRUCTION OR  
11 THE STATE TREASURER MAY REQUIRE THE SCHOOL DISTRICT, INTERMEDIATE  
12 SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY TO SUBMIT TO THAT OFFICER  
13 A PERIODIC FINANCIAL STATUS REPORT ON A PERIODIC BASIS DETERMINED  
14 BY THE SUPERINTENDENT OF PUBLIC INSTRUCTION OR THE STATE TREASURER  
15 UNDER SUBSECTION (10) IF 1 OR MORE OF THE FOLLOWING ARE APPLICABLE:

16 (A) THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR  
17 PUBLIC SCHOOL ACADEMY FAILED TO MAKE A REQUIRED PAYMENT TO THE  
18 MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM UNDER THE  
19 PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA 300, MCL  
20 38.1301 TO 38.1437.

21 (B) THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR  
22 PUBLIC SCHOOL ACADEMY FAILED TO MAKE A REQUIRED PAYMENT TO THE  
23 MICHIGAN UNEMPLOYMENT INSURANCE AGENCY.

24 (C) THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR  
25 PUBLIC SCHOOL ACADEMY FAILED TO TIMELY TRANSMIT TO THE DEPARTMENT  
26 OF TREASURY A REQUIRED PAYMENT OF TAX WITHHELD FROM PAYMENTS TO  
27 EMPLOYEES OF THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR

1 PUBLIC SCHOOL ACADEMY.

2 (D) INFORMATION SUBMITTED BY A VENDOR OF THE SCHOOL DISTRICT,  
3 INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY INDICATES  
4 THAT THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC  
5 SCHOOL ACADEMY IS MORE THAN 90 DAYS IN ARREARS ON A PAYMENT OWED TO  
6 THE VENDOR AS REQUIRED UNDER A CONTRACT BETWEEN THE VENDOR AND THE  
7 SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL  
8 ACADEMY.

9 (E) THE SCHOOL DISTRICT OR INTERMEDIATE SCHOOL DISTRICT HAS  
10 EXPENDED TAX REVENUE FOR AN UNAUTHORIZED PURPOSE OR THE SCHOOL  
11 DISTRICT OR INTERMEDIATE SCHOOL DISTRICT HAS TRANSFERRED OR  
12 DEPOSITED TAX REVENUE IN AN UNAUTHORIZED MANNER.

13 (F) THE SCHOOL DISTRICT OR INTERMEDIATE SCHOOL DISTRICT HAS  
14 FAILED TO DISTRIBUTE TAX REVENUE AS REQUIRED BY LAW OR TO MAKE  
15 TIMELY REFUNDS OF TAX REVENUES AS REQUIRED BY LAW.

16 (G) THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR  
17 PUBLIC SCHOOL ACADEMY HAS FAILED TO PAY EMPLOYEES OF THE SCHOOL  
18 DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY  
19 WITHIN THE TIME PERIOD REQUIRED BY LAW.

20 (H) THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR  
21 PUBLIC SCHOOL ACADEMY HAS FAILED TO COMPLY WITH A MATERIAL  
22 REQUIREMENT IN THE UNIFORM BUDGETING AND ACCOUNTING ACT, 1968 PA 2,  
23 MCL 141.421 TO 141.440A, AND THE MATERIAL VIOLATION WAS NOTED IN AN  
24 AUDIT OR AUDITED FINANCIAL STATEMENT OF THE SCHOOL DISTRICT,  
25 INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY.

26 (I) THE GENERAL FUND BALANCE OF THE SCHOOL DISTRICT,  
27 INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY, EXPRESSED

1 AS A PERCENTAGE OF CURRENT OPERATING EXPENDITURES, HAS DECLINED BY  
2 5 PERCENTAGE POINTS OR MORE EACH YEAR OVER 3 CONSECUTIVE SCHOOL  
3 FISCAL YEARS.

