

SUBSTITUTE FOR
SENATE BILL NO. 957

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

1 OR PUBLIC SCHOOL ACADEMY USED BY ITS GOVERNING BODY WHEN ADOPTING
2 THE BUDGET FOR THE SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY FOR THE
3 CURRENT SCHOOL FISCAL YEAR.

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

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

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

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

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

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

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

(i) THE NAME OF EACH SCHOOL DISTRICT.

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

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

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

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

(i) THE NAME OF EACH PUBLIC SCHOOL ACADEMY.

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

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

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

(3) BY JULY 28 OF EACH SCHOOL FISCAL YEAR, THE INTERMEDIATE
SUPERINTENDENT OF EACH INTERMEDIATE SCHOOL DISTRICT RECEIVING A
SUMMARY OF BUDGETARY ASSUMPTIONS UNDER SUBSECTION (2) SHALL REVIEW
THE BUDGETARY ASSUMPTIONS INCLUDED IN THE SUMMARY OF BUDGETARY
ASSUMPTIONS FOR EACH SCHOOL DISTRICT IN THE INTERMEDIATE SCHOOL
DISTRICT AND NOTIFY CEPI, ON A FORM PRESCRIBED BY CEPI, WHETHER THE
INTERMEDIATE SUPERINTENDENT CONCURS WITH THE BUDGETARY ASSUMPTIONS
FOR EACH SCHOOL DISTRICT INCLUDED IN THE SUMMARY OF BUDGETARY
ASSUMPTIONS. BY JULY 28 OF EACH SCHOOL FISCAL YEAR, EACH

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

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

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

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

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

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

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

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

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

16 (A) THE NEXT JUNE 30.

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

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

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

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

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

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

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

1 PUBLIC EDUCATIONAL SERVICES IN A MANNER THAT COMPLIES WITH THIS
2 ACT, THE STATE SCHOOL AID ACT OF 1979, AND APPLICABLE RULES, BASED
3 UPON 1 OR MORE OF THE FOLLOWING:

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

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

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

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

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

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

1 (G) FOR A SCHOOL DISTRICT, FINANCIAL DATA OR OTHER INFORMATION
2 PROVIDED TO THE DEPARTMENT OR DEPARTMENT OF TREASURY BY THE
3 INTERMEDIATE SCHOOL DISTRICT IN WHICH THE SCHOOL DISTRICT IS
4 LOCATED.

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

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

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

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

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

16 (A) THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR
17 PUBLIC SCHOOL ACADEMY FAILED TO MAKE A REQUIRED PAYMENT TO THE
18 MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM UNDER THE
19 PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA 300, MCL
20 38.1301 TO 38.1437.

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

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

1 PUBLIC SCHOOL ACADEMY.

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

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

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

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

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

26 (I) THE GENERAL FUND BALANCE OF THE SCHOOL DISTRICT,
27 INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY, EXPRESSED

1 AS A PERCENTAGE OF CURRENT OPERATING EXPENDITURES, HAS DECLINED BY
2 5 PERCENTAGE POINTS OR MORE EACH YEAR OVER 3 CONSECUTIVE SCHOOL
3 FISCAL YEARS.

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

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

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

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

27 (N) FOR A SCHOOL DISTRICT, BASED UPON THE FACTORS DESCRIBED IN

1 THIS SUBSECTION AND SUBSECTION (8) OR INFORMATION PROVIDED BY AN
2 INTERMEDIATE SCHOOL DISTRICT, THE SUPERINTENDENT OF PUBLIC
3 INSTRUCTION OR THE STATE TREASURER DETERMINES THAT A DEFICIT IS
4 LIKELY TO ARISE FOR THE SCHOOL DISTRICT IN THE CURRENT OR NEXT
5 SCHOOL FISCAL YEAR AND THE SCHOOL DISTRICT HAS NOT TAKEN ACTION
6 NECESSARY TO PREVENT THE DEFICIT FROM ARISING.

