

SENATE SUBSTITUTE FOR
HOUSE BILL NO. 4325

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) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (2),
2 BEFORE JULY 7 OF EACH SCHOOL FISCAL YEAR, EACH SCHOOL DISTRICT AND
3 PUBLIC SCHOOL ACADEMY SHALL TRANSMIT TO CEPI THE BUDGETARY
4 ASSUMPTIONS USED WHEN ADOPTING ITS ANNUAL BUDGET PURSUANT TO THE
5 UNIFORM BUDGETING AND ACCOUNTING ACT, 1968 PA 2, MCL 141.421 TO
6 141.440A. HOWEVER, A SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY THAT
7 HAD A POSITIVE GENERAL FUND BALANCE OF AT LEAST 5% OF TOTAL GENERAL
8 FUND REVENUES FOR EACH OF 2 MOST RECENTLY COMPLETED SCHOOL FISCAL
9 YEARS IS NOT REQUIRED TO TRANSMIT THE BUDGETARY ASSUMPTIONS UNDER
10 THIS SUBSECTION. AFTER RECEIPT BY CEPI, CEPI SHALL COMPILE AND

1 TRANSMIT THE BUDGETARY ASSUMPTIONS TO THE DEPARTMENT OF TREASURY.
2 THE SUBMISSION OF THE BUDGETARY ASSUMPTIONS UNDER THIS SUBSECTION
3 SHALL BE IN THE FORM PRESCRIBED BY CEPI AND SHALL INCLUDE AT LEAST
4 ALL OF THE FOLLOWING INFORMATION:

5 (A) THE PROJECTED FOUNDATION ALLOWANCE FOR THE SCHOOL DISTRICT
6 OR PUBLIC SCHOOL ACADEMY USED BY ITS GOVERNING BODY WHEN ADOPTING
7 THE BUDGET FOR THE SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY FOR THE
8 CURRENT SCHOOL FISCAL YEAR.

9 (B) 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 (C) THE ESTIMATED EXPENDITURES PER PUPIL FOR THE SCHOOL
13 DISTRICT OR PUBLIC SCHOOL ACADEMY FOR THE IMMEDIATELY PRECEDING
14 SCHOOL FISCAL YEAR, CALCULATED BY DIVIDING TOTAL GENERAL FUND
15 OPERATING EXPENDITURES FOR THE SCHOOL DISTRICT OR PUBLIC SCHOOL
16 ACADEMY DURING THAT SCHOOL FISCAL YEAR BY THE MEMBERSHIP FOR THE
17 SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY REPORTED BY THE DEPARTMENT
18 IN THE MOST RECENT STATE AID FINANCIAL STATUS REPORT FOR THE MONTH
19 OF MAY.

20 (D) THE PROJECTED EXPENDITURES PER PUPIL FOR THE SCHOOL
21 DISTRICT OR PUBLIC SCHOOL ACADEMY FOR THE CURRENT SCHOOL FISCAL
22 YEAR, CALCULATED BY DIVIDING THE TOTAL GENERAL FUND OPERATING
23 EXPENDITURES AUTHORIZED BY THE GOVERNING BODY OF THE SCHOOL
24 DISTRICT OR THE PUBLIC SCHOOL ACADEMY WHEN ADOPTING THE BUDGET FOR
25 THE CURRENT SCHOOL FISCAL YEAR BY THE PROJECTED MEMBERSHIP OF THE
26 SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY USED WHEN ADOPTING THE
27 BUDGET OF THE SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY FOR THE

1 CURRENT SCHOOL FISCAL YEAR.

2 (2) IF AN AUTHORIZING BODY SUBMITS A BUDGETARY ASSUMPTION
3 REPORT REQUIRED UNDER SUBSECTION (1) ON BEHALF OF EACH PUBLIC
4 SCHOOL ACADEMY AUTHORIZED BY THAT AUTHORIZING BODY THAT WOULD
5 OTHERWISE BE REQUIRED TO SUBMIT BUDGETARY ASSUMPTIONS UNDER
6 SUBSECTION (1), THEN THOSE PUBLIC SCHOOL ACADEMIES ARE NOT REQUIRED
7 TO SUBMIT THE BUDGETARY ASSUMPTION REPORT REQUIRED UNDER SUBSECTION
8 (1).

