

HOUSE BILL No. 4325

March 11, 2015, Introduced by Rep. Poleski and referred to the Committee on Financial Liability Reform.

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
10 OR PUBLIC SCHOOL ACADEMY USED BY ITS GOVERNING BODY WHEN ADOPTING

1 THE BUDGET FOR THE SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY FOR THE
2 CURRENT SCHOOL FISCAL YEAR.

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

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

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

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

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

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

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

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

27 (i) THE NAME OF EACH SCHOOL DISTRICT.

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

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

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

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

10 (i) THE NAME OF EACH PUBLIC SCHOOL ACADEMY.

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

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

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

18 (3) BY JULY 28 OF EACH SCHOOL FISCAL YEAR, THE INTERMEDIATE
19 SUPERINTENDENT OF EACH INTERMEDIATE SCHOOL DISTRICT RECEIVING A
20 SUMMARY OF BUDGETARY ASSUMPTIONS UNDER SUBSECTION (2) SHALL REVIEW
21 THE BUDGETARY ASSUMPTIONS INCLUDED IN THE SUMMARY OF BUDGETARY
22 ASSUMPTIONS FOR EACH SCHOOL DISTRICT IN THE INTERMEDIATE SCHOOL
23 DISTRICT AND NOTIFY CEPI, ON A FORM PRESCRIBED BY CEPI, WHETHER THE
24 INTERMEDIATE SUPERINTENDENT CONCURS WITH THE BUDGETARY ASSUMPTIONS
25 FOR EACH SCHOOL DISTRICT INCLUDED IN THE SUMMARY OF BUDGETARY
26 ASSUMPTIONS. BY JULY 28 OF EACH SCHOOL FISCAL YEAR, EACH
27 AUTHORIZING BODY RECEIVING A SUMMARY OF BUDGETARY ASSUMPTIONS UNDER

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

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

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

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

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

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

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

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

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

15 (A) THE NEXT JUNE 30.

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

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

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

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

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

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

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

1 ACT, THE STATE SCHOOL AID ACT OF 1979, AND APPLICABLE RULES, BASED
2 UPON 1 OR MORE OF THE FOLLOWING:

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

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

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

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

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

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

27 (G) FOR A SCHOOL DISTRICT, FINANCIAL DATA OR OTHER INFORMATION

1 PROVIDED TO THE DEPARTMENT OR DEPARTMENT OF TREASURY BY THE
2 INTERMEDIATE SCHOOL DISTRICT IN WHICH THE SCHOOL DISTRICT IS
3 LOCATED.

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

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

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

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

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

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

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

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

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

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

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

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

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

25 (I) THE GENERAL FUND BALANCE OF THE SCHOOL DISTRICT,
26 INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY, EXPRESSED
27 AS A PERCENTAGE OF CURRENT OPERATING EXPENDITURES, HAS DECLINED BY

1 5 PERCENTAGE POINTS OR MORE EACH YEAR OVER 3 CONSECUTIVE SCHOOL
2 FISCAL YEARS.

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

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

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

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

26 (N) FOR A SCHOOL DISTRICT, BASED UPON THE FACTORS DESCRIBED IN
27 THIS SUBSECTION AND SUBSECTION (8) OR INFORMATION PROVIDED BY AN

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

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

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

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

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

25 (10) IF A SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR
26 PUBLIC SCHOOL ACADEMY IS REQUIRED TO SUBMIT PERIODIC FINANCIAL
27 STATUS REPORTS UNDER SUBSECTION (9), THE SCHOOL DISTRICT,

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

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

1 PERIODIC FINANCIAL STATUS REPORT TO THE STATE TREASURER.

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

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

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

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

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

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

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

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

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

1 A MANNER THAT COMPLIES WITH THIS ACT, THE STATE SCHOOL AID ACT OF
2 1979, AND APPLICABLE RULES PROMULGATED BY THE DEPARTMENT.

3 (16) IF THE STATE TREASURER MAKES A DETERMINATION UNDER
4 SUBSECTION (15) 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 (15) APPLY TO A SCHOOL DISTRICT,
11 INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY.

12 (17) 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 (18) WITHIN 60 DAYS AFTER THE EFFECTIVE DATE OF THIS SECTION,
21 THE SUPERINTENDENT OF PUBLIC INSTRUCTION AND THE STATE TREASURER
22 SHALL CONVENE A JOINT WORKGROUP TO ASSIST THE DEPARTMENT AND
23 DEPARTMENT OF TREASURY IN DEVELOPING RECOMMENDATIONS FOR THE
24 CREATION OF AN INFORMATION SYSTEM OR PROCESSES THAT WILL PROVIDE
25 EARLIER ACCESS TO FINANCIAL INFORMATION AND OTHER DATA THAT WILL
26 ALLOW SCHOOL DISTRICTS, INTERMEDIATE SCHOOL DISTRICTS, AND PUBLIC
27 SCHOOL ACADEMIES TO ADDRESS BUDGETARY AND OTHER FINANCIAL

1 DIFFICULTIES EARLIER. THE RECOMMENDATIONS FOR THE CREATION OF AN
2 INFORMATION SYSTEM OR PROCESSES SHOULD ADDRESS ALL OF THE
3 FOLLOWING:

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

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

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

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

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

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

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

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

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

17 (21) AS USED IN THIS SECTION:

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

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

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

1 DISTRICT, OR PUBLIC SCHOOL ACADEMY:

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

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

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

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

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

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

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

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

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

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

14 Enacting section 1. This amendatory act takes effect 90 days
15 after the date it is enacted into law.

16 Enacting section 2. This amendatory act does not take effect
17 unless all of the following bills of the 98th Legislature are
18 enacted into law:

19 (a) Senate Bill No.____ or House Bill No. 4327 (request no.
20 00280'15).

21 (b) Senate Bill No.____ or House Bill No. 4328 (request no.
22 00282'15).

23 (c) Senate Bill No.____ or House Bill No. 4330 (request no.
24 00415'15).