

**SUBSTITUTE FOR
HOUSE BILL NO. 4508**

A bill to amend 1976 PA 451, entitled
"The revised school code,"
by amending sections 3, 373, 375, 403a, 404b, 412a, 413a, 414a,
415, 416, 417a, 418a, 422, 424, 431a, 432, 433, 434, 441, 442,
443, 445, 449, 451, 461, 462, 472, and 485 (MCL 380.3, 380.373,
380.375, 380.403a, 380.404b, 380.412a, 380.413a, 380.414a,
380.415, 380.416, 380.417a, 380.418a, 380.422, 380.424, 380.431a,
380.432, 380.433, 380.434, 380.441, 380.442, 380.443, 380.445,
380.449, 380.451, 380.461, 380.462, 380.472, and 380.485),
sections 3 and 416 as amended by 1995 PA 289, section 373 as
amended by 2000 PA 230, sections 375 and 449 as added by 1999 PA
10, sections 403a, 418a, and 431a as amended and sections 404b
and 485 as added by 1982 PA 71, section 412a as amended by 1989
PA 268, sections 413a and 414a as added by 1981 PA 96, section
417a as amended by 1985 PA 86, section 442 as amended by 2002 PA

58, section 443 as amended by 1983 PA 118, and section 445 as amended by 2002 PA 334, and by adding sections 420 and 421; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3. (1) "Area" as used in the phrase "area
2 vocational-technical education program" means the geographical
3 territory, both within and without the boundaries of either a K
4 to 12 school district or a community college district, that is
5 designated by the state board as the service area for the
6 operation of an area vocational-technical education program.

7 (2) "Area vocational-technical education program" means a
8 program of organized, systematic instruction designed to prepare
9 the following persons for useful employment in recognized
10 occupations:

11 (a) Persons enrolled in high school.

12 (b) Persons who have completed or left high school and who
13 are available for full-time study in preparation for entering the
14 labor market.

15 (c) Persons who have entered the labor market and who need
16 training or retraining to achieve stability or advancement in
17 employment.

18 (3) "Board" or "school board" means the governing body of a
19 local school district or a local act school district unless
20 clearly otherwise stated. **Except in part 5a or part 6, beginning**
21 **January 1 immediately following the expiration of 5 years after**
22 **the date a school district becomes a first class school district,**
23 **or, for a school district organized as a first class school**

1 district as of December 1, 2003, beginning on January 1, 2005,
2 "board" or "school board" means the chief executive officer of
3 the first class school district.

4 (4) "Boarding school" means a place accepting for board,
5 care, and instruction 5 or more children under 16 years of age.

6 (5) "Constituent district" means a local school district or
7 special act school district the territory of which is entirely
8 within and is an integral part of an intermediate school
9 district.

10 Sec. 373. (1) Beginning on ~~the effective date of the~~
11 ~~amendatory act that added this part or~~ **March 26, 1999 or, if the**
12 **qualifying school district becomes a qualifying school district**
13 **after March 26, 1999,** the date on which a school district becomes
14 a qualifying school district, the powers and duties of the
15 elected school board of the qualifying school district and of its
16 secretary and treasurer are suspended ~~unless and until a new~~
17 ~~school board is elected under~~ **until the applicable date**
18 **specified in** section 375. However, until the expiration of **the**
19 **current term of** each individual ~~member's current term~~ **member**
20 **serving as of the date the school district becomes a qualifying**
21 **school district,** the members of the elected school board of a
22 qualifying school district may continue to meet as an advisory
23 board to provide input to the school reform board on an advisory
24 basis only. Notwithstanding section 417a or any board policy,
25 bylaw, or resolution to the contrary, these advisory board
26 members shall serve without compensation or reimbursement, and
27 funds of the qualifying school district shall not be used to

1 staff or otherwise support the advisory board in any way.

2 (2) Beginning on ~~the effective date of the amendatory act~~
3 ~~that added this part or~~ **March 26, 1999 or, if the qualifying**
4 **school district becomes a qualifying school district after March**
5 **26, 1999**, the date on which a school district becomes a
6 qualifying school district, and until appointment of a school
7 reform board for a qualifying school district under this part,
8 all provisions of this act that would otherwise apply to the
9 school board of the qualifying school district or to the school
10 reform board or chief executive officer apply to the mayor, and
11 the mayor immediately may exercise all the powers and duties
12 otherwise vested by law in the board of the qualifying school
13 district and in its secretary and treasurer, and all powers and
14 duties of the school reform board or chief executive officer as
15 provided under this part. Within 30 days after appointing a
16 school reform board under this part, the mayor shall initiate a
17 financial audit of the qualifying school district. The mayor
18 shall provide the results of this audit to the school reform
19 board.

20 (3) Upon appointment of a school reform board for a
21 qualifying school district under this part, and until appointment
22 of a chief executive officer under section 374, all provisions of
23 this act that would otherwise apply to the school board of the
24 qualifying school district or to the chief executive officer
25 apply to the school reform board, and the school reform board
26 immediately may exercise all the powers and duties otherwise
27 vested by law in the board of the qualifying school district and

1 in its secretary and treasurer, and all powers and duties of the
2 chief executive officer as provided under this part.

3 (4) Upon appointment of a chief executive officer for a
4 qualifying school district under section 374, all provisions of
5 this act that would otherwise apply to the elected school board
6 of the qualifying school district apply to the chief executive
7 officer; the chief executive officer immediately may exercise all
8 the powers and duties otherwise vested by law in the elected
9 school board of the qualifying school district and in its
10 secretary and treasurer, and all additional powers and duties
11 provided under this part; and the chief executive officer accedes
12 to all the rights, duties, and obligations of the elected school
13 board of the qualifying school district. These powers, rights,
14 duties, and obligations include, but are not limited to, all of
15 the following:

16 (a) Authority over the expenditure of all school district
17 funds, including proceeds from bonded indebtedness and other
18 funds dedicated to capital projects.

19 (b) Rights and obligations under collective bargaining
20 agreements and employment contracts entered into by the elected
21 school board, except for employment contracts of those employees
22 described in subsection (6).

23 (c) Rights to prosecute and defend litigation.

24 (d) Obligations under any judgments entered against the
25 elected school board.

26 (e) Rights and obligations under statute, rule, and common
27 law.

1 (f) Authority to delegate any of the chief executive
2 officer's powers and duties to 1 or more designees, with proper
3 supervision by the school reform board.

4 (5) In addition to his or her other powers, the chief
5 executive officer appointed under this part may terminate any
6 contract entered into by the elected school board of the
7 qualifying school district except for a collective bargaining
8 agreement. However, this subsection does not allow any
9 termination or diminishment of obligations to pay debt service on
10 legally authorized bonds. A contract terminated by a chief
11 executive officer under this subsection is void.