9 (3) IF, BASED ON THE FACTORS ENUMERATED IN THIS SUBSECTION,
10 THE STATE TREASURER DETERMINES THAT THE POTENTIAL FOR FISCAL STRESS
11 EXISTS WITHIN A SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR
12 PUBLIC SCHOOL ACADEMY; THAT AN OPERATING DEFICIT MAY ARISE WITHIN A
13 SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL
14 ACADEMY DURING THE CURRENT SCHOOL FISCAL YEAR OR THE FOLLOWING 2
15 SCHOOL FISCAL YEARS; OR THAT A SCHOOL DISTRICT, INTERMEDIATE SCHOOL
16 DISTRICT, OR PUBLIC SCHOOL ACADEMY MAY BE UNABLE TO MEET ITS
17 FINANCIAL OBLIGATIONS WHILE ALSO SATISFYING THE SCHOOL DISTRICT'S,
18 INTERMEDIATE SCHOOL DISTRICT'S, OR PUBLIC SCHOOL ACADEMY'S
19 OBLIGATIONS OR ABILITIES TO PROVIDE PUBLIC EDUCATIONAL SERVICES IN
20 A MANNER THAT COMPLIES WITH THIS ACT, THE STATE SCHOOL AID ACT OF
21 1979, AND APPLICABLE RULES, THEN THE STATE TREASURER MAY DECLARE
22 THAT THE POTENTIAL FOR FISCAL STRESS EXISTS FOR THE SCHOOL
23 DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY.
24 THIS DETERMINATION SHALL BE BASED ON CONSIDERATION OF THE FOLLOWING
25 FACTORS:

26 (A) FINANCIAL DATA OR OTHER INFORMATION SUBMITTED BY THE
27 SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL

1 ACADEMY TO A STATE DEPARTMENT OR AGENCY.

2 (B) FINANCIAL DATA OR OTHER INFORMATION INCLUDED WITHIN AN
3 AUDITED FINANCIAL STATEMENT OF THE SCHOOL DISTRICT, INTERMEDIATE
4 SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY.

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

10 (D) FINANCIAL DATA OR OTHER INFORMATION INCLUDED WITHIN A
11 RECOMMENDED BUDGET, BUDGET, OR GENERAL APPROPRIATIONS ACT OF THE
12 SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL
13 ACADEMY.

14 (E) FINANCIAL DATA OR OTHER INFORMATION PROVIDED TO A STATE
15 DEPARTMENT, AGENCY, OR AUTHORITY BY AN OFFICER, EMPLOYEE,
16 CONTRACTOR, OR AGENT OF THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL
17 DISTRICT, OR PUBLIC SCHOOL ACADEMY.

18 (F) FOR A SCHOOL DISTRICT, DATA RELATING TO PUPIL ENROLLMENT,
19 INCLUDING, BUT NOT LIMITED TO, RESIDENTS OF OTHER SCHOOL DISTRICTS
20 ENROLLED IN THE SCHOOL DISTRICT AND RESIDENTS OF THE SCHOOL
21 DISTRICT ENROLLED IN ANOTHER SCHOOL DISTRICT OR IN A PUBLIC SCHOOL
22 NOT OPERATED BY THE SCHOOL DISTRICT.

23 (G) FOR A SCHOOL DISTRICT, FINANCIAL DATA OR OTHER INFORMATION
24 PROVIDED TO THE DEPARTMENT OR DEPARTMENT OF TREASURY BY THE
25 INTERMEDIATE SCHOOL DISTRICT IN WHICH THE SCHOOL DISTRICT IS
26 LOCATED.

27 (H) FOR A PUBLIC SCHOOL ACADEMY, FINANCIAL DATA OR OTHER

1 INFORMATION PROVIDED TO THE DEPARTMENT OR DEPARTMENT OF TREASURY BY
2 THE AUTHORIZING BODY OF THE PUBLIC SCHOOL ACADEMY.

3 (4) IF THE STATE TREASURER DECLARES UNDER SUBSECTION (3) THAT
4 THE POTENTIAL FOR FISCAL STRESS EXISTS FOR A SCHOOL DISTRICT,
5 INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY, THEN NOT
6 LESS THAN 14 DAYS AFTER THE DECLARATION THE STATE TREASURER SHALL
7 DO ALL OF THE FOLLOWING:

8 (A) NOTIFY THE GOVERNING BODY OF THE SCHOOL DISTRICT,
9 INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY THAT THE
10 STATE TREASURER HAS DECLARED THAT THE POTENTIAL FOR FISCAL STRESS
11 EXISTS FOR THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR
12 PUBLIC SCHOOL ACADEMY.

13 (B) FOR A SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY, NOTIFY THE
14 GOVERNING BODY OF THE SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY THAT
15 IT MAY ESTABLISH A CONTRACT UNDER SUBSECTION (5) WITH AN
16 INTERMEDIATE SCHOOL DISTRICT TO PERFORM AN ADMINISTRATIVE REVIEW OF
17 THE FINANCIAL STATUS OF THE SCHOOL DISTRICT OR PUBLIC SCHOOL
18 ACADEMY.

