

SENATE BILL No. 957

May 21, 2014, Introduced by Senators KAHN and PAPPAGEORGE and referred to the Committee on Appropriations.

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) WITH THE OBJECTIVE OF ASSURING THE PROVISION OF
2 ASSISTANCE AND COLLABORATION BEFORE STATE INTERVENTION UNDER THIS
3 SECTION OR SECTION 1220, IF A SCHOOL DISTRICT, INTERMEDIATE SCHOOL
4 DISTRICT, OR PUBLIC SCHOOL ACADEMY, OR THE AUTHORIZING BODY OF A
5 PUBLIC SCHOOL ACADEMY, DETERMINES THAT CONDITIONS OF FISCAL STRESS,
6 A DEFICIT, OR CONDITIONS INDICATING A POTENTIAL FINANCIAL EMERGENCY
7 HAVE ARISEN OR MAY ARISE FOR THE SCHOOL DISTRICT, INTERMEDIATE
8 SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY, THAT SCHOOL DISTRICT,
9 INTERMEDIATE SCHOOL DISTRICT, PUBLIC SCHOOL ACADEMY, OR AUTHORIZING

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

7 (2) A SCHOOL DISTRICT THAT REQUESTS ASSISTANCE UNDER
8 SUBSECTION (1) SHALL PROVIDE A COPY OF THE NOTICE AND REQUEST TO
9 THE SUPERINTENDENT OF PUBLIC INSTRUCTION AND TO THE SUPERINTENDENT
10 OF THE INTERMEDIATE SCHOOL DISTRICT IN WHICH THE SCHOOL DISTRICT IS
11 LOCATED. A PUBLIC SCHOOL ACADEMY THAT REQUESTS ASSISTANCE UNDER
12 SUBSECTION (1) SHALL PROVIDE A COPY OF THE NOTICE AND REQUEST TO
13 ITS AUTHORIZING BODY.

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

COORDINATION AND EFFECTIVE PARTNERSHIPS, WHEN ADMINISTERING THIS SUBSECTION FOR A SCHOOL DISTRICT, THE DEPARTMENT AND THE DEPARTMENT OF TREASURY SHALL CONSULT WITH THE SUPERINTENDENT OF THE SCHOOL DISTRICT AND THE INTERMEDIATE SUPERINTENDENT OF THE INTERMEDIATE SCHOOL DISTRICT IN WHICH THE SCHOOL DISTRICT IS LOCATED, AND THE INTERMEDIATE SCHOOL DISTRICT MAY PROVIDE ASSISTANCE THAT COMPLEMENTS AND SUPPORTS THE STATE ASSISTANCE PROVIDED UNDER THIS SECTION. TO ASSURE GREATER COORDINATION AND EFFECTIVE PARTNERSHIPS, WHEN ADMINISTERING THIS SUBSECTION FOR A PUBLIC SCHOOL ACADEMY, THE DEPARTMENT AND THE DEPARTMENT OF TREASURY SHALL CONSULT WITH THE AUTHORIZING BODY OF THE PUBLIC SCHOOL ACADEMY, AND THE AUTHORIZING BODY MAY PROVIDE ASSISTANCE THAT COMPLEMENTS AND SUPPORTS THE STATE ASSISTANCE PROVIDED UNDER THIS SECTION.

