

# HOUSE BILL No. 4975

June 21, 2005, Introduced by Reps. Hoogendyk, Palmer, Gosselin, Sheen, Stahl, Robertson, Schuitmaker, Drolet, Brandenburg, Meyer, Mortimer, Acciavatti, Baxter, Garfield, Pastor, Huizenga, Vander Veen, Newell, Stakoe, Hildenbrand, Marleau, Emmons, Steil, Casperson, Jones, Taub, Rocca, Ball and Walker and referred to the Committee on Appropriations.

A bill to amend 1976 PA 451, entitled  
 "The revised school code,"  
 by amending sections 1215 and 1227 (MCL 380.1215 and 380.1227),  
 section 1215 as amended by 2002 PA 63 and section 1227 as amended  
 by 2002 PA 66, and by adding section 1227a.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 1215. (1) ~~Operating taxes shall be accounted for~~ **THE**  
 2 **BOARD OF A SCHOOL DISTRICT SHALL ESTABLISH AN ACCOUNT FOR GENERAL**  
 3 **OPERATING REVENUE RECEIVED UNDER THE STATE SCHOOL AID ACT OF 1979**  
 4 **AND REVENUE FROM OPERATING TAXES** under the title of "general fund".  
 5 ~~The~~ **SUBJECT TO SECTION 1227A,** the state board may establish other  
 6 fund designations to clarify further the expenditure

1 classifications for which general fund ~~moneys~~ **MONEY** may be used.

2 (2) Library money shall be accounted for under the title of  
3 "library fund".

4 (3) Building and site money shall be accounted for under the  
5 title of "building and site fund".

6 (4) Taxes collected for retiring bonded indebtedness shall be  
7 accounted for as required by the revised municipal finance act,  
8 2001 PA 34, MCL 141.2101 to 141.2821.

9 Sec. 1227. (1) The board of a school district shall prepare  
10 annual estimates of the amount of taxes necessary for the school  
11 district's needs for the ensuing fiscal year. The estimates shall  
12 specify the amount required for the "general fund", the amount  
13 required for the "capital projects fund", and the amount required  
14 for the "debt retirement fund", in accordance with the revised  
15 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, and  
16 outstanding bonding resolutions.

17 (2) The school board may include in the "capital projects  
18 fund" an amount not exceeding in 1 year .01% of the school  
19 district's taxable value to establish and maintain a school  
20 district insurance reserve fund from which school buildings or  
21 other school property damaged or destroyed by fire, lightning, or  
22 otherwise may be repaired, rebuilt, or replaced by other buildings  
23 or property to be used in its place. Taxes shall not be levied for  
24 this purpose while the insurance reserve fund exceeds or equals .1%  
25 of the school district's taxable value. The board shall carry the  
26 insurance reserves forward as an encumbered reserve and may add to  
27 the reserve in the manner prescribed in this section. Insurance

1 reserve funds may be invested in the manner provided in section  
2 1223. Income from the investment shall be considered a part of the  
3 "general fund". If an emergency is declared by a 2/3 vote of the  
4 members elected to and serving on the board, the insurance reserve  
5 funds may be borrowed for the emergency, but the funds shall be  
6 returned to the insurance reserve fund from the collection of taxes  
7 in the next ensuing fiscal year.

8 (3) ~~The~~ **SUBJECT TO SECTION 1227A, THE** school board shall  
9 adopt a budget in the same manner and form as required for its  
10 estimates and, subject to limitations under law, determine the  
11 amount of tax levy necessary for the budget. The board shall  
12 certify the amount to the city and township before the date  
13 required by law.

14 (4) The proper officials of the city and township shall  
15 apportion the school taxes in the school district in the same  
16 manner as the other taxes of the city or township are apportioned.  
17 Except as otherwise provided under part 26, the amount apportioned  
18 shall be assessed, levied, collected, and returned for each portion  
19 of the school district in the same manner as taxes of the city or  
20 township in which the portion of the school district is located.

21 **SEC. 1227A. (1) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION,**  
22 **BEGINNING IN THE 2005-2006 SCHOOL FISCAL YEAR, THE BOARD OF A**  
23 **SCHOOL DISTRICT SHALL ENSURE THAT AT LEAST 65% OF ITS GENERAL**  
24 **OPERATING BUDGET FOR THE SCHOOL FISCAL YEAR IS EXPENDED FOR**  
25 **INSTRUCTION.**

26 (2) **IF A SCHOOL DISTRICT IS NOT IN COMPLIANCE WITH SUBSECTION**  
27 **(1), THE BOARD OF THE SCHOOL DISTRICT SHALL ENSURE THAT THE**

1 PERCENTAGE OF THE SCHOOL DISTRICT'S GENERAL OPERATING BUDGET  
2 EXPENDED ON INSTRUCTION IS INCREASED BY AT LEAST 2 PERCENTAGE  
3 POINTS EACH SCHOOL FISCAL YEAR UNTIL THE SCHOOL DISTRICT IS IN  
4 COMPLIANCE WITH SUBSECTION (1).