12 (6) Beginning on ~~the effective date of the amendatory act~~
13 ~~that added this part or~~ **March 26, 1999 or, if the qualifying**
14 **school district becomes a qualifying school district after March**
15 **26, 1999**, the date on which a school district becomes a
16 qualifying school district, and until appointment of a school
17 reform board for a qualifying school district under this part,
18 each employee of the qualifying school district whose position is
19 not covered by a collective bargaining agreement is employed at
20 the will of the mayor. Upon appointment of a school reform board
21 for a qualifying school district under this part, and until
22 appointment of a chief executive officer under section 374, each
23 employee of the qualifying school district whose position is not
24 covered by a collective bargaining agreement is employed at the
25 will of the school reform board. Upon appointment of a chief
26 executive officer for a qualifying school district under section
27 374, each employee of the qualifying school district whose

1 position is not covered by a collective bargaining agreement is
2 employed at the will of the chief executive officer.

3 (7) Not later than 90 days after the initial appointment of a
4 chief executive officer under this part, and at least annually
5 thereafter, the chief executive officer with the approval of the
6 school reform board shall develop and submit to the school
7 district accountability board created in section 376 a school
8 district improvement plan that includes at least detailed
9 academic, financial, capital, and operational goals and
10 benchmarks for improvement and a description of strategies to be
11 used to accomplish those goals and benchmarks. The plan also
12 shall include an assessment of available resources and
13 recommendations concerning additional resources or changes in
14 statute or rule, if any, needed to meet those goals and
15 benchmarks. The plan also shall include an evaluation of local
16 school governance issues, including criteria for establishing
17 building-level governance.

18 (8) A chief executive officer with the approval of the school
19 reform board for the qualifying school district shall submit an
20 annual report to the mayor, governor, school district
21 accountability board created in section 376, and legislature and
22 shall make the annual report available to the community in the
23 qualifying school district. The annual report shall contain at
24 least all of the following:

25 (a) A summary of the initiatives that have been implemented
26 to improve school quality in the qualifying school district.

27 (b) Measurements that may be useful in determining

1 improvements in school quality in the qualifying school
2 district. These measurements shall indicate changes from
3 baseline data from the school year before the appointment of the
4 school reform board, and shall include at least all of the
5 following:

6 (i) Standardized test scores of pupils.

7 (ii) Dropout rates.

8 (iii) Daily attendance figures.

9 (iv) Enrollment figures.

10 (v) High school completion and other pertinent completion
11 rates.

12 (vi) Changes made in course offerings.

13 (vii) Proportion of school district resources devoted to
14 direct educational services.

15 (c) A description of long-term performance goals that may
16 include statewide averages or comparable measures of long-term
17 improvement.

18 (9) A school reform board may organize and establish
19 community assistance teams to work with the school reform board
20 to implement a cohesive, full service community school program
21 addressing the needs and concerns of the qualifying school
22 district's population. The school reform board may delegate to a
23 community assistance team the authority to devise and implement
24 family, community, cultural, and recreational activities to
25 assure that the academic mission of the schools is successful.
26 The community assistance teams may also develop parental
27 involvement activities that focus on the encouragement of

1 voluntary parenting education, enhancing parent and family
2 involvement in education, and promoting adult and family
3 literacy.

4 (10) The mayor, superintendent of public instruction, state
5 board, school district accountability board created in
6 section 376, this state, the city in which a qualifying school
7 district is located, a school reform board established under this
8 part, or a chief executive officer or other officer appointed
9 under section 374 is not liable for any obligation of or claim
10 against a qualifying school district resulting from an action
11 taken under this part.

12 Sec. 375. (1) ~~After~~ **Except as otherwise provided in**
13 **subsection (2), effective on January 1 immediately following the**
14 expiration of 5 years after the initial appointment of a school
15 reform board in a qualifying school district under this part,
16 ~~the question of whether to retain the school reform board and~~
17 ~~the chief executive officer and the authority under this part to~~
18 ~~appoint the school reform board and the chief executive officer~~
19 ~~shall be placed on the ballot in the qualifying school district~~
20 ~~under this section.~~

21 ~~—— (2) The question under subsection (1) shall be placed on the~~
22 ~~ballot in the qualifying school district at the next November~~
23 ~~general election occurring at least 90 days after the expiration~~
24 ~~of 5 years after the date of the initial appointment of the~~
25 ~~school reform board.~~

26 ~~—— (3) The question under subsection (1) shall be in~~
27 ~~substantially the following form:~~

1 ~~—— "Shall the school reform board and chief executive officer~~
 2 ~~serving in _____ (name of qualifying school district)~~
 3 ~~under part 5a of the revised school code be retained and shall~~
 4 ~~the mayor of _____ (name of city in which the school~~
 5 ~~district is located) retain the authority to appoint members of~~
 6 ~~the school reform board? A vote in the affirmative continues the~~
 7 ~~school reform board and chief executive officer in place in the~~
 8 ~~school district and continues the authority of the mayor to~~
 9 ~~appoint members of the school reform board. A vote in the~~
 10 ~~negative will result in the election of a new elected school~~
 11 ~~board as the governing body of the school district and will~~
 12 ~~render the provisions of law establishing authority to appoint a~~
 13 ~~school reform board inapplicable for this school district.~~

14 ~~—— Yes (—)~~

15 ~~—— No (—)".~~

16 ~~—— (4) If the question under subsection (1) is approved by a~~
 17 ~~majority of the school electors voting on the question either~~
 18 ~~under subsection (1) or pursuant to subdivision (c), all of the~~
 19 ~~following apply:~~

20 ~~—— (a) The school reform board and chief executive officer~~
 21 ~~continue in place in the qualifying school district.~~

22 ~~—— (b) The authority of the mayor to appoint members of the~~
 23 ~~school reform board continues in the qualifying school district.~~

24 ~~—— (c) The question may not be placed on the ballot again in the~~
 25 ~~qualifying school district until the expiration of 5 years after~~
 26 ~~the election at which the question was approved. The question~~
 27 ~~may be placed on the ballot again in the qualifying school~~

~~1 district under this subdivision if petitions calling for the
2 question to be placed on the ballot are filed with the county
3 clerk for the county in which the qualifying school district is
4 located not sooner than 4 years after the question was most
5 recently on the ballot and if the petitions are signed by a
6 number of school electors of the qualifying school district at
7 least equal to 10% of the number of votes cast within the city in
8 which the qualifying school district is located for secretary of
9 state in the most recent November general election in which a
10 secretary of state was elected. If those petitions are submitted
11 and verified, the question shall be placed on the ballot in the
12 qualifying school district at the next November general election
13 occurring at least 5 years after the question was most recently
14 on the ballot and at least 90 days after the petitions are
15 submitted and verified.~~

~~16 — (5) If the question under subsection (1) is not approved by a
17 majority of the school electors voting on the question either
18 under subsection (1) or pursuant to subsection (4)(c), all of the
19 following apply:~~

~~20 — (a) The school reform board shall arrange with local
21 elections officials for election of a new elected school board
22 for the school district. This election shall be at a special
23 election held as soon as practicable, but not sooner than 90 days
24 after the election under subsection (1). This election shall be
25 conducted in the manner otherwise provided under this act for an
26 initial school board election in a newly formed first class
27 school district.~~