(4) THE SUPERINTENDENT OF PUBLIC INSTRUCTION OR THE STATE TREASURER MAY REQUIRE A SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY TO SUBMIT PERIODIC FINANCIAL STATUS REPORTS UNDER SUBSECTION (5) IF THE SUPERINTENDENT OF PUBLIC INSTRUCTION OR THE STATE TREASURER DETERMINES THAT POTENTIAL FINANCIAL STRESS MAY EXIST WITHIN THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY, THAT AN OPERATING DEFICIT MAY ARISE WITHIN THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY DURING THE CURRENT SCHOOL FISCAL YEAR OR THE FOLLOWING 2 SCHOOL FISCAL YEARS, OR THAT THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY MAY BE UNABLE TO MEET ITS FINANCIAL OBLIGATIONS WHILE ALSO SATISFYING THE SCHOOL DISTRICT'S, INTERMEDIATE SCHOOL DISTRICT'S, 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 A SCHOOL DISTRICT AND RESIDENTS OF A SCHOOL DISTRICT
26 ENROLLED IN ANOTHER SCHOOL DISTRICT OR IN A PUBLIC SCHOOL NOT
27 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 (5) FOR A SCHOOL DISTRICT, NOT LESS THAN 14 DAYS BEFORE
9 DETERMINING THAT POTENTIAL FINANCIAL STRESS MAY EXIST IN THE SCHOOL
10 DISTRICT, THE SUPERINTENDENT OF PUBLIC INSTRUCTION OR THE STATE
11 TREASURER SHALL NOTIFY THE SCHOOL DISTRICT AND THE INTERMEDIATE
12 SCHOOL DISTRICT IN WHICH THE SCHOOL IS LOCATED OF A POTENTIAL
13 DETERMINATION UNDER SUBSECTION (4). FOR AN INTERMEDIATE SCHOOL
14 DISTRICT, NOT LESS THAN 14 DAYS BEFORE DETERMINING THAT POTENTIAL
15 FINANCIAL STRESS MAY EXIST IN THE INTERMEDIATE SCHOOL DISTRICT, THE
16 SUPERINTENDENT OF PUBLIC INSTRUCTION OR THE STATE TREASURER SHALL
17 NOTIFY THE INTERMEDIATE SCHOOL DISTRICT OF A POTENTIAL
18 DETERMINATION UNDER SUBSECTION (4). FOR A PUBLIC SCHOOL ACADEMY,
19 THE SUPERINTENDENT OF PUBLIC INSTRUCTION OR THE STATE TREASURER
20 SHALL NOTIFY THE AUTHORIZING BODY OF THE PUBLIC SCHOOL ACADEMY OF A
21 POTENTIAL DETERMINATION UNDER SUBSECTION (4). IF THE SUPERINTENDENT
22 OF PUBLIC INSTRUCTION OR THE STATE TREASURER DETERMINES THAT
23 POTENTIAL FINANCIAL STRESS MAY EXIST IN A SCHOOL DISTRICT,
24 INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY UNDER
25 SUBSECTION (4), AFTER MAKING THIS NOTIFICATION, THE SUPERINTENDENT
26 OF PUBLIC INSTRUCTION OR THE STATE TREASURER MAY REQUIRE THE SCHOOL
27 DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY TO

1 SUBMIT A PERIODIC FINANCIAL STATUS REPORT ON A PERIODIC BASIS
2 DETERMINED BY THE SUPERINTENDENT OF PUBLIC INSTRUCTION OR THE STATE
3 TREASURER UNDER SUBSECTION (6) IF 1 OR MORE OF THE FOLLOWING ARE
4 APPLICABLE:

5 (A) THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR
6 PUBLIC SCHOOL ACADEMY FAILED TO MAKE A REQUIRED PAYMENT TO THE
7 MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM UNDER THE
8 PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA 300, MCL
9 38.1301 TO 38.1437.

10 (B) THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR
11 PUBLIC SCHOOL ACADEMY FAILED TO MAKE A REQUIRED PAYMENT TO THE
12 MICHIGAN UNEMPLOYMENT INSURANCE AGENCY.

13 (C) THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR
14 PUBLIC SCHOOL ACADEMY FAILED TO TIMELY TRANSMIT TO THE DEPARTMENT
15 OF TREASURY A REQUIRED PAYMENT OF TAX WITHHELD FROM PAYMENTS TO
16 EMPLOYEES OF THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR
17 PUBLIC SCHOOL ACADEMY.

18 (D) INFORMATION SUBMITTED BY A VENDOR OF THE SCHOOL DISTRICT,
19 INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY INDICATES
20 THAT THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC
21 SCHOOL ACADEMY HAS FAILED TO MAKE TIMELY PAYMENTS TO THE VENDOR AS
22 REQUIRED UNDER A CONTRACT BETWEEN THE VENDOR AND THE SCHOOL
23 DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY.

24 (E) THE SCHOOL DISTRICT OR INTERMEDIATE SCHOOL DISTRICT HAS
25 EXPENDED TAX REVENUE FOR AN UNAUTHORIZED PURPOSE OR THE SCHOOL
26 DISTRICT OR INTERMEDIATE SCHOOL DISTRICT HAS TRANSFERRED OR
27 DEPOSITED TAX REVENUE IN AN UNAUTHORIZED MANNER.