5 (3) TO ENSURE COMPLIANCE WITH THIS SECTION, NOT LATER THAN  
6 JUNE 1 OF EACH YEAR, THE BOARD OF A SCHOOL DISTRICT SHALL SUBMIT  
7 ITS PROPOSED BUDGET TO THE SUPERINTENDENT OF PUBLIC INSTRUCTION,  
8 ALONG WITH DOCUMENTATION VERIFYING COMPLIANCE WITH SUBSECTION (1)  
9 OR (2).

10 (4) IF THE BOARD OF A SCHOOL DISTRICT DETERMINES THAT THE  
11 SCHOOL DISTRICT CANNOT COMPLY WITH SUBSECTION (1) OR (2) FOR A  
12 SCHOOL FISCAL YEAR, THE BOARD MAY REQUEST THE GOVERNOR TO GRANT A  
13 WAIVER FROM THESE REQUIREMENTS. TO OBTAIN A WAIVER, THE BOARD  
14 SHALL SUBMIT TO THE SUPERINTENDENT OF PUBLIC INSTRUCTION A WRITTEN  
15 REQUEST FOR A WAIVER FROM THESE REQUIREMENTS. A REQUEST FOR WAIVER  
16 UNDER THIS SUBSECTION SHALL BE SUBMITTED TO THE SUPERINTENDENT OF  
17 PUBLIC INSTRUCTION NOT LATER THAN JUNE 1 BEFORE THE BEGINNING OF  
18 THE SCHOOL FISCAL YEAR AND SHALL BE ACCOMPANIED BY A WRITTEN ACTION  
19 PLAN DETAILING THE STEPS THE SCHOOL DISTRICT WILL TAKE TOWARD  
20 ACHIEVING COMPLIANCE WITH SUBSECTION (1) OR (2). THE SUPERINTENDENT  
21 OF PUBLIC INSTRUCTION PROMPTLY SHALL EVALUATE THE REQUEST AND THE  
22 ACTION PLAN AND MAKE A RECOMMENDATION TO THE GOVERNOR. THE  
23 SUPERINTENDENT OF PUBLIC INSTRUCTION MAY RECOMMEND THAT THE  
24 GOVERNOR GRANT A WAIVER UNDER THIS SUBSECTION IF THE SUPERINTENDENT  
25 OF PUBLIC INSTRUCTION IS SATISFIED FROM THE SCHOOL DISTRICT'S  
26 ACTION PLAN THAT THE SCHOOL DISTRICT IS LIKELY TO MAKE SATISFACTORY  
27 PROGRESS TOWARD COMPLIANCE WITH SUBSECTION (1) OR (2). THE GOVERNOR

1 SHALL MAKE THE FINAL DECISION WHETHER TO GRANT OR DENY THE WAIVER.  
2 THE GOVERNOR SHALL TAKE ACTION TO GRANT OR DENY A WAIVER WITHIN 30  
3 DAYS AFTER RECEIPT OF A WAIVER REQUEST MEETING THE REQUIREMENTS OF  
4 THIS SUBSECTION. A WAIVER GRANTED UNDER THIS SUBSECTION IS VALID  
5 FOR 1 YEAR AND MAY BE RENEWED UPON SUBMISSION OF A NEW REQUEST FOR  
6 WAIVER THAT MEETS THE REQUIREMENTS OF THIS SUBSECTION.

7 (5) AS USED IN THIS SECTION, "INSTRUCTION" MEANS THAT TERM AS  
8 DEFINED BY THE NATIONAL CENTER FOR EDUCATION STATISTICS, AND  
9 INCLUDES AN ACTIVITY DEALING DIRECTLY WITH INTERACTION BETWEEN  
10 PUPILS AND TEACHERS OR OTHER CLASSROOM AND INSTRUCTIONAL PERSONNEL,  
11 TUTORS, BOOKS, COMPUTERS, GENERAL INSTRUCTION SUPPLIES,  
12 INSTRUCTIONAL AIDES, AND LEARNING SUPPORT STAFF SUCH AS LIBRARIANS,  
13 AND ALSO INCLUDES SCHOOL ACTIVITIES SUCH AS FIELD TRIPS, ATHLETICS,  
14 ARTS, AND MULTI-DISCIPLINARY LEARNING.