1 ~~—— (b) Effective on the next July 1 following the election under~~
2 ~~subdivision (a), the new elected school board of the qualifying~~
3 ~~school district shall serve as the governing body of the~~
4 ~~qualifying school district and this elected school board and its~~
5 ~~secretary and treasurer shall be fully vested with all powers and~~
6 ~~duties that those officials had before the appointment of the~~
7 ~~school reform board.~~

8 ~~—— (c) Effective on the next July 1 following the election under~~
9 ~~subdivision (a), the powers of the school reform board~~
10 ~~established for the qualifying school district under this part,~~
11 ~~of the chief executive officer, and of all other officers~~
12 ~~appointed under section 374 cease.~~

13 ~~—— (d) Effective on the next July 1 following the election under~~
14 ~~subdivision (a), the provisions of this part do not apply to that~~
15 ~~qualifying school district.— all of the following apply:~~

16 (a) The school board elected under section 412a shall serve
17 as the school board of the qualifying school district and that
18 school board and the chief executive officer appointed under
19 section 420 shall be fully vested with all powers and duties as
20 provided under this act.

21 (b) The powers of the school reform board established for the
22 qualifying school district under this part, of the chief
23 executive officer appointed under this part, and of all other
24 officers appointed under this part cease. This subdivision does
25 not prohibit the chief executive officer from serving as the
26 interim chief executive officer under section 420.

27 (c) The provisions of this part do not apply to that

1 qualifying school district.

2 (2) For a qualifying school district that has a school reform
3 board in place under this part as of December 1, 2003, all of the
4 following apply effective on January 1, 2005:

5 (a) The school board elected under section 412a shall serve
6 as the school board of the qualifying school district and that
7 school board and the chief executive officer appointed under
8 section 420 shall be fully vested with all powers and duties as
9 provided under this act.

10 (b) The powers of the school reform board established for the
11 qualifying school district under this part, of the chief
12 executive officer appointed under this part, and of all other
13 officers appointed under this part cease. This subdivision does
14 not prohibit the chief executive officer from serving as the
15 interim chief executive officer under section 420.

16 (c) The provisions of this part do not apply to that
17 qualifying school district.

18 Sec. 403a. (1) Effective January 1 ~~—, 1983—~~ immediately
19 following the expiration of 5 years after the date on which a
20 school district becomes a first class school district or, for a
21 first class school district ~~having a pupil membership of more~~
22 ~~than 100,000~~ that was organized as a first class school district
23 as of December 1, 2003, effective on January 1, 2005, a first
24 class school district shall have a board composed of ~~4 members~~
25 ~~elected as provided in section 411a, plus 7~~ 9 members elected,
26 or appointed to fill a vacancy, as provided in section 412a.

27 (2) The school board shall hold its first meeting on the

1 first Monday after January 1 of the year members elected under
2 section 412a take office or, for a school district organized as a
3 first class school district as of December 1, 2003, on the first
4 Monday after January 1, 2005. At the first meeting of the school
5 board, the school board may elect from among its members a
6 president, vice president, secretary, and other officers as it
7 considers necessary or appropriate. After the first election of
8 school board officers, the school board shall elect its officers
9 in January of each odd numbered year.

10 (3) A majority of the members of the school board constitute
11 a quorum for the transaction of business at a meeting of the
12 school board. A majority of the members elected and serving are
13 required for official action of the school board.

14 Sec. 404b. (1) ~~Upon the effective date of this section~~
15 ~~with respect to an existing first class school district, or~~
16 ~~immediately~~ **Immediately** following the date on which a school
17 district becomes a first class school district, ~~7~~ **the board of**
18 **the school district shall establish 9** voting districts ~~shall be~~
19 ~~established~~ within its boundaries in the manner provided in this
20 section. **For a school district organized as a first class school**
21 **district as of December 1, 2003, the mayor of the city with the**
22 **greatest population located within the boundaries of the school**
23 **district shall establish 9 voting districts within the school**
24 **district boundaries in the manner provided in this section not**
25 **later than May 1, 2004. The voting districts described in this**
26 **section shall be established as voting districts** ~~if and when~~
27 ~~approved~~ **upon approval by** ~~the state board~~ **resolution adopted**

1 by the legislature.

2 (2) ~~A board~~ **The chief executive officer** of a first class
3 school district shall ~~determine~~ **redetermine** the boundary lines
4 of its voting districts ~~and shall redetermine the boundary~~
5 ~~lines~~ after each federal decennial census, but in no event later
6 than April 15 of the first year in which board members are to be
7 elected following the official release of the federal decennial
8 census figures. If the ~~board~~ **chief executive officer** of a
9 first class school district fails to redetermine the voting
10 district boundary lines by that April 15, the state board shall
11 convene within 10 days to make the redetermination. The
12 redetermination of the state board shall be the voting district
13 boundary lines until the redetermination is made following the
14 next succeeding federal decennial census as provided in this
15 section.

16 (3) Voting districts **established under this section** shall be
17 compact, contiguous, and as equal as possible in population.

18 Sec. 412a. (1) ~~In the November, 1982 election and every 4~~
19 ~~years after 1982, 7~~ **Nine** members of the board of a first class
20 school district shall be elected by voting districts. Each
21 member shall represent a voting district described in section
22 404b. **The following provisions apply to the terms, nomination,**
23 **and election of the members elected from voting districts of the**
24 **school board of a school district organized as a first class**
25 **school district as of December 1, 2003:**

26 (a) **The 9 members initially elected under this subsection**
27 **shall be elected by the registered school electors of each voting**

1 district at the November 2004 general election to be held in the
2 city in which the first class school district is located. These
3 initial elected members shall serve for terms expiring December
4 31, 2008. After this initial election, the members elected under
5 this subsection shall be elected for a term of 4 years at the
6 general election held in November 2008 and at the November
7 general election every 4 years after 2008.

8 **(b)** ~~-(2) The members~~ **Each candidate** shall be nominated ~~and~~
9 ~~elected~~ by the registered school electors of each voting
10 district ~~in the manner provided by law for the nomination and~~
11 ~~election of the first class school board members elected at~~
12 ~~large, except that the number of signatures required on~~
13 ~~nominating petitions of a candidate for election as a~~
14 ~~representative of a voting district shall be not less than 250 or~~
15 ~~more than 500~~ at the August 2004 primary election held in the
16 city in which the first class school district is located. The
17 nominating petitions shall contain not fewer than 250 or more
18 than 500 signatures of registered school electors of the voting
19 district; shall meet the requirements of section 544c of the
20 Michigan election law, 1954 PA 116, MCL 168.544c; and shall be
21 filed with the clerk of the city in which the first class school
22 district is located on or before 4 p.m. of the twelfth Tuesday
23 before the primary election. The city clerk may compare the
24 signatures on the petitions with the signatures appearing on the
25 registration records, or in some other proper manner determine
26 whether the signatures appearing on the petition are genuine and
27 comply with the requirements of this section. With the

1 petitions, a candidate shall file an affidavit as provided in
2 section 558 of the Michigan election law, 1954 PA 116, MCL
3 168.558. The clerk of the city shall notify the county clerk of
4 the name and address of each candidate not later than 3 days
5 after the last day for candidate withdrawal. However, if the
6 third day is a Saturday, Sunday, or legal holiday, the notice may
7 be made on the next day that is not a Saturday, Sunday, or legal
8 holiday. A signature on a nominating petition is not valid unless
9 the petitioner is a registered school elector of the voting
10 district in which the candidate is running for election. Not
11 more than 2 candidates shall be nominated at the primary election
12 for each voting district.