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

4 (G) THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR
5 PUBLIC SCHOOL ACADEMY HAS FAILED TO PAY EMPLOYEES OF THE SCHOOL
6 DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY
7 WITHIN THE TIME PERIOD REQUIRED BY LAW.

8 (H) THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR
9 PUBLIC SCHOOL ACADEMY HAS FAILED TO COMPLY WITH A MATERIAL
10 REQUIREMENT IN THE UNIFORM BUDGETING AND ACCOUNTING ACT, 1968 PA 2,
11 MCL 141.421 TO 141.440A, AND THE MATERIAL VIOLATION WAS NOTED IN AN
12 AUDIT OR AUDITED FINANCIAL STATEMENT OF THE SCHOOL DISTRICT,
13 INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY.

14 (I) THE GENERAL FUND BALANCE OF THE SCHOOL DISTRICT,
15 INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY HAS DECLINED
16 BY 5% OR MORE OVER 3 CONSECUTIVE SCHOOL FISCAL YEARS.

17 (J) AN UNANTICIPATED REDUCTION IN PAYMENTS TO THE SCHOOL
18 DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY
19 UNDER THE STATE SCHOOL AID ACT OF 1979 OR IN LOCAL TAX REVENUE
20 PAYABLE TO THE SCHOOL DISTRICT OR INTERMEDIATE SCHOOL DISTRICT
21 OCCURS AND IS NOT ACCOUNTED FOR IN THE BUDGET ADOPTED BY THE SCHOOL
22 DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY.

23 (K) FOR A SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY, PUPIL
24 ENROLLMENT IN THE SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY HAS
25 DECLINED BY 10% OR MORE IN A SINGLE SCHOOL FISCAL YEAR OR BY 20% OR
26 MORE OVER 3 CONSECUTIVE SCHOOL FISCAL YEARS AND THE SCHOOL DISTRICT
27 OR PUBLIC SCHOOL ACADEMY FAILED TO REDUCE EXPENDITURES IN A MANNER

1 PROPORTIONATE TO THE DECLINE IN ENROLLMENT.

2 (I) FOR A SCHOOL DISTRICT, A REQUEST FOR A DETERMINATION UNDER
3 THIS SUBSECTION IS SUBMITTED TO THE SUPERINTENDENT OF PUBLIC
4 INSTRUCTION OR THE STATE TREASURER BY THE BOARD OF THE SCHOOL
5 DISTRICT OR THE SUPERINTENDENT OF THE INTERMEDIATE SCHOOL DISTRICT.

6 (M) FOR A PUBLIC SCHOOL ACADEMY, A REQUEST FOR A DETERMINATION
7 UNDER THIS SUBSECTION IS SUBMITTED TO THE SUPERINTENDENT OF PUBLIC
8 INSTRUCTION OR THE STATE TREASURER BY THE BOARD OF THE PUBLIC
9 SCHOOL ACADEMY OR THE AUTHORIZING BODY OF THE PUBLIC SCHOOL
10 ACADEMY.

11 (N) FOR A SCHOOL DISTRICT, BASED UPON THE FACTORS DESCRIBED IN
12 THIS SUBSECTION AND SUBSECTION (4) OR INFORMATION PROVIDED BY AN
13 INTERMEDIATE SCHOOL DISTRICT, THE SUPERINTENDENT OF PUBLIC
14 INSTRUCTION OR THE STATE TREASURER DETERMINES THAT A DEFICIT IS
15 LIKELY TO ARISE FOR THE SCHOOL DISTRICT IN THE CURRENT OR NEXT
16 SCHOOL FISCAL YEAR AND THE SCHOOL DISTRICT HAS NOT TAKEN ACTION
17 NECESSARY TO PREVENT THE DEFICIT FROM ARISING.

18 (O) FOR A PUBLIC SCHOOL ACADEMY, BASED UPON THE FACTORS
19 DESCRIBED IN THIS SUBSECTION AND SUBSECTION (4) OR INFORMATION
20 PROVIDED BY THE AUTHORIZING BODY OF THE PUBLIC SCHOOL ACADEMY, THE
21 SUPERINTENDENT OF PUBLIC INSTRUCTION OR THE STATE TREASURER
22 DETERMINES THAT A DEFICIT IS LIKELY TO ARISE FOR THE PUBLIC SCHOOL
23 ACADEMY IN THE CURRENT OR NEXT FISCAL YEAR AND THE PUBLIC SCHOOL
24 ACADEMY HAS NOT TAKEN ACTION NECESSARY TO PREVENT THE DEFICIT FROM
25 ARISING.