4 (J) THE EXPENDITURES PER PUPIL OF THE SCHOOL DISTRICT,  
5 INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY HAVE  
6 INCREASED BY 5% OR MORE IN THE MOST RECENT SCHOOL FISCAL YEAR, AS  
7 COMPARED TO THE IMMEDIATELY PRECEDING SCHOOL FISCAL YEAR. AS USED  
8 IN THIS SUBDIVISION, "EXPENDITURES PER PUPIL" MEANS THE QUOTIENT OF  
9 DIVIDING THE TOTAL GENERAL FUND OPERATING EXPENDITURES FOR A SCHOOL  
10 FISCAL YEAR BY THE FINAL AUDITED NUMBER OF PUPILS IN MEMBERSHIP FOR  
11 THE STATE FISCAL YEAR IN WHICH THAT SCHOOL YEAR ENDED.

12 (K) FOR A SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY, PUPIL  
13 ENROLLMENT IN THE SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY HAS  
14 DECLINED BY 5% OR MORE IN A SINGLE SCHOOL FISCAL YEAR OR BY 15% OR  
15 MORE OVER A PERIOD OF 3 CONSECUTIVE SCHOOL FISCAL YEARS AND THE  
16 SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY FAILED TO REDUCE  
17 EXPENDITURES IN A MANNER THAT ADDRESSES THE DECLINE IN ENROLLMENT.

18 (L) FOR A SCHOOL DISTRICT, A REQUEST FOR A DETERMINATION UNDER  
19 THIS SUBSECTION IS SUBMITTED TO THE SUPERINTENDENT OF PUBLIC  
20 INSTRUCTION OR THE STATE TREASURER BY THE BOARD OF THE SCHOOL  
21 DISTRICT OR THE SUPERINTENDENT OF THE INTERMEDIATE SCHOOL DISTRICT.

22 (M) FOR A PUBLIC SCHOOL ACADEMY, A REQUEST FOR A DETERMINATION  
23 UNDER THIS SUBSECTION IS SUBMITTED TO THE SUPERINTENDENT OF PUBLIC  
24 INSTRUCTION OR THE STATE TREASURER BY THE BOARD OF THE PUBLIC  
25 SCHOOL ACADEMY OR THE AUTHORIZING BODY OF THE PUBLIC SCHOOL  
26 ACADEMY.

27 (N) FOR A SCHOOL DISTRICT, BASED UPON THE FACTORS DESCRIBED IN

1 THIS SUBSECTION AND SUBSECTION (8) OR INFORMATION PROVIDED BY AN  
2 INTERMEDIATE SCHOOL DISTRICT, THE SUPERINTENDENT OF PUBLIC  
3 INSTRUCTION OR THE STATE TREASURER DETERMINES THAT A DEFICIT IS  
4 LIKELY TO ARISE FOR THE SCHOOL DISTRICT IN THE CURRENT OR NEXT  
5 SCHOOL FISCAL YEAR AND THE SCHOOL DISTRICT HAS NOT TAKEN ACTION  
6 NECESSARY TO PREVENT THE DEFICIT FROM ARISING.

7 (O) FOR A PUBLIC SCHOOL ACADEMY, BASED UPON THE FACTORS  
8 DESCRIBED IN THIS SUBSECTION AND SUBSECTION (8) OR INFORMATION  
9 PROVIDED BY THE AUTHORIZING BODY OF THE PUBLIC SCHOOL ACADEMY, THE  
10 SUPERINTENDENT OF PUBLIC INSTRUCTION OR THE STATE TREASURER  
11 DETERMINES THAT A DEFICIT IS LIKELY TO ARISE FOR THE PUBLIC SCHOOL  
12 ACADEMY IN THE CURRENT OR NEXT FISCAL YEAR AND THE PUBLIC SCHOOL  
13 ACADEMY HAS NOT TAKEN ACTION NECESSARY TO PREVENT THE DEFICIT FROM  
14 ARISING.

15 (P) FOR A SCHOOL DISTRICT, THE SCHOOL DISTRICT HAS APPLIED FOR  
16 A LOAN UNDER THE EMERGENCY MUNICIPAL LOAN ACT, 1980 PA 243, MCL  
17 141.931 TO 141.942.