19 (5) SUBJECT TO SUBSECTION (16), IF THE STATE TREASURER
20 DECLARES UNDER SUBSECTION (3) THAT THE POTENTIAL FOR FISCAL STRESS
21 EXISTS FOR A SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY, THE
22 GOVERNING BODY OF THE SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY MAY
23 CHOOSE TO ESTABLISH A CONTRACT WITH AN INTERMEDIATE SCHOOL DISTRICT
24 TO PERFORM AN ADMINISTRATIVE REVIEW OF THE FINANCIAL STATUS OF THE
25 SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY. AN INTERMEDIATE SCHOOL
26 DISTRICT THAT IS WORKING WITH A SCHOOL DISTRICT OR PUBLIC SCHOOL
27 ACADEMY TO ESTABLISH A CONTRACT UNDER THIS SUBSECTION SHALL CONSULT

1 WITH THE DEPARTMENT OF TREASURY ON THE DEVELOPMENT OF THE CONTRACT.
2 A SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY MUST ENTER INTO THIS
3 CONTRACT WITHIN 60 DAYS AFTER RECEIVING NOTIFICATION OF THE
4 DECLARATION FROM THE STATE TREASURER UNDER SUBSECTION (4). A
5 CONTRACT UNDER THIS SUBSECTION BETWEEN AN INTERMEDIATE SCHOOL
6 DISTRICT AND A SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY SHALL
7 PROVIDE FOR ALL OF THE FOLLOWING:

8 (A) WITHIN 90 DAYS AFTER ENTERING INTO THE CONTRACT, THE
9 INTERMEDIATE SCHOOL DISTRICT SHALL COMPLETE AN ADMINISTRATIVE
10 REVIEW AND ISSUE RECOMMENDATIONS TO THE SCHOOL DISTRICT OR PUBLIC
11 SCHOOL ACADEMY CONCERNING THOSE STEPS THE SCHOOL DISTRICT OR PUBLIC
12 SCHOOL ACADEMY SHOULD CONSIDER TAKING TO AVOID A DEFICIT.

13 (B) AFTER COMPLETION OF THE ADMINISTRATIVE REVIEW, THE
14 INTERMEDIATE SCHOOL DISTRICT SHALL PRESENT THE RECOMMENDATIONS
15 UNDER SUBDIVISION (A) AT THE NEXT SCHEDULED PUBLIC MEETING OF THE
16 GOVERNING BODY OF THE SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY.

17 (C) THE INTERMEDIATE SCHOOL DISTRICT SHALL SEND A COPY OF THE
18 RECOMMENDATIONS TO THE DEPARTMENT AND THE DEPARTMENT OF TREASURY.

19 (D) SUBJECT TO SUBSECTION (6), THE INTERMEDIATE SCHOOL
20 DISTRICT'S ADMINISTRATIVE REVIEW UNDER SUBDIVISION (A) SHALL
21 INCLUDE, BUT IS NOT LIMITED TO, ALL OF THE FOLLOWING:

22 (i) AN EXAMINATION OF FINANCIAL PRACTICES, INCLUDING AT LEAST
23 AN EXAMINATION OF THE SCHOOL DISTRICT'S OR PUBLIC SCHOOL ACADEMY'S
24 COMPLIANCE WITH THE UNIFORM BUDGETING AND ACCOUNTING ACT, 1968 PA
25 2, MCL 141.421 TO 141.440A, BUDGET TO ACTUAL EXPENSE REPORT
26 MONITORING, AND BUDGET AMENDMENT PRACTICES AFTER BUDGET ADOPTION.

27 (ii) AN EXAMINATION OF STAFFING AND A COMPARISON OF STAFFING

1 TO OTHER SCHOOL DISTRICTS AND PUBLIC SCHOOL ACADEMIES, AS
2 APPLICABLE.

3 (iii) AN EXAMINATION OF WAGES AND A COMPARISON OF WAGES TO
4 OTHER SCHOOL DISTRICTS AND PUBLIC SCHOOL ACADEMIES IN THE AREA, AS
5 APPLICABLE.

6 (iv) AN EXAMINATION OF BENEFIT COSTS AS A PERCENTAGE OF WAGES
7 AND A COMPARISON OF BENEFIT COSTS AS A PERCENTAGE OF WAGES TO OTHER
8 SCHOOL DISTRICTS AND PUBLIC SCHOOL ACADEMIES IN THE AREA, AS
9 APPLICABLE.

10 (v) A SCHOOL BUILDING STUDENT CAPACITY UTILIZATION REVIEW.