13 (2) ~~(3)~~ Candidates for election under this section after
14 the initial election under subsection (1) or (6) shall be
15 nominated at a primary held in conjunction with the preceding
16 primary election conducted pursuant to section 534 of the
17 Michigan election law, ~~Act No. 116 of the Public Acts of 1954,~~
18 ~~as amended, being section 168.534 of the Michigan Compiled Laws~~
19 **1954 PA 116, MCL 168.534.** Nominating petitions shall meet the
20 requirements of section 544c of ~~Act No. 116 of the Public Acts~~
21 ~~of 1954, as amended, being section 168.544c of the Michigan~~
22 ~~Compiled Laws~~ **the Michigan election law, 1954 PA 116, MCL**
23 **168.544c**, and shall be filed with the clerk of the city in which
24 the first class school district is located on or before 4 p.m. of
25 the twelfth Tuesday preceding the primary election. The city
26 clerk may compare the signatures on the petitions with the
27 signatures appearing on the registration records, or in some

1 other proper manner determine whether the signatures appearing on
2 the petitions are genuine and comply with the requirements of
3 this section. With the petitions, a candidate shall file an
4 affidavit as provided in section 558 of ~~Act No. 116 of the~~
5 ~~Public Acts of 1954, being section 168.558 of the Michigan~~
6 ~~Compiled Laws~~ **the Michigan election law, 1954 PA 116, MCL**
7 **168.558. A signature on a nominating petition is not valid**
8 **unless the petitioner is a registered school elector of the**
9 **voting district in which the candidate is running for election.**
10 **Not more than 2 candidates shall be nominated at the primary**
11 **election for each voting district.**

12 (3) ~~(4)~~ The ~~7~~ 9 board members elected to represent the
13 voting districts shall commence their terms of office on January
14 1 following the election.

15 (4) ~~(5)~~ A candidate for the office of board member
16 representing a voting district or a person appointed to fill a
17 vacancy pursuant to subsection ~~(6)~~ (5) shall be 18 years of age
18 or older at the time of his or her election or appointment and
19 shall be a registered school elector residing in the voting
20 district in which the person becomes a candidate or which the
21 person is appointed to represent. If a voting district member's
22 residence is moved from the voting district during the voting
23 district member's term of office, this constitutes a vacating of
24 office.

25 (5) ~~(6)~~ If a vacancy occurs on the first class school
26 district board from among the voting district members, the
27 vacancy shall be filled from among registered school electors of

1 the voting district by majority vote of the remaining first class
2 school district board members. If a person is appointed to fill
3 a vacancy in a voting district for which the unexpired term is
4 more than 1 year and 8 months, that person shall serve until
5 January 1 following the next general election. At that next
6 general election the vacancy shall be filled for the unexpired
7 term. A vacancy shall not be filled later than 60 days before a
8 primary election at which voting district board members are to be
9 nominated.

10 (6) For a school district that becomes a first class school
11 district after December 1, 2003, the 9 members elected from
12 voting districts under this section shall be elected in the
13 manner provided under this section at the next November general
14 election occurring at least 180 days after the school district
15 becomes a first class school district in the city in which a
16 majority of the school district is located. Candidates shall be
17 nominated in the manner provided under this section at the August
18 primary election occurring in that city before the general
19 election.

20 (7) A member of a first class school district board shall not
21 hold or be a candidate for any other elective office during the
22 period of his or her service or for a period of 1 year after he
23 or she ceases to be a member of the board.

24 Sec. 413a. The ~~city~~ clerk of the city, village, or
25 township with the greatest population as of the most recent
26 decennial census located within the boundaries of a first class
27 school district, within the time specified for serving notices

1 upon officials elected at a city election, shall serve notice of
2 election upon each member of the first class school district
3 board elected at the election.

4 Sec. 414a. If a person **elected under section 412a** fails to
5 take the oath of office within 10 days after service of notice of
6 election, the vacancy shall be filled pursuant to section
7 ~~411a(5)~~ **412a(5)**.

8 Sec. 415. (1) The first class school district board, by a
9 vote of 2/3 of the members serving, may expel or remove from
10 office a member for corrupt or ~~wilful~~ **willful** malfeasance or
11 misfeasance in office, or for ~~wilful~~ **willful** neglect of the
12 duties of the member's office. The reason for the expulsion or
13 removal shall be entered on the records of the board with the
14 names and votes of the members voting on the question.

15 (2) A member shall not be expelled or removed unless the
16 member is first furnished with a written copy of the charges and
17 is allowed to be heard in his or her defense, with aid of
18 counsel.

19 (3) For this purpose the board shall have power to issue
20 subpoenas to compel the attendance of witnesses and the
21 production of papers, and shall proceed within 10 days after
22 service of a copy of the charge to hear and determine the merits
23 of the case.

24 (4) The member's failure to appear may be good cause for
25 removal from office.

26 Sec. 416. (1) The officers of the first class school
27 district board shall be a president, vice-president, **and**

1 secretary. ~~, and treasurer. The board, a majority of which~~
 2 ~~shall constitute a quorum, shall elect its president and~~
 3 ~~vice-president biennially from among the members of the board.~~
 4 In case of a vacancy in the office of president **of a first class**
 5 **school district board**, the vice-president shall succeed to the
 6 office of president for the balance of the unexpired term. ~~The~~
 7 ~~secretary and treasurer shall be appointed by the board but shall~~
 8 ~~not be members of the board and shall receive a salary fixed by~~
 9 ~~the board.~~

10 (2) The president, vice-president, and secretary shall
 11 perform the duties prescribed by the bylaws and regulations of
 12 the board. ~~The duties of the treasurer shall be determined by~~
 13 ~~the school district general superintendent, as approved by the~~
 14 ~~board.~~

15 (3) The officers of the board **and of the first class school**
 16 **district** who in the discharge of the duties of their respective
 17 positions handle funds belonging to the first class school
 18 district shall be required to give bonds for the faithful
 19 performance of their duties in accordance with the bylaws and
 20 regulations of the board. The premium of the bonds shall be paid
 21 from the funds of the board.