18 (Q) FOR A SCHOOL DISTRICT, THE INTERMEDIATE SCHOOL DISTRICT IN  
19 WHICH THE SCHOOL DISTRICT IS LOCATED DID NOT CONCUR UNDER  
20 SUBSECTION (3) WITH THE BUDGETARY ASSUMPTIONS SUBMITTED BY THE  
21 SCHOOL DISTRICT UNDER SUBSECTION (1).

22 (R) FOR A PUBLIC SCHOOL ACADEMY, THE PUBLIC SCHOOL ACADEMY'S  
23 AUTHORIZING BODY DID NOT CONCUR UNDER SUBSECTION (3) WITH THE  
24 BUDGETARY ASSUMPTIONS SUBMITTED BY THE PUBLIC SCHOOL ACADEMY UNDER  
25 SUBSECTION (1).

26 (10) IF A SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR  
27 PUBLIC SCHOOL ACADEMY IS REQUIRED TO SUBMIT PERIODIC FINANCIAL

1 STATUS REPORTS UNDER SUBSECTION (9), THE SCHOOL DISTRICT,  
2 INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY SHALL SUBMIT  
3 A PERIODIC FINANCIAL STATUS REPORT IN THE FORM AND MANNER AND ON  
4 THE PERIODIC BASIS PRESCRIBED BY THE DEPARTMENT OF TREASURY, AFTER  
5 CONSULTATION WITH THE DEPARTMENT AND CEPI. THE REPORT SHALL INCLUDE  
6 FINANCIAL DATA AND OTHER INFORMATION THAT THE DEPARTMENT OF  
7 TREASURY, AFTER CONSULTATION WITH THE DEPARTMENT, ORGANIZATIONS  
8 REPRESENTING PUBLIC SCHOOL ADMINISTRATORS AND BUSINESS OFFICIALS,  
9 AND CEPI, DETERMINES CAN ASSIST THE STATE IN DEVELOPING AN EARLY  
10 WARNING SYSTEM OF FINANCIAL STRESS OR DEFICITS IN SCHOOL DISTRICTS,  
11 INTERMEDIATE SCHOOL DISTRICTS, AND PUBLIC SCHOOL ACADEMIES.

12 (11) FOR A SCHOOL DISTRICT REQUIRED TO SUBMIT PERIODIC  
13 FINANCIAL STATUS REPORTS UNDER SUBSECTION (10), THE SCHOOL DISTRICT  
14 SHALL TRANSMIT A COPY OF THE PERIODIC FINANCIAL STATUS REPORT TO  
15 THE MEMBERS OF THE BOARD OF THE SCHOOL DISTRICT AND THE  
16 SUPERINTENDENT OF THE INTERMEDIATE SCHOOL DISTRICT IN WHICH THE  
17 SCHOOL DISTRICT IS LOCATED BEFORE TRANSMITTING THE PERIODIC  
18 FINANCIAL STATUS REPORT TO THE STATE TREASURER. FOR A PUBLIC SCHOOL  
19 ACADEMY REQUIRED TO SUBMIT PERIODIC FINANCIAL STATUS REPORTS UNDER  
20 SUBSECTION (10), THE PUBLIC SCHOOL ACADEMY SHALL TRANSMIT A COPY OF  
21 THE PERIODIC FINANCIAL STATUS REPORT TO THE MEMBERS OF THE BOARD OF  
22 THE PUBLIC SCHOOL ACADEMY AND TO THE AUTHORIZING BODY OF THE PUBLIC  
23 SCHOOL ACADEMY BEFORE TRANSMITTING THE PERIODIC FINANCIAL STATUS  
24 REPORT TO THE STATE TREASURER. FOR AN INTERMEDIATE SCHOOL DISTRICT  
25 REQUIRED TO SUBMIT PERIODIC FINANCIAL STATUS REPORTS UNDER  
26 SUBSECTION (10), THE INTERMEDIATE SCHOOL DISTRICT SHALL TRANSMIT A  
27 COPY OF THE PERIODIC FINANCIAL STATUS REPORT TO THE MEMBERS OF THE



1 BOARD OF THE INTERMEDIATE SCHOOL DISTRICT BEFORE TRANSMITTING THE  
2 PERIODIC FINANCIAL STATUS REPORT TO THE STATE TREASURER.