11 (vi) AN EXAMINATION OF NON-INSTRUCTIONAL COSTS BY FUNCTION AND
12 A COMPARISON OF THOSE COSTS TO OTHER SCHOOL DISTRICTS AND PUBLIC
13 SCHOOL ACADEMIES, AS APPLICABLE.

14 (vii) A REVIEW OF ENROLLMENT PROJECTION METHODS AND HISTORY.

15 (viii) AN EXAMINATION OF DEFERRED MAINTENANCE AND CAPITAL
16 INVESTMENT NEEDS. CAPITAL INVESTMENT NEEDS INCLUDE TECHNOLOGY
17 EQUIPMENT AND TECHNOLOGY INFRASTRUCTURE NEEDS.

18 (ix) AN EXAMINATION OF SUBSTITUTE COSTS, WORKERS COMPENSATION
19 COSTS, UNEMPLOYMENT COMPENSATION COSTS AND FORECASTS, AND A REVIEW
20 OF OTHER INSURANCE PROGRAMS.

21 (x) AN EXAMINATION OF PUPIL TRANSPORTATION COSTS AND ROUTING.

22 (xi) AN EXAMINATION OF THE CURRENT AND FUTURE COSTS OF
23 EXISTING BARGAINING AGREEMENTS.

24 (E) THE SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY SHALL GIVE
25 THE INTERMEDIATE SCHOOL DISTRICT OR ITS CONTRACTED AGENTS ACCESS TO
26 ANY AND ALL FINANCIAL DATA OR INFORMATION RELATING TO THE FINANCIAL
27 CONDITION OF THE SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY AS

1 REQUESTED BY THE INTERMEDIATE SCHOOL DISTRICT.

2 (F) THE SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY SHALL ALLOW
3 THE INTERMEDIATE SCHOOL DISTRICT OR ITS CONTRACTED AGENTS TO
4 EXAMINE ALL FINANCIAL RECORDS AND BOOKS OF ACCOUNT OF THE SCHOOL
5 DISTRICT OR PUBLIC SCHOOL ACADEMY.

6 (G) THE SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY SHALL
7 PROMPTLY AND FULLY PROVIDE THE ASSISTANCE AND INFORMATION NECESSARY
8 AND PROPERLY REQUESTED BY THE INTERMEDIATE SCHOOL DISTRICT OR ITS
9 CONTRACTED AGENT IN THE EFFECTUATION OF THE INTERMEDIATE SCHOOL
10 DISTRICT'S DUTIES UNDER THIS SUBSECTION, INCLUDING, BUT NOT LIMITED
11 TO, COMPLYING WITH A REQUEST THAT THE SCHOOL DISTRICT OR PUBLIC
12 SCHOOL ACADEMY PROVIDE A FACILITY CONDITION ASSESSMENT OR A
13 PHYSICAL ASSET INVENTORY IF EITHER OF THESE HAS NOT BEEN COMPLETED
14 IN THE IMMEDIATELY PRECEDING 24 MONTHS.

15 (H) THE SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY SHALL ALLOW
16 THE INTERMEDIATE SCHOOL DISTRICT TO WORK IN A CONSORTIUM WITH
17 ANOTHER INTERMEDIATE SCHOOL DISTRICT OR MULTIPLE INTERMEDIATE
18 SCHOOL DISTRICTS IN THE EFFECTUATION OF THE INTERMEDIATE SCHOOL
19 DISTRICT'S DUTIES UNDER THIS SUBSECTION.

20 (I) THE SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY SHALL ALLOW
21 THE INTERMEDIATE SCHOOL DISTRICT TO USE A CONTRACTOR OR CONTRACTORS
22 TO ASSIST IN THE REVIEW ON A COST RECOVERY BASIS AS DETERMINED BY
23 THE INTERMEDIATE SCHOOL DISTRICT.

24 (J) EITHER THE INTERMEDIATE SCHOOL DISTRICT OR THE SCHOOL
25 DISTRICT OR PUBLIC SCHOOL ACADEMY MAY RESCIND THE CONTRACT, AS
26 FOLLOWS:

27 (i) THE INTERMEDIATE SCHOOL DISTRICT MAY RESCIND THE CONTRACT

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1 IF THE SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY IS NOT COMPLYING
2 WITH 1 OR MORE OF THE RECOMMENDATIONS ISSUED TO THE SCHOOL DISTRICT
3 OR PUBLIC SCHOOL ACADEMY UNDER SUBDIVISION (A).

4 (ii) THE SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY MAY RESCIND
5 THE CONTRACT FOR ANY REASON.