22 (4) The ~~school district treasurer~~ **chief financial officer**
 23 **or other officer of the first class school district designated by**
 24 **the chief executive officer** shall have the custody of all money
 25 belonging to the school district and shall pay out money pursuant
 26 to ~~section 433~~ **this act**. The funds shall be deposited with
 27 depositories selected by the ~~board~~ **chief executive officer or**

1 **his or her designee**, and the interest derived shall be paid into
2 the general fund of the ~~board~~ **school district**.

3 ~~(5) The board shall require from the school district~~
4 ~~treasurer a separate bond of not less than \$200,000.00 to protect~~
5 ~~the funds of the board.~~

6 Sec. 417a. (1) A member of the first class school district
7 board shall not be directly or indirectly interested in a
8 contract with the board. Except for the per diem allowance
9 provided in subsection (2), a member of the first class school
10 district board shall not receive compensation for services
11 rendered to the board.

12 (2) Each first class school district board member shall be
13 paid a per diem allowance of \$30.00 for each board meeting and
14 subcommittee meeting attended and each authorized duty
15 performed. To be reimbursed for an authorized duty, the duty
16 shall be related directly to the member's responsibility as a
17 board member and shall be authorized in advance by resolution of
18 the board. Compensation shall be provided to a board member for
19 an authorized duty only if that duty and the authority of the
20 board member to perform that duty is specifically enumerated in
21 the resolution authorizing compensation. The payments for
22 meetings, subcommittee meetings, and authorized duties shall not
23 exceed a total of 52 meetings, subcommittee meetings, and
24 authorized duties per year. ~~unless the majority of the board~~
25 ~~votes to remove this limitation.~~

26 Sec. 418a. (1) Regular meetings of the first class school
27 district board shall be held at least once each month, at a time

1 and place fixed by the bylaws. Not less than 7 of the regular
2 meetings shall be held in different voting districts of the first
3 class school district each year. The bylaws may provide for the
4 calling of special meetings.

5 (2) The proceedings and official actions of the first class
6 school district board shall be a public record open to inspection
7 pursuant to section 1202.

8 (3) The ~~board~~ **chief executive officer** shall have made a
9 complete **independent** annual audit of ~~its~~ **the school district's**
10 financial transactions. The ~~board may~~ **chief executive officer**
11 **shall** employ a firm of certified public accountants to make the
12 audit. ~~or, if the city within which the school district is~~
13 ~~located has an auditor whose duties are limited to postauditing~~
14 ~~of finances and investigation of operations, the board may~~
15 ~~arrange for the city's auditor to make the audit.~~ The audit
16 report shall be made to the **chief executive officer and the board**
17 and shall be a public record. The ~~board~~ **chief executive**
18 **officer** may publish the audit report adding to it general school
19 statistics or it may publish general school statistics
20 separately.

21 ~~(4) Every action of the first class school district board~~
22 ~~creating a liability or debt or originating the disposal or~~
23 ~~expenditure of property or money shall be by yea and nay vote~~
24 ~~entered upon its record.~~

25 **Sec. 420. (1) For a school district organized as a first**
26 **class school district as of December 1, 2003, the mayor shall**
27 **appoint a chief executive officer under this section not later**

1 than January 31, 2005. For a school district that becomes a
2 first class school district after December 1, 2003, the mayor
3 shall appoint a chief executive officer under this section not
4 later than 30 days after the school district becomes a first
5 class school district. A chief executive officer appointed under
6 this section is employed at the will of the mayor. Appointment
7 of a chief executive officer under this section is subject to
8 section 421.

9 (2) Beginning on January 1 following the expiration of 5
10 years after the date a school district becomes a first class
11 school district or, for a school district organized as a first
12 class school district as of December 1, 2003, beginning on
13 January 1, 2005, and until appointment of a chief executive
14 officer for a first class school district under this section, the
15 person who was serving as chief executive officer of the school
16 district under part 5a immediately before the school board takes
17 office under section 412a shall act as the interim chief
18 executive officer of the first class school district under this
19 part. All provisions of this act that would otherwise apply to
20 the chief executive officer of the first class school district
21 apply to the interim chief executive officer, and he or she may
22 exercise all the powers and duties otherwise vested by law in the
23 chief executive officer of the first class school district until
24 a permanent chief executive officer is appointed for the school
25 district under this section.

26 (3) Upon appointment of a chief executive officer for a first
27 class school district under this section, except for the school

1 board's powers under subsection (9), the chief executive officer
2 immediately may exercise all the powers and duties vested by law
3 in the chief executive officer or the school board under this act
4 and all additional powers and duties provided under this part;
5 and the chief executive officer accedes to all the rights,
6 duties, and obligations of an elected school board of a first
7 class school district. Subject to section 421, these powers,
8 rights, duties, and obligations include, but are not limited to,
9 all of the following:

10 (a) Authority over the expenditure of all school district
11 funds, including proceeds from bonded indebtedness and other
12 funds dedicated to capital projects.

13 (b) Rights and obligations under collective bargaining
14 agreements and employment contracts entered into by the previous
15 school board or by a previous chief executive officer.

16 (c) Rights to prosecute and defend litigation.

17 (d) Obligations under any judgments entered against the
18 school district.

19 (e) Rights and obligations under statute, rule, and common
20 law.

21 (f) Authority to delegate any of the chief executive
22 officer's powers and duties to 1 or more designees.

23 (g) All other rights, duties, and obligations provided under
24 this part for the chief executive officer or provided under this
25 act or other state law for a school board except for those school
26 board powers listed in subsection (10).

27 (4) In addition to his or her other powers, the chief

1 executive officer appointed under this part may terminate any
2 contract entered into by a previous school board of the school
3 district except for a collective bargaining agreement. However,
4 this subsection does not allow any termination or diminishment of
5 obligations to pay debt service on legally authorized bonds. A
6 contract terminated by a chief executive officer under this
7 subsection is void.

8 (5) Upon appointment of a chief executive officer for a first
9 class school district under this section, each employee of the
10 qualifying school district whose position is not covered by a
11 collective bargaining agreement is employed at the will of the
12 chief executive officer.

13 (6) The chief executive officer shall appoint for the first
14 class school district a chief financial officer, chief academic
15 officer, chief operations officer, and chief purchasing officer.
16 Appointment of a chief financial officer under this section is
17 subject to section 421. These officers are employed at the will
18 of the chief executive officer.

19 (7) Not later than 90 days after the initial appointment of a
20 chief executive officer under this section, and at least annually
21 thereafter, the chief executive officer shall develop and submit
22 to the mayor, school board, and department a school district
23 improvement plan that includes at least detailed academic,
24 financial, capital, and operational goals and benchmarks for
25 improvement and a description of strategies to be used to
26 accomplish those goals and benchmarks. The plan also shall
27 include an assessment of available resources and recommendations

1 concerning additional resources or changes in statute or rule, if
2 any, needed to meet those goals and benchmarks. The plan also
3 shall include an evaluation of local school governance issues,
4 including criteria for establishing building-level governance.