3 (12) A SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR  
4 PUBLIC SCHOOL ACADEMY REQUIRED TO SUBMIT PERIODIC FINANCIAL STATUS  
5 REPORTS UNDER THIS SECTION SHALL DO ALL OF THE FOLLOWING:

6 (A) PROVIDE THE DEPARTMENT OF TREASURY OR THE DEPARTMENT WITH  
7 OTHER FINANCIAL DATA OR INFORMATION RELATING TO THE FINANCIAL  
8 CONDITION OF THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR  
9 PUBLIC SCHOOL ACADEMY AS REQUESTED BY THE DEPARTMENT OF TREASURY OR  
10 THE DEPARTMENT.

11 (B) ALLOW THE DEPARTMENT OF TREASURY OR THE DEPARTMENT TO  
12 EXAMINE ALL FINANCIAL RECORDS AND BOOKS OF ACCOUNT OF THE SCHOOL  
13 DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY.

14 (C) PROMPTLY AND FULLY PROVIDE THE ASSISTANCE AND INFORMATION  
15 NECESSARY AND PROPERLY REQUESTED BY THE DEPARTMENT OF TREASURY OR  
16 THE DEPARTMENT IN THE EFFECTUATION OF THE DEPARTMENT OF TREASURY'S  
17 OR THE DEPARTMENT'S DUTIES UNDER THIS SECTION.

18 (13) IF A SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR  
19 PUBLIC SCHOOL ACADEMY FAILS TO SUBMIT A PERIODIC FINANCIAL STATUS  
20 REPORT REQUIRED UNDER THIS SECTION, OR IF THE STATE TREASURER  
21 DETERMINES OR IS NOTIFIED BY THE SUPERINTENDENT OF PUBLIC  
22 INSTRUCTION OR OTHER PUBLIC SCHOOL OFFICIAL THAT INFORMATION  
23 INCLUDED ON A PERIODIC FINANCIAL STATUS REPORT INDICATES THAT  
24 FINANCIAL STRESS EXISTS WITHIN THE SCHOOL DISTRICT, INTERMEDIATE  
25 SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY, THAT A DEFICIT HAS  
26 OCCURRED, OR THAT A DEFICIT IS PROJECTED TO OCCUR WITHIN THE SCHOOL  
27 DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY

1    WITHIN THE CURRENT SCHOOL FISCAL YEAR OR THE NEXT SCHOOL FISCAL  
2    YEAR THAT THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR  
3    PUBLIC SCHOOL ACADEMY LACKS THE CAPACITY TO ADDRESS WITHOUT STATE  
4    ASSISTANCE, THE STATE TREASURER MAY REQUIRE THE SCHOOL DISTRICT,  
5    INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY TO SUBMIT AN  
6    ENHANCED DEFICIT ELIMINATION PLAN UNDER SECTION 1220. BEFORE  
7    REQUIRING A SCHOOL DISTRICT TO SUBMIT AN ENHANCED DEFICIT  
8    ELIMINATION PLAN UNDER SECTION 1220, THE STATE TREASURER SHALL  
9    FIRST NOTIFY THE SUPERINTENDENT OF PUBLIC INSTRUCTION, THE BOARD OF  
10   THE SCHOOL DISTRICT, AND THE SUPERINTENDENT OF THE INTERMEDIATE  
11   SCHOOL DISTRICT IN WHICH THE SCHOOL DISTRICT IS LOCATED. BEFORE  
12   REQUIRING A PUBLIC SCHOOL ACADEMY TO SUBMIT AN ENHANCED DEFICIT  
13   ELIMINATION PLAN UNDER SECTION 1220, THE STATE TREASURER SHALL  
14   FIRST NOTIFY THE SUPERINTENDENT OF PUBLIC INSTRUCTION, THE BOARD OF  
15   THE PUBLIC SCHOOL ACADEMY, AND THE AUTHORIZING BODY OF THE PUBLIC  
16   SCHOOL ACADEMY. BEFORE REQUIRING AN INTERMEDIATE SCHOOL DISTRICT TO  
17   SUBMIT AN ENHANCED DEFICIT ELIMINATION PLAN UNDER SECTION 1220, THE  
18   STATE TREASURER SHALL FIRST NOTIFY THE SUPERINTENDENT OF PUBLIC  
19   INSTRUCTION AND THE BOARD OF THE INTERMEDIATE SCHOOL DISTRICT. THE  
20   FAILURE OF AN OFFICER OF A SCHOOL DISTRICT, INTERMEDIATE SCHOOL  
21   DISTRICT, OR PUBLIC SCHOOL ACADEMY TO PREPARE AND SUBMIT A PERIODIC  
22   FINANCIAL STATUS REPORT AS PROVIDED UNDER THIS SECTION CONSTITUTES  
23   MALFEASANCE AND IS GROUNDS FOR REMOVAL OF THE OFFICER FROM OFFICE.