6 (6) THE PARTIES TO A CONTRACT UNDER SUBSECTION (5) MAY REQUEST
7 THE DEPARTMENT OF TREASURY TO WAIVE 1 OR MORE OF THE REQUIREMENTS
8 FOR ITEMS TO BE INCLUDED IN THE INTERMEDIATE SCHOOL DISTRICT'S
9 ADMINISTRATIVE REVIEW UNDER SUBSECTION (5) (D). IF THE DEPARTMENT OF
10 TREASURY GRANTS A WAIVER UNDER THIS SUBSECTION, THEN THE
11 INTERMEDIATE SCHOOL DISTRICT'S ADMINISTRATIVE REVIEW UNDER
12 SUBSECTION (5) (D) IS NOT REQUIRED TO INCLUDE THE WAIVED ITEM OR
13 ITEMS.

14 (7) IF A SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY ESTABLISHES
15 A CONTRACT WITH AN INTERMEDIATE SCHOOL DISTRICT UNDER SUBSECTION
16 (5), THE INTERMEDIATE SCHOOL DISTRICT SHALL SUBMIT QUARTERLY
17 REPORTS TO THE DEPARTMENT OF TREASURY ON THE STATUS OF THE
18 IMPLEMENTATION OF THE RECOMMENDATIONS ISSUED TO THE SCHOOL DISTRICT
19 OR INTERMEDIATE SCHOOL DISTRICT BY THE INTERMEDIATE SCHOOL DISTRICT
20 UNDER SUBSECTION (5) (A).

21 (8) SUBJECT TO SUBSECTION (9), THE STATE TREASURER <<MAY>>
22 REQUIRE A SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC
23 SCHOOL ACADEMY TO SUBMIT PERIODIC FINANCIAL STATUS REPORTS UNDER
24 THIS SECTION IF ALL OF THE FOLLOWING OCCUR:

25 (A) THE STATE TREASURER HAS DECLARED UNDER SUBSECTION (3) THAT
26 THE POTENTIAL FOR FISCAL STRESS EXISTS FOR THE SCHOOL DISTRICT,
27 INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY.

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1 (B) MORE THAN 60 DAYS HAVE PASSED SINCE THE SCHOOL DISTRICT,
2 INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY WAS NOTIFIED
3 OF THE DECLARATION AS REQUIRED UNDER SUBSECTION (4) (A) .

4 (C) FOR A SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY, THAT
5 SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY HAS NOT ESTABLISHED A
6 CONTRACT WITH AN INTERMEDIATE SCHOOL DISTRICT IN THE TIME AND
7 MANNER REQUIRED UNDER SUBSECTION (5), HAS RESCINDED A CONTRACT WITH
8 AN INTERMEDIATE SCHOOL DISTRICT UNDER SUBSECTION (5) (J), OR HAS HAD
9 ITS CONTRACT WITH AN INTERMEDIATE SCHOOL DISTRICT UNDER SUBSECTION
10 (5) RESCINDED BY THE INTERMEDIATE SCHOOL DISTRICT UNDER SUBSECTION
11 (5) (J) .

12 (D) THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR
13 PUBLIC SCHOOL ACADEMY HAS NOT HAD A POSITIVE GENERAL FUND BALANCE
14 OF AT LEAST 5% OF TOTAL GENERAL FUND REVENUES FOR EACH OF THE 2
15 MOST RECENTLY COMPLETED SCHOOL FISCAL YEARS.

16 (E) THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR
17 PUBLIC SCHOOL ACADEMY HAS HAD A DECLINING GENERAL FUND BALANCE IN 1
18 OR BOTH OF THE 2 MOST RECENTLY COMPLETED SCHOOL FISCAL YEARS.

19 (F) THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR
20 PUBLIC SCHOOL ACADEMY IS NOT REQUIRED TO SUBMIT A DEFICIT
21 ELIMINATION PLAN OR AN ENHANCED DEFICIT ELIMINATION PLAN UNDER
22 SECTION 1220.

23 [

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25 (9) IF A SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY ENTERS INTO
26 A CONTRACT WITH AN INTERMEDIATE SCHOOL DISTRICT AS DESCRIBED UNDER
27 SUBSECTION (5), THE STATE TREASURER SHALL NOT REQUIRE THE SCHOOL

1 DISTRICT OR PUBLIC SCHOOL ACADEMY TO SUBMIT PERIODIC FINANCIAL
2 STATUS REPORTS UNDER THIS SECTION UNTIL AT LEAST 730 DAYS AFTER THE
3 GOVERNING BODY OF THE SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY WAS
4 NOTIFIED OF THE DECLARATION OF THE STATE TREASURER UNDER SUBSECTION
5 (4) (A) . HOWEVER, THE STATE TREASURER MAY REQUIRE THE SCHOOL
6 DISTRICT OR PUBLIC SCHOOL ACADEMY TO SUBMIT PERIODIC FINANCIAL
7 STATUS REPORTS UNDER THIS SECTION IF THE STATE TREASURER DETERMINES
8 THAT THE SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY HAS NOT
9 IMPLEMENTED ANY OF THE RECOMMENDATIONS WITHIN 365 DAYS AFTER THE
10 GOVERNING BODY OF THE SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY WAS
11 NOTIFIED OF THE DECLARATION OF THE STATE TREASURER UNDER SUBSECTION
12 (4) (A) .