5 (8) The chief executive officer shall submit an annual report
6 to the mayor, school board, governor, and legislature and shall
7 make the annual report available to the community in the first
8 class school district. The annual report shall contain at least
9 all of the following:

10 (a) A summary of the initiatives that have been implemented
11 to improve school quality in the first class school district.

12 (b) Measurements that may be useful in determining
13 improvements in school quality in the first class school
14 district. These measurements shall indicate changes from
15 baseline data from the school year before the appointment of the
16 chief executive officer, and shall include at least all of the
17 following:

18 (i) Standardized test scores of pupils.

19 (ii) Dropout rates.

20 (iii) Daily attendance figures.

21 (iv) Enrollment figures.

22 (v) High school completion and other pertinent completion
23 rates.

24 (vi) Changes made in course offerings.

25 (vii) Proportion of school district resources devoted to
26 direct educational services.

27 (c) A description of long-term performance goals that may

1 include statewide averages or comparable measures of long-term
2 improvement.

3 (9) The chief executive officer shall submit a monthly
4 report, which shall be a public record, to the school board of
5 the first class school district and shall make the monthly report
6 available to the community in the first class school district.
7 The monthly report shall contain at least all of the following:

8 (a) A summary of the initiatives that have been implemented
9 to improve school quality in the first class school district.

10 (b) Daily attendance figures.

11 (c) Enrollment figures.

12 (d) Dropout rates.

13 (e) A description of steps taken to implement the chief
14 executive officer's school district improvement plan.

15 (f) A description of the progress made toward achieving the
16 goals and benchmarks set forth in the chief executive officer's
17 school district improvement plan.

18 (g) A description of progress made toward achieving the
19 long-term performance goals set forth in the annual report under
20 subsection (8).

21 (h) A copy of any and all completed financial audits
22 authorized by the school district.

23 (i) A complete summary of any and all financial audits in the
24 process of being conducted by the school district.

25 (10) The school board of a first class school district may do
26 all of the following:

27 (a) Monitor pupil performance and serve in an advisory role

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1 to the chief executive officer and the mayor regarding pupil
2 performance and other issues.

3 (b) Review the first class school district's budget, annual
4 financial audits, and all contracts entered into by the chief
5 executive officer.

6 (c) Provide the mayor with an annual evaluation of the
7 performance of the chief executive officer.

8 (d) Form committees as the board considers necessary or
9 desirable to fulfill its functions.

10 (e) Organize and establish community assistance teams to work
11 with the school board to implement a cohesive, full service
12 community school program addressing the needs and concerns of the
13 school district's population. The school board may delegate to a
14 community assistance team the authority to devise and implement
15 family, community, cultural, and recreational activities to
16 [promote the academic mission of the schools.]

17 The community assistance teams may also develop parental
18 involvement activities that focus on the encouragement of
19 voluntary parenting education, enhancing parent and family
20 involvement in education, and promoting adult and family
21 literacy.

22 (11) As used in this section and section 421, "mayor" means
23 the mayor of the city with the greatest population as of the most
24 recent decennial census located within the boundaries of a first
25 class school district.

26 Sec. 421. (1) The mayor shall not appoint a person as chief
27 executive officer under section 420 and the chief executive

1 officer shall not appoint a person as chief financial officer if
2 the person at the time of appointment has a pecuniary interest in
3 a contract to which the first class school district is a party,
4 or in a subcontract under such a contract, other than an
5 employment contract.

6 (2) The chief executive officer shall ensure that the first
7 class school district does not award a contract, and that a
8 subcontract is not awarded under a contract with the first class
9 school district, to the mayor, the chief executive officer, the
10 chief financial officer, or a first class school board member, or
11 to the mayor's, chief executive officer's, chief financial
12 officer's, or board member's spouse or spouse's sibling or child,
13 sibling or sibling's spouse or child, child or child's spouse, or
14 parent or parent's sibling or spouse.

15 (3) The mayor, chief executive officer, chief financial
16 officer, or a first class school board member shall not have a
17 direct or indirect pecuniary interest in any contract with the
18 first class school district that causes a substantial conflict of
19 interest. As used in this subsection, "substantial conflict of
20 interest" means that the pecuniary interest is of such substance
21 as to induce action on the person's part to promote the contract
22 for his or her own personal benefit. The following situations
23 are not considered a substantial conflict of interest:

24 (a) A contract between the first class school district and
25 any of the following:

26 (i) A corporation in which the person is a stockholder owning
27 1% or less of the total stock outstanding in any class if the

1 stock is not listed on a stock exchange or the stock has a
2 present market value of \$25,000.00 or less if the stock is listed
3 on a stock exchange.

4 (ii) A corporation in which a trust, in which the person is a
5 beneficiary under the trust, owns 1% or less of the total stock
6 outstanding in any class if the stock is not listed on a stock
7 exchange or the stock has a present market value of \$25,000.00 or
8 less if the stock is listed on a stock exchange.

9 (iii) A professional limited liability company organized
10 pursuant to the Michigan limited liability company act, 1993 PA
11 23, MCL 450.4101 to 450.5200, if the person is an employee but
12 not a member of the company.

13 (b) A contract between the first class school district and
14 any of the following:

15 (i) A corporation in which the person is a stockholder owning
16 more than 1% of the total stock outstanding in any class if the
17 stock is not listed on a stock exchange or the stock has a
18 present market value in excess of \$25,000.00 if the stock is
19 listed on a stock exchange or a director, officer, or employee.

20 (ii) A firm, partnership, or other unincorporated
21 association, in which the person is a partner, member, or
22 employee.

23 (iii) A corporation or firm that has an indebtedness owed to
24 the person.

25 (c) A contract between the first class school district and
26 this state or a political subdivision of this state.

27 (d) A contract awarded to the lowest qualified bidder, upon

1 receipt of sealed bids pursuant to a published notice for bids if
2 the notice does not bar, except as authorized by law, any
3 qualified person, firm, corporation, or trust from bidding. This
4 subdivision does not apply to amendments or renegotiations of a
5 contract or to additional payments under the contract which were
6 not authorized by the contract at the time of award.

7 (e) A contract for public utility services where the rates
8 for the services are regulated by this state or the federal
9 government.

10 Sec. 422. When territory comprising an entire school
11 district is annexed to the city and becomes a part of the city
12 school district, part 10 shall govern where applicable with
13 respect to the bonded indebtedness of either district existing at
14 the time of annexation. The **chief executive officer of the** first
15 class school district ~~board~~ may use any funds legally available
16 to retire the bonded indebtedness of the annexed district.