24       (14) A SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR  
25   PUBLIC SCHOOL ACADEMY IS NOT REQUIRED TO SUBMIT PERIODIC FINANCIAL  
26   STATUS REPORTS UNDER THIS SECTION IF THE SCHOOL DISTRICT,  
27   INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY IS REQUIRED

1 TO SUBMIT A DEFICIT ELIMINATION PLAN OR AN ENHANCED DEFICIT  
2 ELIMINATION PLAN UNDER SECTION 1220 OR, FOR A SCHOOL DISTRICT OR  
3 INTERMEDIATE SCHOOL DISTRICT, IF A FINANCIAL EMERGENCY HAS BEEN  
4 DECLARED FOR THE SCHOOL DISTRICT OR INTERMEDIATE SCHOOL DISTRICT  
5 UNDER THE LOCAL FINANCIAL STABILITY AND CHOICE ACT, 2012 PA 436,  
6 MCL 141.1541 TO 141.1575, OR A SUCCESSOR STATUTE. IF A SCHOOL  
7 DISTRICT IS REQUIRED TO SUBMIT PERIODIC FINANCIAL STATUS REPORTS  
8 UNDER THIS SECTION AND A LOAN IS ISSUED TO THE SCHOOL DISTRICT  
9 UNDER THE EMERGENCY LOAN ACT, 1980 PA 243, MCL 141.931 TO 141.942,  
10 THE STATE TREASURER SHALL REQUIRE THE SCHOOL DISTRICT TO SUBMIT  
11 PERIODIC FINANCIAL REPORTS UNDER THIS SECTION FOR AT LEAST 4 YEARS  
12 AFTER THE DATE OF ISSUANCE OF THE LOAN.

13 (15) A SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR  
14 PUBLIC SCHOOL ACADEMY IS NO LONGER REQUIRED TO SUBMIT PERIODIC  
15 FINANCIAL STATUS REPORTS UNDER THIS SECTION IF THE STATE TREASURER,  
16 AFTER CONSULTATION WITH THE SUPERINTENDENT OF PUBLIC INSTRUCTION,  
17 DETERMINES THAT THE PERIODIC FINANCIAL STATUS REPORTS SUBMITTED BY  
18 A SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL  
19 ACADEMY INDICATE THAT POTENTIAL FINANCIAL STRESS DOES NOT EXIST  
20 WITHIN THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC  
21 SCHOOL ACADEMY; THAT A DEFICIT IS NOT PROJECTED TO ARISE WITHIN THE  
22 SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL  
23 ACADEMY WITHIN THE CURRENT SCHOOL FISCAL YEAR OR THE FOLLOWING 2  
24 SCHOOL FISCAL YEARS; AND THAT THE SCHOOL DISTRICT, INTERMEDIATE  
25 SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY WILL BE ABLE TO MEET ITS  
26 FINANCIAL OBLIGATIONS WHILE ALSO SATISFYING THE SCHOOL DISTRICT'S,  
27 INTERMEDIATE SCHOOL DISTRICT'S, OR PUBLIC SCHOOL ACADEMY'S

1 OBLIGATIONS OR ABILITIES TO PROVIDE PUBLIC EDUCATIONAL SERVICES IN  
2 A MANNER THAT COMPLIES WITH THIS ACT, THE STATE SCHOOL AID ACT OF  
3 1979, AND APPLICABLE RULES PROMULGATED BY THE DEPARTMENT.