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

15 (P) FOR A SCHOOL DISTRICT, THE SCHOOL DISTRICT HAS APPLIED FOR
16 A LOAN UNDER THE EMERGENCY MUNICIPAL LOAN ACT, 1980 PA 243, MCL
17 141.931 TO 141.942.

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

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

26 (10) IF A SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR
27 PUBLIC SCHOOL ACADEMY IS REQUIRED TO SUBMIT PERIODIC FINANCIAL

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

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

1 BOARD OF THE INTERMEDIATE SCHOOL DISTRICT BEFORE TRANSMITTING THE
2 PERIODIC FINANCIAL STATUS REPORT TO THE STATE TREASURER.

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

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

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

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

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

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

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

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

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

1 OBLIGATIONS OR ABILITIES TO PROVIDE PUBLIC EDUCATIONAL SERVICES IN
2 A MANNER THAT COMPLIES WITH THIS ACT, THE STATE SCHOOL AID ACT OF
3 1979, AND APPLICABLE RULES PROMULGATED BY THE DEPARTMENT.

4 (16) IF THE STATE TREASURER MAKES A DETERMINATION UNDER
5 SUBSECTION (15) THAT THE CONDITIONS UNDER THAT SUBSECTION APPLY TO
6 A SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL
7 ACADEMY, THE STATE TREASURER SHALL NOTIFY THE SCHOOL DISTRICT,
8 INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY. THE
9 SUPERINTENDENT OF PUBLIC INSTRUCTION MAY NOTIFY THE STATE TREASURER
10 THAT THE SUPERINTENDENT OF PUBLIC INSTRUCTION HAS DETERMINED THAT
11 CONDITIONS UNDER SUBSECTION (15) APPLY TO A SCHOOL DISTRICT,
12 INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY.

13 (17) FOR A SCHOOL DISTRICT, THE INTERMEDIATE SCHOOL DISTRICT
14 IN WHICH THE SCHOOL DISTRICT IS LOCATED MAY ADVISE THE STATE
15 TREASURER REGARDING THE DEVELOPMENT AND IMPLEMENTATION OF PERIODIC
16 FINANCIAL REPORTS FOR THE SCHOOL DISTRICT UNDER THIS SECTION. FOR A
17 PUBLIC SCHOOL ACADEMY, THE AUTHORIZING BODY OF THE PUBLIC SCHOOL
18 ACADEMY MAY ADVISE THE STATE TREASURER REGARDING THE DEVELOPMENT
19 AND IMPLEMENTATION OF PERIODIC FINANCIAL REPORTS FOR THE PUBLIC
20 SCHOOL ACADEMY UNDER THIS SECTION.

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

1 SCHOOL ACADEMIES TO ADDRESS BUDGETARY AND OTHER FINANCIAL
2 DIFFICULTIES EARLIER. THE RECOMMENDATIONS FOR THE CREATION OF AN
3 INFORMATION SYSTEM OR PROCESSES SHOULD ADDRESS ALL OF THE
4 FOLLOWING:

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

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

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

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

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

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

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

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

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

18 (21) AS USED IN THIS SECTION:

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

21 (B) "CEPI" MEANS THE CENTER FOR EDUCATIONAL PERFORMANCE AND
22 INFORMATION CREATED IN SECTION 94A OF THE STATE SCHOOL AID ACT OF
23 1979, MCL 388.1694A.

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

1 FOLLOWING CIRCUMSTANCES FOR A SCHOOL DISTRICT, INTERMEDIATE SCHOOL
2 DISTRICT, OR PUBLIC SCHOOL ACADEMY:

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

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

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

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

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

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

1 ACADEMY.

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

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

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

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

15 Enacting section 1. This amendatory act does not take effect
16 unless all of the following bills of the 97th Legislature are
17 enacted into law:

18 (a) Senate Bill No. 951.

19 (b) Senate Bill No. 952.

20 (c) Senate Bill No. 954.