13 (10) IF A SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR
14 PUBLIC SCHOOL ACADEMY IS REQUIRED TO SUBMIT PERIODIC FINANCIAL
15 REPORTS UNDER THIS SECTION, THE SCHOOL DISTRICT, INTERMEDIATE
16 SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY SHALL DO ALL OF THE
17 FOLLOWING:

18 (A) SUBMIT A PERIODIC FINANCIAL STATUS REPORT IN THE FORM AND
19 MANNER AND ON THE PERIODIC BASIS PRESCRIBED BY THE DEPARTMENT OF
20 TREASURY, AFTER APPROVAL BY THE GOVERNING BODY OF THE SCHOOL
21 DISTRICT OR PUBLIC SCHOOL ACADEMY.

22 (B) TRANSMIT A COPY OF EACH PERIODIC FINANCIAL STATUS REPORT
23 REQUIRED UNDER THIS SECTION TO THE MEMBERS OF ITS GOVERNING BODY.

24 (C) PROVIDE THE DEPARTMENT OF TREASURY WITH OTHER FINANCIAL
25 DATA OR INFORMATION RELATING TO THE FINANCIAL CONDITIONS OF THE
26 SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL
27 ACADEMY AS REQUESTED BY THE DEPARTMENT OF TREASURY.

1 (D) ALLOW THE DEPARTMENT OF TREASURY TO EXAMINE FINANCIAL
2 RECORDS AND BOOKS OF ACCOUNT OF THE SCHOOL DISTRICT, INTERMEDIATE
3 SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY.

4 (E) PROMPTLY AND FULLY PROVIDE THE ASSISTANCE AND INFORMATION
5 NECESSARY AND PROPERLY REQUESTED BY THE DEPARTMENT OF TREASURY IN
6 THE EXERCISE OF THE DEPARTMENT OF TREASURY'S DUTIES UNDER THIS
7 SECTION.

8 (11) IF A SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR
9 PUBLIC SCHOOL ACADEMY FAILS TO SUBMIT A PERIODIC FINANCIAL STATUS
10 REPORT REQUIRED UNDER THIS SECTION, OR IF THE STATE TREASURER
11 DETERMINES THAT INFORMATION INCLUDED ON A PERIODIC FINANCIAL STATUS
12 REPORT INDICATES THAT FISCAL STRESS EXISTS WITHIN THE SCHOOL
13 DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY,
14 OR THAT A DEFICIT HAS OCCURRED OR IS PROJECTED TO OCCUR WITHIN THE
15 SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL
16 ACADEMY WITHIN THE CURRENT SCHOOL FISCAL YEAR OR THE NEXT SCHOOL
17 FISCAL YEAR AND THAT THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL
18 DISTRICT, OR PUBLIC SCHOOL ACADEMY LACKS THE CAPACITY TO ADDRESS
19 THE DEFICIT WITHOUT STATE ASSISTANCE, THEN THE STATE TREASURER MAY
20 REQUIRE THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR
21 PUBLIC SCHOOL ACADEMY TO SUBMIT AN ENHANCED DEFICIT ELIMINATION
22 PLAN UNDER SECTION 1220.

23 (12) IF A SCHOOL DISTRICT IS REQUIRED TO SUBMIT PERIODIC
24 FINANCIAL STATUS REPORTS UNDER THIS SECTION AND A LOAN IS ISSUED TO
25 THE SCHOOL DISTRICT UNDER THE EMERGENCY LOAN ACT, 1980 PA 243, MCL
26 141.931 TO 141.942, THE STATE TREASURER SHALL REQUIRE THE SCHOOL
27 DISTRICT TO SUBMIT PERIODIC FINANCIAL STATUS REPORTS UNDER THIS