17 Sec. 424. When school property belonging to another school
18 district is taken by annexation by a first class school district,
19 a determination shall be made of the equitable amount that shall
20 be paid by the first class school district. That determination
21 shall be made by the ~~boards of the 2 districts~~ **chief executive**
22 **officer of the first class school district and the board of the**
23 **other school district** affected. If the ~~board~~ **chief executive**
24 **officer** of the first class school district and the board of the
25 school district from which the property is taken are unable to
26 agree, the matter shall be submitted to a board of arbitration
27 consisting of 1 member appointed by ~~each board~~ **the chief**

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1 **executive officer of the first class school district and the**
2 **board of the other school district** and a third member to be
3 selected by the 2 appointed members. The arbitrators by order
4 shall fix a day for hearing and give notice of the hearing as
5 provided in the order. They shall make regulations for the
6 proceedings and shall make a final order determining the amount
7 to be paid by the first class school district to the school
8 district whose property was taken by the annexation and file the
9 order with the county clerk. The order of the arbitrators shall
10 be final. Taxes shall be levied and collected in the manner
11 provided in the order.

12 Sec. 431a. (1) The **chief executive officer of the** first
13 class school district ~~board~~ may take, use, hold, lease, sell,
14 and convey real and personal property, including property
15 received by gift, devise, or bequest, for the use of the public
16 school within and without its corporate limits. Proceeds from
17 the sale of real property shall be credited to accounts of the
18 school district as provided in section 1262. The **chief executive**
19 **officer of the** first class school district ~~board~~ shall have the
20 power to purchase, lease, and take by the right of eminent domain
21 all property; erect and maintain or lease all buildings; employ
22 and pay all persons; and do all other things in ~~its~~ **his or her**
23 judgment necessary for the proper establishment and management of
24 the public schools.

25 (2) The first class school district board ~~shall~~ **may** adopt
26 and revise as appropriate bylaws and regulations for [~~its own~~
27 **government conducting the business of the board**]. ~~and for the control~~
~~and government of all schools,~~

1 ~~school property, and pupils in the first class school district.~~

2 (3) If property is sought to be taken by eminent domain,
3 proceedings may be brought under ~~Act No. 149 of the Public Acts~~
4 ~~of 1911, as amended, being sections 213.21 to 213.41 of the~~
5 ~~Michigan Compiled Laws, or Act No. 87 of the Public Acts of~~
6 ~~1980, as amended, being sections 213.51 to 213.77 of the Michigan~~
7 ~~Compiled Laws~~ **1911 PA 149, MCL 213.21 to 213.25, or the uniform**
8 **condemnation procedures act, 1980 PA 87, MCL 213.51 to 213.75.**

9 Sec. 432. (1) The **chief executive officer of the** first
10 class school district ~~board~~ annually shall prepare estimates of
11 the amount of taxes necessary for its needs for the ensuing
12 fiscal year. The estimates shall specify the amount required for
13 the "general fund", the amount required for the "building and
14 site fund", and the amount required for the "debt retirement
15 fund". If the ~~board~~ **chief executive officer** causes the
16 appropriation for the "building and site fund" to be raised by
17 the issuance of bonds instead of raising the appropriation by
18 taxation, provision shall be made for the retirement of the bonds
19 in a debt retirement fund.

20 (2) The ~~board~~ **chief executive officer of the first class**
21 **school district** shall adopt a budget in the same manner and form
22 as required for its estimates and determine the amount of tax
23 levy necessary for that budget and shall certify on or before the
24 date required by law the amount to the city.

25 (3) The proper officials of the city shall apportion the
26 school taxes in the same manner as the other taxes of the city
27 are apportioned, and the amount apportioned shall be assessed,

1 levied, collected, and returned for the school district in the
2 same manner as taxes of the city. The tax levied by the ~~board~~
3 **school district**, in the discretion of the legislative body of the
4 city, may be stated separately on each tax bill.

5 Sec. 433. (1) The ~~secretary~~ **chief executive officer** of
6 the first class school district, ~~board~~ **or his or her designee**,
7 shall issue and sign a warrant upon the ~~treasurer~~ **chief**
8 **financial officer** for payrolls, bills, and accounts ~~which~~ **that**
9 become due and payable under a contract or because of a previous
10 authorization or action of the board after the payrolls, bills,
11 and accounts are registered and charged to the appropriations
12 from which they are payable. The ~~treasurer~~ **chief financial**
13 **officer**, upon receipt of the warrant, shall issue a check in
14 payment thereof.

15 (2) Other claims and demands against the ~~board~~ **first class**
16 **school district** shall be made under the regulations of the
17 ~~board~~ **chief executive officer**. The ~~board~~ **chief executive**
18 **officer**, before paying a bill, account, or claim, may require
19 that it be accompanied by a certificate of the person rendering
20 it that the services or the property charged have been actually
21 performed or delivered for the ~~board~~ **school district**, that the
22 sums charged are reasonable and just, and that to the best of
23 that person's knowledge and belief no setoff exists nor payment
24 has been made on account ~~thereof~~ except as included or referred
25 to in the account presented. A similar certificate shall be
26 required on all payrolls, the certificate to be made by the
27 person who supervises the services charged.

1 Sec. 434. (1) Before a contract entered into by the **chief**
2 **executive officer of the** first class school district ~~board~~ for
3 the purchase of real estate or the erection, remodeling, or
4 repairing of a building is binding on the ~~board~~ **school**
5 **district**, the ~~secretary~~ **chief executive officer** shall endorse
6 on the contract that the money proposed to be expended under the
7 contract is actually in the treasury or that the money has been
8 appropriated. A contract submitted shall not be certified by the
9 ~~secretary~~ **chief executive officer** until all contracts for the
10 completed work covered by the appropriation are submitted, and a
11 warrant shall not be drawn on the account of a contract not
12 containing the certificate.

13 (2) The ~~board~~ **chief executive officer of the first class**
14 **school district** may authorize a contract before the money is
15 available if an appropriation or an authorization of bonds or
16 notes is made for the contract and may borrow on the best terms
17 obtainable on the credit of that appropriation or authorization
18 of bonds or notes sums necessary to make a payment under the
19 contract.

20 Sec. 441. The **chief executive officer of the** first class
21 school district, ~~board~~, with the consent of the legislative
22 body of the city, may authorize its ~~financial officers~~ **chief**
23 **financial officer** to borrow for not more than 1 year, on the best
24 terms obtainable, sums necessary to pay awards in condemnation
25 proceedings.

26 Sec. 442. (1) The **chief executive officer of the** first
27 class school district ~~board~~ may do ~~all~~ **any** of the following:

1 (a) Borrow, subject to the revised municipal finance act,
2 2001 PA 34, MCL 141.2101 to 141.2821, for temporary school
3 purposes sums of money and give notes of the district for
4 temporary school purposes.

5 (b) Borrow, subject to the revised municipal finance act,
6 2001 PA 34, MCL 141.2101 to 141.2821, sums of money for the
7 purpose of purchasing sites for buildings, playgrounds, or
8 athletic fields and purchasing or erecting and equipping a
9 building or making a permanent improvement that ~~it~~ **the school**
10 **district** is authorized to make. The ~~board~~ **chief executive**
11 **officer** may accomplish this by the issuance and sale of bonds of
12 the school district on terms the ~~board~~ **chief executive officer**
13 considers advisable, or by other reasonable means. The ~~board~~
14 **chief executive officer** shall designate officers to execute the
15 bonds on behalf of the school district. The designated officers
16 may include the chief ~~fiscal~~ **financial** officer.