26 (P) FOR A SCHOOL DISTRICT, THE SCHOOL DISTRICT HAS APPLIED FOR
27 A LOAN UNDER THE EMERGENCY MUNICIPAL LOAN ACT, 1980 PA 243, MCL

1 141.931 TO 141.942.

2 (6) IF A SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR
3 PUBLIC SCHOOL ACADEMY IS REQUIRED TO SUBMIT PERIODIC FINANCIAL
4 STATUS REPORTS UNDER SUBSECTION (5), THE SCHOOL DISTRICT,
5 INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY SHALL SUBMIT
6 A PERIODIC FINANCIAL STATUS REPORT IN THE FORM AND MANNER AND ON
7 THE PERIODIC BASIS PRESCRIBED BY THE DEPARTMENT OF TREASURY, AFTER
8 CONSULTATION WITH THE DEPARTMENT AND THE CENTER FOR EDUCATIONAL
9 PERFORMANCE AND INFORMATION CREATED IN SECTION 94A OF THE STATE
10 SCHOOL AID ACT OF 1979, MCL 388.1694A. THE REPORT SHALL INCLUDE
11 FINANCIAL DATA AND OTHER INFORMATION THAT THE DEPARTMENT OF
12 TREASURY, AFTER CONSULTATION WITH THE DEPARTMENT, ORGANIZATIONS
13 REPRESENTING PUBLIC SCHOOL ADMINISTRATORS AND BUSINESS OFFICIALS,
14 AND THE CENTER FOR EDUCATIONAL PERFORMANCE AND INFORMATION,
15 DETERMINES CAN ASSIST THE STATE IN DEVELOPING AN EARLY WARNING
16 SYSTEM OF FINANCIAL STRESS OR OPERATING DEFICITS IN SCHOOL
17 DISTRICTS, INTERMEDIATE SCHOOL DISTRICTS, AND PUBLIC SCHOOL
18 ACADEMIES. FINANCIAL DATA OR OTHER INFORMATION THAT MAY BE REQUIRED
19 BY THE DEPARTMENT OF TREASURY TO BE REPORTED ON A PERIODIC
20 FINANCIAL STATUS REPORT MAY INCLUDE, BUT IS NOT LIMITED TO, SOME OR
21 ALL OF THE FOLLOWING:

22 (A) PUPIL COUNTS FOR PUPILS IN MEMBERSHIP IN A SCHOOL DISTRICT
23 OR PUBLIC SCHOOL ACADEMY FOR THE CURRENT FISCAL YEAR AND THE 2
24 PRIOR FISCAL YEARS AS DETERMINED UNDER THE STATE SCHOOL AID ACT OF
25 1979, AND PROJECTED PUPIL COUNTS FOR PUPILS IN MEMBERSHIP IN THE
26 SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY FOR THE NEXT 3 FISCAL
27 YEARS.

1 (B) PROJECTED CASH FLOW FOR THE SCHOOL DISTRICT, INTERMEDIATE
2 SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY FOR THE REMAINDER OF THE
3 CURRENT SCHOOL FISCAL YEAR AND PROJECTED CASH FLOW FOR THE NEXT 3
4 SCHOOL FISCAL YEARS.

5 (C) FOR A SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY, A CASH
6 FLOW BORROWING RATIO FOR THE CURRENT SCHOOL FISCAL YEAR, THE PRIOR
7 2 SCHOOL FISCAL YEARS, AND A PROJECTED CASH FLOW BORROWING RATIO
8 FOR THE NEXT 3 SCHOOL FISCAL YEARS. AS USED IN THIS SUBDIVISION,
9 "CASH FLOW BORROWING RATIO" MEANS THE QUOTIENT OF THE SUM OF THE
10 TOTAL AMOUNT OF ANY TAX ANTICIPATION NOTES ISSUED BY THE SCHOOL
11 DISTRICT OR PUBLIC SCHOOL ACADEMY IN THE FISCAL YEAR AND THE TOTAL
12 AMOUNT OF STATE SCHOOL AID ANTICIPATION NOTES ISSUED BY THE SCHOOL
13 DISTRICT OR PUBLIC SCHOOL ACADEMY IN THE FISCAL YEAR DIVIDED BY THE
14 SCHOOL DISTRICT'S OR PUBLIC SCHOOL ACADEMY'S TOTAL GENERAL FUND
15 REVENUE FOR THE FISCAL YEAR.