1 SECTION FOR NOT MORE THAN 4 YEARS AFTER THE DATE OF ISSUANCE OF THE
2 LOAN.

3 (13) A SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR
4 PUBLIC SCHOOL ACADEMY IS NO LONGER REQUIRED TO SUBMIT PERIODIC
5 FINANCIAL STATUS REPORTS UNDER THIS SECTION IF THE STATE TREASURER
6 DETERMINES THAT THE PERIODIC FINANCIAL STATUS REPORTS SUBMITTED BY
7 THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL
8 ACADEMY INDICATE THAT POTENTIAL FISCAL STRESS DOES NOT EXIST WITHIN
9 THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL
10 ACADEMY; THAT A DEFICIT IS NOT PROJECTED TO ARISE WITHIN THE SCHOOL
11 DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY
12 WITHIN THE CURRENT SCHOOL FISCAL YEAR OR THE NEXT 2 SCHOOL FISCAL
13 YEARS; AND THAT THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT,
14 OR PUBLIC SCHOOL ACADEMY WILL BE ABLE TO MEET ITS FINANCIAL
15 OBLIGATIONS WHILE ALSO SATISFYING THE SCHOOL DISTRICT'S,
16 INTERMEDIATE SCHOOL DISTRICT'S, OR PUBLIC SCHOOL ACADEMY'S
17 OBLIGATIONS OR ABILITY TO PROVIDE PUBLIC EDUCATIONAL SERVICES IN A
18 MANNER THAT COMPLIES WITH THIS ACT, THE STATE SCHOOL AID ACT, AND
19 APPLICABLE RULES.

20 (14) IF THE STATE TREASURER MAKES A DETERMINATION UNDER
21 SUBSECTION (13) THAT THE CONDITIONS UNDER THAT SUBSECTION APPLY TO
22 A SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL
23 ACADEMY, THE STATE TREASURER SHALL NOTIFY THE SCHOOL DISTRICT,
24 INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY WITHIN 14
25 DAYS AFTER MAKING THAT DETERMINATION.

26 (15) CEPI SHALL MAKE AVAILABLE TO THE PUBLIC ON ITS WEBSITE
27 ALL OF THE PERIODIC FINANCIAL STATUS REPORTS SUBMITTED TO THE STATE

1 TREASURER UNDER THIS SECTION. THE STATE TREASURER SHALL TRANSMIT TO
2 CEPI ANY DOCUMENTS NEEDED BY CEPI TO COMPLY WITH THIS SUBSECTION.

3 (16) IF THE STATE TREASURER DECLARES UNDER SUBSECTION (3) THAT
4 THE POTENTIAL FOR FISCAL STRESS EXISTS FOR A PUBLIC SCHOOL ACADEMY,
5 THEN, IN ADDITION TO THE OPTION UNDER SUBSECTION (5) FOR THE PUBLIC
6 SCHOOL ACADEMY TO ESTABLISH A CONTRACT WITH AN INTERMEDIATE SCHOOL
7 DISTRICT TO PERFORM AN ADMINISTRATIVE REVIEW UNDER SUBSECTION (5),
8 THE GOVERNING BODY OF THE PUBLIC SCHOOL ACADEMY MAY ESTABLISH A
9 CONTRACT WITH ITS AUTHORIZING BODY FOR THE AUTHORIZING BODY TO
10 PERFORM AN ADMINISTRATIVE REVIEW OF THE FINANCIAL STATUS OF THE
11 PUBLIC SCHOOL ACADEMY. IF A PUBLIC SCHOOL ACADEMY AND ITS
12 AUTHORIZING BODY ESTABLISH A CONTRACT FOR THE AUTHORIZING BODY TO
13 PERFORM AN ADMINISTRATIVE REVIEW UNDER THIS SUBSECTION, THEN ALL OF
14 THE FOLLOWING APPLY:

15 (A) THE AUTHORIZING BODY SHALL PERFORM ALL OF THE SAME
16 FUNCTIONS WITH RESPECT TO THE PUBLIC SCHOOL ACADEMY AS AN
17 INTERMEDIATE SCHOOL DISTRICT PERFORMS FOR AN ADMINISTRATIVE REVIEW
18 UNDER SUBSECTION (5).

19 (B) THE CONTRACT AND ADMINISTRATIVE REVIEW SHALL INCLUDE ALL
20 OF THE SAME ITEMS AS A CONTRACT AND ADMINISTRATIVE REVIEW UNDER
21 SUBSECTION (5).

22 (C) THE AUTHORIZING BODY HAS ALL OF THE SAME POWERS AND DUTIES
23 WITH RESPECT TO THE CONTRACT AND THE ADMINISTRATIVE REVIEW AS AN
24 INTERMEDIATE SCHOOL DISTRICT HAS FOR A CONTRACT AND ADMINISTRATIVE
25 REVIEW UNDER SUBSECTION (5), INCLUDING, BUT NOT LIMITED TO, THE
26 DUTY TO CONSULT WITH THE DEPARTMENT OF TREASURY WHEN WORKING TO
27 ESTABLISH THE CONTRACT.