4 (16) IF THE STATE TREASURER MAKES A DETERMINATION UNDER  
5 SUBSECTION (15) THAT THE CONDITIONS UNDER THAT SUBSECTION APPLY TO  
6 A SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL  
7 ACADEMY, THE STATE TREASURER SHALL NOTIFY THE SCHOOL DISTRICT,  
8 INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY. THE  
9 SUPERINTENDENT OF PUBLIC INSTRUCTION MAY NOTIFY THE STATE TREASURER  
10 THAT THE SUPERINTENDENT OF PUBLIC INSTRUCTION HAS DETERMINED THAT  
11 CONDITIONS UNDER SUBSECTION (15) APPLY TO A SCHOOL DISTRICT,  
12 INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY.

13 (17) FOR A SCHOOL DISTRICT, THE INTERMEDIATE SCHOOL DISTRICT  
14 IN WHICH THE SCHOOL DISTRICT IS LOCATED MAY ADVISE THE STATE  
15 TREASURER REGARDING THE DEVELOPMENT AND IMPLEMENTATION OF PERIODIC  
16 FINANCIAL REPORTS FOR THE SCHOOL DISTRICT UNDER THIS SECTION. FOR A  
17 PUBLIC SCHOOL ACADEMY, THE AUTHORIZING BODY OF THE PUBLIC SCHOOL  
18 ACADEMY MAY ADVISE THE STATE TREASURER REGARDING THE DEVELOPMENT  
19 AND IMPLEMENTATION OF PERIODIC FINANCIAL REPORTS FOR THE PUBLIC  
20 SCHOOL ACADEMY UNDER THIS SECTION.

21 (18) WITHIN 60 DAYS AFTER THE EFFECTIVE DATE OF THIS SECTION,  
22 THE SUPERINTENDENT OF PUBLIC INSTRUCTION AND THE STATE TREASURER  
23 SHALL CONVENE A JOINT WORKGROUP TO ASSIST THE DEPARTMENT AND  
24 DEPARTMENT OF TREASURY IN DEVELOPING RECOMMENDATIONS FOR THE  
25 CREATION OF AN INFORMATION SYSTEM OR PROCESSES THAT WILL PROVIDE  
26 EARLIER ACCESS TO FINANCIAL INFORMATION AND OTHER DATA THAT WILL  
27 ALLOW SCHOOL DISTRICTS, INTERMEDIATE SCHOOL DISTRICTS, AND PUBLIC

1 SCHOOL ACADEMIES TO ADDRESS BUDGETARY AND OTHER FINANCIAL  
2 DIFFICULTIES EARLIER. THE RECOMMENDATIONS FOR THE CREATION OF AN  
3 INFORMATION SYSTEM OR PROCESSES SHOULD ADDRESS ALL OF THE  
4 FOLLOWING:

5 (A) CREATING AN INFORMATION SYSTEM OR PROCESSES THAT USE OR  
6 OTHERWISE EXPAND UPON EXISTING DATA COLLECTION PROCESSES AND  
7 REQUIREMENTS AND PROVIDE MORE TIMELY ACCESS AND ANALYSIS OF DATA AT  
8 THE STATE LEVEL WHILE ALSO FACILITATING LOCAL AND REGIONAL  
9 COLLABORATION.

10 (B) ALLOWING THE UPLOADING OF SCHOOL BUDGET AND CURRENT YEAR-  
11 TO-DATE FINANCIAL INFORMATION ON A PERIODIC BASIS USING THE  
12 FINANCIAL INFORMATION DATABASE MAINTAINED BY CEPI.

13 (C) PERMITTING THE UPLOAD OF YEAR-TO-DATE EXPENDITURE DATA ON  
14 AT LEAST A QUARTERLY BASIS.

