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## BILL ANALYSIS



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Senate Bill 528 (as introduced 9-29-15)  
Sponsor: Senator Darwin L. Booher  
Committee: Education

Date Completed: 12-6-16

**CONTENT**

**The bill would amend the Revised School Code to do the following:**

- **Delete a requirement that an intermediate school district (ISD) consist of fewer than five constituent districts in order to be disorganized.**
- **Specify that if an intermediate school board received requests from at least 50% of its constituent districts and those districts comprised at least 50% of the membership of all the districts in the ISD, the ISD board would have to prescribe a plan for constituent districts to be attached to other ISDs.**

Under the Code, an ISD that consists of fewer than five constituent districts and has no bonded indebtedness may be disorganized and its constituent districts attached to contiguous intermediate school districts. The bill would remove the requirement that the ISD consist of fewer than five constituent districts, and would allow them to be attached to one or more contiguous ISDs.

The Code permits the board of each constituent district to request that the intermediate school board prescribe a plan for disorganization of the ISD. Each request must designate another ISD to which the constituent district wishes to be attached. The intermediate school board must prescribe, by resolution, a plan under which each of the constituent districts will be attached in whole to contiguous ISDs designated in the requests. Under the bill, if the intermediate school board received requests from at least 50% of the constituent districts and those districts comprised at least 50% of the combined total membership of all the constituent districts in the ISD, the school board would have to prescribe the plan.

If a constituent district had submitted a request designating a contiguous ISD for the attachment, the plan would have to provide for attachment to the ISD designated in the request.

Where the Code refers to "dissolution", the bill would refer instead to "disorganization".

The bill would take effect 90 days after enactment.

MCL 380.703

Legislative Analyst: Jeff Mann

**FISCAL IMPACT**

The bill would have little to no impact on the State and would result in an indeterminate cost savings to local units of government by making it easier for intermediate school districts to consolidate. The State could see savings if a substantial number of ISDs disorganized and

consolidated with neighboring ISDs. Since the State does a number of different audits of ISDs, if the number of ISDs significantly decreased, then the number of audits would decrease as well; however, the cost of doing a single audit for a combined ISD could be slightly greater than the cost of auditing an individual ISD. Overall, there could be a decrease in administrative costs, though likely it would not be substantial enough to result in reduced personnel.

Intermediate school districts could see savings if increased consolidation resulted in a decrease in administrative costs, due to combining administrative duties. There could also be savings if an ISD were able to eliminate building occupancy costs as a result of a consolidation. Since the savings would vary by each individual consolidation, an average cost savings per ISD consolidation is impossible to accurately project. Overall though, ISDs would likely see cost savings as a result of consolidation, which the bill would make easier to accomplish.

Fiscal Analyst: Cory Savino

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