1 (D) THE DEPARTMENT OF TREASURY SHALL PERFORM THE SAME ROLE AND
2 SHALL TREAT THE CONTRACT AND ADMINISTRATIVE REVIEW, AND THE PUBLIC
3 SCHOOL ACADEMY, IN THE SAME MANNER AS IF IT WERE AN CONTRACT AND
4 ADMINISTRATIVE REVIEW UNDER SUBSECTION (5).

5 (E) ALL OF THE PROVISIONS UNDER THIS SECTION THAT APPLY TO A
6 CONTRACT AND ADMINISTRATIVE REVIEW UNDER SUBSECTION (5) ALSO APPLY
7 TO THE CONTRACT AND ADMINISTRATIVE REVIEW UNDER THIS SUBSECTION.

8 (17) AS USED IN THIS SECTION:

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

11 (B) "CEPI" MEANS THE CENTER FOR EDUCATIONAL PERFORMANCE AND
12 INFORMATION CREATED IN SECTION 94A OF THE STATE SCHOOL AID ACT OF
13 1979, MCL 388.1694A.

14 (C) "DEFICIT" MEANS A CONDITION PROHIBITED UNDER SECTION 15(2)
15 OF THE UNIFORM BUDGETING AND ACCOUNTING ACT, 1968 PA 2, MCL
16 141.435, OR UNDER SECTION 102(1) OF THE STATE SCHOOL AID ACT OF
17 1979, MCL 388.1702. DEFICIT ALSO INCLUDES 1 OR BOTH OF THE
18 FOLLOWING CIRCUMSTANCES FOR A SCHOOL DISTRICT, INTERMEDIATE SCHOOL
19 DISTRICT, OR PUBLIC SCHOOL ACADEMY:

20 (i) THE TOTAL GENERAL FUND BALANCE OF THE SCHOOL DISTRICT,
21 INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY IS NEGATIVE
22 OR IS PROJECTED TO BE NEGATIVE AT THE END OF THE CURRENT SCHOOL
23 FISCAL YEAR.

24 (ii) ONE OR MORE OF THE FUNDS OF THE SCHOOL DISTRICT,
25 INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY OTHER THAN
26 THE GENERAL FUND HAVE A NEGATIVE BALANCE OR PROJECTED NEGATIVE
27 BALANCE THAT IS GREATER THAN THE TOTAL GENERAL FUND BALANCE.

1 (D) "FINANCIAL EMERGENCY" MEANS THAT 1 OR MORE OF THE
2 CONDITIONS DESCRIBED IN SECTION 5(3)(A) TO (M) OF THE LOCAL
3 FINANCIAL STABILITY AND CHOICE ACT, 2012 PA 436, MCL 141.1545,
4 EXIST OR ARE LIKELY TO OCCUR WITHIN A SCHOOL DISTRICT, INTERMEDIATE
5 SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY IN THE CURRENT OR NEXT
6 SCHOOL FISCAL YEAR AND THREATEN THE ABILITY OF THE SCHOOL DISTRICT,
7 INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY TO PROVIDE
8 NECESSARY GOVERNMENTAL SERVICES ESSENTIAL TO PUBLIC HEALTH, SAFETY,
9 AND WELFARE.

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

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

14 (ii) THAT 1 OR MORE OF THE CONDITIONS DESCRIBED IN SECTION
15 4(1)(A) TO (I), (K) TO (Q), OR (S) OF THE LOCAL FINANCIAL STABILITY
16 AND CHOICE ACT, 2012 PA 436, MCL 141.1544, EXIST OR ARE LIKELY TO
17 OCCUR WITHIN A SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR
18 PUBLIC SCHOOL ACADEMY.

19 (F) "GOVERNING BODY" MEANS, FOR A SCHOOL DISTRICT, THE SCHOOL
20 BOARD OF THE SCHOOL DISTRICT AND, FOR A PUBLIC SCHOOL ACADEMY, THE
21 BOARD OF DIRECTORS OF THE PUBLIC SCHOOL ACADEMY.

22 (G) "MEMBERSHIP" MEANS THAT TERM AS DEFINED IN SECTION 6 OF
23 THE STATE SCHOOL AID ACT OF 1979, MCL 388.1606.

24 (H) "PUPIL" MEANS THAT TERM AS DEFINED IN SECTION 6 OF THE
25 STATE SCHOOL AID ACT OF 1979, MCL 388.1606.

26 Enacting section 1. This amendatory act does not take effect
27 unless all of the following bills of the 98th Legislature are

1 enacted into law:

2 (a) House Bill No. 4327.

3 (b) House Bill No. 4328.

4 (c) House Bill No. 4330.

5 (d) House Bill No. 4331.

6 (e) House Bill No. 4332.