15 (D) PROVIDING THE DEPARTMENT AND THE DEPARTMENT OF TREASURY  
16 WITH ACCESS TO DATA AVAILABLE THROUGH THE INFORMATION SYSTEM OR  
17 PROCESSES.

18 (E) REDUCING OR CONSOLIDATING, OR BOTH, REPORTING REQUIREMENTS  
19 UNDER CURRENT LAW AND REGULATIONS.

20 (F) ESTIMATING THE COST OF THE INFORMATION SYSTEM OR  
21 PROCESSES.

22 (19) THE WORKGROUP CONVENED BY THE SUPERINTENDENT OF PUBLIC  
23 INSTRUCTION AND THE STATE TREASURER UNDER SUBSECTION (18) SHALL  
24 INCLUDE REPRESENTATIVES OF THE DEPARTMENT, THE DEPARTMENT OF  
25 TREASURY, THE DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET,  
26 CEPI, SCHOOL DISTRICTS, INTERMEDIATE SCHOOL DISTRICTS, PUBLIC  
27 SCHOOL ACADEMIES, AUTHORIZING BODIES, SCHOOL BUSINESS OFFICIALS,

1 AND CERTIFIED PUBLIC ACCOUNTANTS. THE WORKGROUP SHALL COMPLETE ITS  
2 WORK BY SEPTEMBER 30, 2015. THE SUPERINTENDENT OF PUBLIC  
3 INSTRUCTION AND STATE TREASURER SHALL SUBMIT JOINT RECOMMENDATIONS  
4 UNDER THIS SUBSECTION AND SUBSECTION (20) BY DECEMBER 31, 2015 TO  
5 THE GOVERNOR, THE SENATE AND HOUSE STANDING COMMITTEES ON  
6 EDUCATION, AND THE SENATE AND HOUSE APPROPRIATIONS SUBCOMMITTEES ON  
7 SCHOOL AID.

8 (20) IN ADDITION TO THE RECOMMENDATIONS UNDER SUBSECTION (18),  
9 THE WORKGROUP CONVENED BY THE SUPERINTENDENT OF PUBLIC INSTRUCTION  
10 AND THE STATE TREASURER UNDER SUBSECTION (18) SHALL MAKE  
11 RECOMMENDATIONS ON CHANGES IN STATE LAW RELATING TO PERIODIC  
12 FINANCIAL STATUS REPORTS UNDER THIS SECTION AND DEFICIT ELIMINATION  
13 REPORTS AND ENHANCED DEFICIT ELIMINATION PLANS UNDER SECTION 1220,  
14 INCLUDING, BUT NOT LIMITED TO, NEW DATA ANALYSIS TOOLS, AND  
15 RECOMMENDATIONS ON CHANGES TO WARNING SIGNS, DATA NEEDS, AND PROPER  
16 TIMING OF REPORTING IN A MANNER THAT REDUCES ADMINISTRATIVE  
17 BUREAUCRACY.

18 (21) AS USED IN THIS SECTION:

19 (A) "AUTHORIZING BODY" MEANS AN AUTHORIZING BODY FOR A PUBLIC  
20 SCHOOL ACADEMY UNDER THIS ACT.

21 (B) "CEPI" MEANS THE CENTER FOR EDUCATIONAL PERFORMANCE AND  
22 INFORMATION CREATED IN SECTION 94A OF THE STATE SCHOOL AID ACT OF  
23 1979, MCL 388.1694A.

24 (C) "DEFICIT" MEANS A CONDITION PROHIBITED UNDER SECTION 15(2)  
25 OF THE UNIFORM BUDGETING AND ACCOUNTING ACT, 1968 PA 2, MCL  
26 141.435, OR UNDER SECTION 102(1) OF THE STATE SCHOOL AID ACT OF  
27 1979, MCL 388.1702. DEFICIT ALSO INCLUDES 1 OR BOTH OF THE

1 FOLLOWING CIRCUMSTANCES FOR A SCHOOL DISTRICT, INTERMEDIATE SCHOOL  
2 DISTRICT, OR PUBLIC SCHOOL ACADEMY:

3 (i) THE TOTAL GENERAL FUND BALANCE OF THE SCHOOL DISTRICT,  
4 INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY IS NEGATIVE  
5 OR IS PROJECTED TO BE NEGATIVE AT THE END OF THE CURRENT SCHOOL  
6 FISCAL YEAR.

