

THE STATE SCHOOL AID ACT OF 1979 (EXCERPT)
Act 94 of 1979

388.1702 Failure to submit deficit elimination plan or deficit elimination plan not approved; authority of department to withhold payments; release of money withheld under subsection (1); consultation; submission of enhanced deficit elimination plan; requirements; allocation contingent upon compliance with section; definitions.

Sec. 102. (1) If a district or intermediate district is required to submit a deficit elimination plan under section 1220 of the revised school code, MCL 380.1220, and the district or intermediate district fails to submit a deficit elimination plan or the deficit elimination plan is not approved, the department may withhold some or all of the money payable to the district or intermediate district under this article, in an amount the department determines necessary to incentivize the district or intermediate district to eliminate the deficit, until the district or intermediate district submits to the department for approval an amended budget for the current school fiscal year and a deficit elimination plan in the form and manner prescribed by the department or until the deficit elimination plan is approved by the department, as determined by the department.

(2) The department shall release money withheld under subsection (1) after the department approves the deficit elimination plan. To assure greater coordination and effective partnerships in the development and implementation of a deficit elimination plan, when administering this subsection and subsection (1), the department shall consult with all of the following:

(a) The department of treasury.

(b) The chief administrative officer of the district or intermediate district required to submit a deficit elimination plan under section 1220 of the revised school code, MCL 380.1220.

(c) For a district required to submit a deficit elimination plan under section 1220 of the revised school code, MCL 380.1220, the intermediate superintendent of the intermediate district in which the district is located.

(3) If a district or intermediate district is required to submit an enhanced deficit elimination plan under section 1220 of the revised school code, MCL 380.1220, the state treasurer may withhold some or all of the money payable to the district under this article, in an amount the state treasurer determines necessary to incentivize the district or intermediate district to eliminate the deficit, until the district or intermediate district submits to the state treasurer for approval an approved budget for the current school fiscal year and an enhanced deficit elimination plan in the form and manner prescribed by the department of treasury under section 1220 of the revised school code, MCL 380.1220, or until the enhanced deficit elimination plan is approved by the department of treasury, as determined by the department of treasury. The state treasurer shall release money withheld under this subsection after the department of treasury approves the enhanced deficit elimination plan for the district or intermediate district. To assure greater coordination and effective partnerships in the development and implementation of an enhanced deficit elimination plan, when administering this subsection, the department of treasury shall consult with all of the following:

(a) The department.

(b) The chief administrative officer of the district or intermediate district required to submit an enhanced deficit elimination plan under section 1220 of the revised school code, MCL 380.1220.

(c) For a district required to submit an enhanced deficit elimination plan under section 1220 of the revised school code, MCL 380.1220, the intermediate superintendent of the intermediate district in which the district is located.

(4) An allocation to a district or intermediate district under this article is contingent upon the district's or intermediate district's compliance with this section.

(5) As used in this section:

(a) "Deficit elimination plan" means a plan required under section 1220 of the revised school code, MCL 380.1220, for the elimination of a deficit that sets forth actions to be taken to eliminate the deficit within the time period prescribed by the department.

(b) "Deficit fund balance" means that term as defined in the Michigan public school accounting manual published by the department.

(c) "Enhanced deficit elimination plan" means measures required by the state treasurer under section 1220 of the revised school code, MCL 380.1220, to address the financial conditions within a district or intermediate district and resolve any deficit within the time period prescribed by the department and the state treasurer.

History: 1979, Act 94, Eff. Oct. 1, 1979;—Am. 1979, Act 138, Imd. Eff. Nov. 7, 1979;—Am. 1980, Act 52, Imd. Eff. Mar. 27, 1980;—Am. 1980, Act 320, Imd. Eff. Dec. 10, 1980;—Am. 1981, Act 36, Eff. Oct. 1, 1981;—Am. 1982, Act 136, Imd. Eff. Apr. 27, 1982;—Am. 1982, Act 276, Imd. Eff. Oct. 5, 1982;—Am. 1983, Act 55, Imd. Eff. May 16, 1983;—Am. 1983, Act 169, Eff. Oct. 1, 1983;—Am. 1984, Act 239, Eff. Oct. 1, 1984;—Am. 1985, Act 110, Eff. Oct. 1, 1985;—Am. 1991, Act 118, Imd. Eff. Oct. 11, 1991;—Am. 1993, Act Rendered Monday, July 7, 2025

175, Eff. Oct. 1, 1993;—Am. 1995, Act 130, Eff. Oct. 1, 1995;—Am. 1996, Act 300, Eff. Oct. 1, 1996;—Am. 2000, Act 297, Imd. Eff. July 26, 2000;—Am. 2010, Act 204, Imd. Eff. Oct. 12, 2010;—Am. 2012, Act 201, Eff. Oct. 1, 2012;—Am. 2013, Act 60, Eff. Oct. 1, 2013;—Am. 2015, Act 112, Imd. Eff. July 7, 2015.

Compiler's note: Enacting section 1 of Act 204 of 2010 provides:

"Enacting section 1. In accordance with section 30 of article IX of the state constitution of 1963, total state spending in this amendatory act and in 2010 PA 110 from state sources for fiscal year 2010-2011 is estimated at \$10,955,902,900.00 and state appropriations to be paid to local units of government for fiscal year 2010-2011 are estimated at \$10,824,041,900.00."