16 (D) AN OPERATING RESERVE RATIO FOR THE CURRENT FISCAL YEAR,
17 THE PRIOR 2 FISCAL YEARS, AND A PROJECTED OPERATING RESERVE RATIO
18 FOR THE NEXT 3 FISCAL YEARS. AS USED IN THIS SUBDIVISION,
19 "OPERATING RESERVE RATIO" MEANS THE QUOTIENT OF THE SCHOOL
20 DISTRICT'S, INTERMEDIATE SCHOOL DISTRICT'S, OR PUBLIC SCHOOL
21 ACADEMY'S GENERAL FUND BALANCE DIVIDED BY ITS TOTAL GENERAL FUND
22 EXPENDITURES FOR A FISCAL YEAR.

23 (E) AN OPERATING MARGIN RATIO FOR THE CURRENT FISCAL YEAR, THE
24 PRIOR 2 FISCAL YEARS, AND A PROJECTED OPERATING MARGIN RATIO FOR
25 THE NEXT 3 FISCAL YEARS. AS USED IN THIS SUBDIVISION, "OPERATING
26 MARGIN RATIO" MEANS THE QUOTIENT OF THE DIFFERENCE BETWEEN THE
27 TOTAL GENERAL FUND REVENUE AND TOTAL GENERAL FUND EXPENDITURES FOR

1 A FISCAL YEAR DIVIDED BY THE TOTAL GENERAL FUND REVENUE FOR THE
2 FISCAL YEAR.

3 (F) A FUND BALANCE CHANGE RATIO FOR THE CURRENT FISCAL YEAR,
4 THE PRIOR 2 FISCAL YEARS, AND A PROJECTED FUND BALANCE CHANGE RATIO
5 FOR THE NEXT 3 FISCAL YEARS. AS USED IN THIS SUBDIVISION, "FUND
6 BALANCE CHANGE RATIO" MEANS THE QUOTIENT OF THE PRIOR FISCAL YEAR
7 GENERAL FUND BALANCE AND THE CURRENT FISCAL YEAR GENERAL FUND
8 BALANCE DIVIDED BY PRIOR FISCAL YEAR GENERAL FUND BALANCE.

9 (7) FOR A SCHOOL DISTRICT REQUIRED TO SUBMIT PERIODIC
10 FINANCIAL STATUS REPORTS UNDER SUBSECTION (6), THE SCHOOL DISTRICT
11 SHALL TRANSMIT A COPY OF THE PERIODIC FINANCIAL STATUS REPORT TO
12 THE MEMBERS OF THE BOARD OF THE SCHOOL DISTRICT AND THE
13 SUPERINTENDENT OF THE INTERMEDIATE SCHOOL DISTRICT IN WHICH THE
14 SCHOOL DISTRICT IS LOCATED BEFORE TRANSMITTING THE PERIODIC
15 FINANCIAL STATUS REPORT TO THE STATE TREASURER. FOR A PUBLIC SCHOOL
16 ACADEMY REQUIRED TO SUBMIT PERIODIC FINANCIAL STATUS REPORTS UNDER
17 SUBSECTION (6), THE PUBLIC SCHOOL ACADEMY SHALL TRANSMIT A COPY OF
18 THE PERIODIC FINANCIAL STATUS REPORT TO THE MEMBERS OF THE BOARD OF
19 THE PUBLIC SCHOOL ACADEMY AND TO THE AUTHORIZING BODY OF THE PUBLIC
20 SCHOOL ACADEMY BEFORE TRANSMITTING THE PERIODIC FINANCIAL STATUS
21 REPORT TO THE STATE TREASURER. FOR AN INTERMEDIATE SCHOOL DISTRICT
22 REQUIRED TO SUBMIT PERIODIC FINANCIAL STATUS REPORTS UNDER
23 SUBSECTION (6), THE INTERMEDIATE SCHOOL DISTRICT SHALL TRANSMIT A
24 COPY OF THE PERIODIC FINANCIAL STATUS REPORT TO THE MEMBERS OF THE
25 BOARD OF THE INTERMEDIATE SCHOOL DISTRICT BEFORE TRANSMITTING THE
26 PERIODIC FINANCIAL STATUS REPORT TO THE STATE TREASURER.