7 (ii) ONE OR MORE OF THE FUNDS OF THE SCHOOL DISTRICT,  
8 INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY OTHER THAN  
9 THE GENERAL FUND HAVE A NEGATIVE BALANCE OR PROJECTED NEGATIVE  
10 BALANCE THAT IS GREATER THAN THE TOTAL GENERAL FUND BALANCE.

11 (D) "FINANCIAL EMERGENCY" MEANS THAT 1 OR MORE OF THE  
12 CONDITIONS DESCRIBED IN SECTION 5(3)(A) TO (M) OF THE LOCAL  
13 FINANCIAL STABILITY AND CHOICE ACT, 2012 PA 436, MCL 141.1545,  
14 EXIST OR ARE LIKELY TO OCCUR WITHIN A SCHOOL DISTRICT, INTERMEDIATE  
15 SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY IN THE CURRENT OR NEXT  
16 SCHOOL FISCAL YEAR AND THREATEN THE ABILITY OF THE SCHOOL DISTRICT,  
17 INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY TO PROVIDE  
18 NECESSARY GOVERNMENTAL SERVICES ESSENTIAL TO PUBLIC HEALTH, SAFETY,  
19 AND WELFARE.

20 (E) "FISCAL STRESS" MEANS 1 OR BOTH OF THE FOLLOWING:

21 (i) THAT A SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR  
22 PUBLIC SCHOOL ACADEMY IS UNABLE TO MEET ITS SHORT-TERM OR LONG-TERM  
23 FINANCIAL OBLIGATIONS AS THOSE OBLIGATIONS ARISE.

24 (ii) THAT 1 OR MORE OF THE CONDITIONS DESCRIBED IN SECTION  
25 4(1)(A) TO (S) OF THE LOCAL FINANCIAL STABILITY AND CHOICE ACT,  
26 2012 PA 436, MCL 141.1544, EXIST OR ARE LIKELY TO OCCUR WITHIN A  
27 SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL

1 ACADEMY.

2 (F) "FOUNDATION ALLOWANCE" MEANS, FOR A SCHOOL DISTRICT, THE  
3 FOUNDATION ALLOWANCE FOR THE SCHOOL DISTRICT AS CALCULATED UNDER  
4 SECTION 20 OF THE STATE SCHOOL AID ACT OF 1979, MCL 388.1620, AND,  
5 FOR A PUBLIC SCHOOL ACADEMY, THE PER-PUPIL ALLOCATION FOR THE  
6 PUBLIC SCHOOL ACADEMY AS CALCULATED UNDER SECTION 20(6) OF THE  
7 STATE SCHOOL AID ACT OF 1979, MCL 388.1620.

8 (G) "GOVERNING BODY" MEANS, FOR A SCHOOL DISTRICT, THE SCHOOL  
9 BOARD OF THE SCHOOL DISTRICT AND, FOR A PUBLIC SCHOOL ACADEMY, THE  
10 BOARD OF DIRECTORS OF THE PUBLIC SCHOOL ACADEMY.

11 (H) "MEMBERSHIP" MEANS THAT TERM AS DEFINED IN SECTION 6 OF  
12 THE STATE SCHOOL AID ACT OF 1979, MCL 388.1606.

13 (I) "PUPIL" MEANS THAT TERM AS DEFINED IN SECTION 6 OF THE  
14 STATE SCHOOL AID ACT OF 1979, MCL 388.1606.

15 Enacting section 1. This amendatory act does not take effect  
16 unless all of the following bills of the 97th Legislature are  
17 enacted into law:

18 (a) Senate Bill No. 951.

19 (b) Senate Bill No. 952.

20 (c) Senate Bill No. 954.