27 (8) A SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC

1 SCHOOL ACADEMY REQUIRED TO SUBMIT PERIODIC FINANCIAL STATUS REPORTS
2 UNDER THIS SECTION SHALL DO ALL OF THE FOLLOWING:

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

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

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

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

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

22 (10) A SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR
23 PUBLIC SCHOOL ACADEMY IS NOT REQUIRED TO SUBMIT PERIODIC FINANCIAL
24 STATUS REPORTS UNDER THIS SECTION IF THE SCHOOL DISTRICT,
25 INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY IS REQUIRED
26 TO SUBMIT A DEFICIT ELIMINATION PLAN OR AN ENHANCED DEFICIT
27 ELIMINATION PLAN UNDER SECTION 1220 OR, FOR A SCHOOL DISTRICT OR

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

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

1 AID ACT OF 1979, AND APPLICABLE RULES PROMULGATED BY THE
2 DEPARTMENT.

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

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

20 (14) THE SUPERINTENDENT OF PUBLIC INSTRUCTION AND THE STATE
21 TREASURER SHALL CONVENE A JOINT WORKGROUP TO ASSIST THE DEPARTMENT
22 AND DEPARTMENT OF TREASURY IN DEVELOPING RECOMMENDATIONS FOR THE
23 CREATION OF AN INFORMATION SYSTEM OR PROCESSES THAT WILL PROVIDE
24 EARLIER ACCESS TO FINANCIAL INFORMATION AND OTHER DATA THAT WILL
25 ALLOW SCHOOL DISTRICTS, INTERMEDIATE SCHOOL DISTRICTS, AND PUBLIC
26 SCHOOL ACADEMIES TO ADDRESS BUDGETARY AND OTHER FINANCIAL
27 DIFFICULTIES EARLIER. THE RECOMMENDATIONS FOR THE CREATION OF AN

1 INFORMATION SYSTEM OR PROCESSES SHOULD ADDRESS ALL OF THE
2 FOLLOWING:

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

8 (B) ALLOWING THE UPLOADING OF SCHOOL BUDGET AND CURRENT YEAR-
9 TO-DATE FINANCIAL INFORMATION ON A PERIODIC BASIS USING THE
10 FINANCIAL INFORMATION DATABASE MAINTAINED BY THE CENTER FOR
11 EDUCATIONAL PERFORMANCE AND INFORMATION CREATED IN SECTION 94A OF
12 THE STATE SCHOOL AID ACT OF 1979, MCL 388.1694A.

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 (15) THE WORKGROUP CONVENED BY THE SUPERINTENDENT OF PUBLIC
23 INSTRUCTION AND THE STATE TREASURER UNDER SUBSECTION (14) SHALL
24 INCLUDE REPRESENTATIVES OF THE DEPARTMENT, THE DEPARTMENT OF
25 TREASURY, THE DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET, THE
26 CENTER FOR EDUCATIONAL PERFORMANCE AND INFORMATION CREATED IN
27 SECTION 94A OF THE STATE SCHOOL AID ACT OF 1979, MCL 388.1694A,

1 SCHOOL DISTRICTS, INTERMEDIATE SCHOOL DISTRICTS, PUBLIC SCHOOL
2 ACADEMIES, AUTHORIZING BODIES, SCHOOL BUSINESS OFFICIALS, AND
3 CERTIFIED PUBLIC ACCOUNTANTS. THE WORKGROUP SHALL COMPLETE ITS WORK
4 BY SEPTEMBER 30, 2015. THE SUPERINTENDENT OF PUBLIC INSTRUCTION AND
5 STATE TREASURER SHALL SUBMIT JOINT RECOMMENDATIONS BY DECEMBER 31,
6 2015 TO THE GOVERNOR, THE SENATE AND HOUSE STANDING COMMITTEES ON
7 EDUCATION, AND THE SENATE AND HOUSE APPROPRIATIONS SUBCOMMITTEES ON
8 SCHOOL AID.

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

19 (17) AS USED IN THIS SECTION, "AUTHORIZING BODY" MEANS AN
20 AUTHORIZING BODY FOR A PUBLIC SCHOOL ACADEMY UNDER THIS ACT.

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

24 (a) Senate Bill No.954

25 .

26 (b) Senate Bill No.951

27 .

1 (c) Senate Bill No.952

2 .