17 (2) A loan shall not be made, except as otherwise provided in
18 this subsection, for a sum that, together with the total
19 outstanding bonded indebtedness of the school district, exceeds
20 5% of the state equalized valuation of the taxable property
21 within the **school** district, unless the proposition of making the
22 loans or of issuing bonds is submitted to a vote of the school
23 electors of the **school** district at a general or special school
24 election and approved by the majority of the school electors
25 voting on the question. Regardless of the amount of outstanding
26 bonded indebtedness of the school district, a vote of the school
27 electors is not necessary in order to issue bonds for a purpose

1 described in section 1274a. Loans may be made or bonds may be
2 issued for the purposes stated in this section in an amount equal
3 to that provided by part 17.

4 Sec. 443. (1) Proceeds from the sale of **first class** school
5 district bonds may be expended for the remodeling of existing
6 buildings of the **school** district if the ~~board~~ **chief executive**
7 **officer** determines the remodeling will contribute positively to
8 the health, security, or welfare of the pupils of the school
9 district and if the uses are approved by the superintendent of
10 public instruction.

11 (2) As used in this section, "remodeling" means the
12 alteration or construction of structural components of a building
13 including walls, roofs, partitions, hallways, stairways, or means
14 of egress, or the replacement, relocation, or reconstruction of
15 heating, ventilating, incineration, electrical, security, or
16 sanitary systems.

17 Sec. 445. (1) The **chief executive officer of the** first
18 class school district ~~board by resolution~~ may submit the
19 proposition of issuing bonds for the purpose of purchasing sites
20 for buildings, playgrounds, or athletic fields and purchasing or
21 erecting and equipping a building or making permanent
22 improvements that ~~it~~ **the school district** is authorized to make
23 to the school electors of the school district at a city ~~—~~ **or**
24 state **election**, or **at a** special election called for that
25 purpose.

26 (2) If a majority of the school electors voting on the
27 question approve the issuance of bonds, the ~~board~~ **chief**

1 **executive officer** may issue the bonds of the district.

2 (3) The ~~board~~ **chief executive officer** shall determine the
3 form of the bonds, the manner in which they shall be executed by
4 the president and secretary of the district, the sums payable and
5 the times of payment, and other terms and conditions the ~~board~~
6 **chief executive officer** considers necessary.

7 (4) If the ~~board~~ **chief executive officer** determines to
8 issue bonds under this section, sections 432 and 444 shall not
9 apply to the issuance of the bonds and the bonds may be issued in
10 an amount equal to that provided by part 17.

11 (5) The ~~secretary of the board~~ **chief executive officer**
12 shall file with the city clerk a written notice of the ~~adoption~~
13 ~~of the resolution~~ **decision to submit the bonding proposition to**
14 **the school electors** with a draft of the form of the bonding
15 proposition to be submitted. ~~to the school electors of the~~
16 ~~school district.~~ The notice shall be under the seal of the
17 ~~board~~ **chief executive officer** and filed with the city clerk at
18 least 60 days before the date fixed by the ~~board~~ **chief**
19 **executive officer** for the election.

20 (6) The laws of this state pertaining to elections in a city
21 shall govern the practicable submission of the proposition to the
22 school electors. Electors qualified to vote on the bonding
23 proposition shall be registered school electors of the city in
24 which the first class school district is located and otherwise
25 qualified to vote on bonding propositions under the constitution
26 and laws of this state.

27 (7) Bonds issued under this act are subject to the revised

1 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

2 Sec. 449. ~~All~~ **For a school district that becomes a first**
3 **class school district after December 1, 2003, all powers and**
4 duties of the school board of the first class school district and
5 of its officers are subject to part 5a **until January 1 following**
6 **the expiration of 5 years after the date the school district**
7 **becomes a first class school district. For a school district**
8 **organized as a first class school district as of December 1,**
9 **2003, all powers and duties of its school board and of its**
10 **officers are subject to part 5a until January 1, 2005.**

11 Sec. 451. (1) The ~~board~~ **chief executive officer** of a
12 first class school district having boundaries coterminous with
13 those of a city ~~which~~ **that** imposes a city income tax by
14 ordinance adopted pursuant to ~~Act No. 284 of the Public Acts of~~
15 ~~1964, as amended, being sections 141.501 to 141.787 of the~~
16 ~~Michigan Compiled Laws, by resolution adopted by a majority of~~
17 ~~its members elected and serving, may~~ **the city income tax act,**
18 **1964 PA 284, MCL 141.501 to 141.787, may issue an order to adopt,**
19 **levy, assess, and collect an excise tax, upon income received,**
20 **earned, or otherwise acquired by corporations and resident**
21 **individuals. An excise tax adopted shall not exceed 50% of the**
22 **liability of the corporation or resident individual for a 2%**
23 **income tax imposed by the city with coterminous boundaries. ~~nor~~**
24 ~~the amount necessary, when added to the allocated and voted~~
25 ~~millage ad valorem tax, to qualify for maximum membership aid~~
26 ~~under sections 21 and 22 of Act No. 258 of the Public Acts of~~
27 ~~1972, as amended, being sections 388.1121 and 388.1122 of the~~

1 ~~Michigan Compiled Laws. The board of a first class district~~
2 ~~authorized by law to levy at least 24.76 mills ad valorem tax for~~
3 ~~the operation costs of a district shall not levy an excise tax on~~
4 ~~income. As used in this subsection, "operation costs" shall not~~
5 ~~include moneys expended for school sites, school building~~
6 ~~construction, equipment, payment of bonds, or other purposes not~~
7 ~~properly included in operation costs as determined by the state~~
8 ~~board.~~

9 (2) The ~~resolution~~ **excise tax** shall continue in effect
10 until rescinded by a subsequent ~~resolution~~ **order of the chief**
11 **executive officer**. A tax imposed pursuant to this section may
12 not be rescinded or the rate ~~thereof~~ **of the tax** reduced if
13 there are outstanding obligations for which the tax is pledged.

14 (3) The ~~resolution~~ **order of the chief executive officer**
15 shall provide that taxpayers subject to the tax imposed by the
16 resolution may elect to compute their tax for a calendar year, or
17 fiscal year, during which the tax is made effective or rescinded,
18 by any of the following methods:

19 (a) The tax may be computed as if the tax were effective on
20 the first day of the calendar year, or the taxpayer's fiscal
21 year, and the amount computed multiplied by a fraction, the
22 numerator of which is the number of months the tax was in effect
23 during the taxpayer's calendar or fiscal year, and the
24 denominator of which is the number of months in the taxpayer's
25 calendar or fiscal year. A portion of a month which is 15 days
26 or more shall be considered a month and a period of less than 15
27 days shall be disregarded.

1 (b) The tax may be computed by determining the amount of the
2 city tax giving rise to the school district tax which is
3 allocable to the period the district tax is in effect in
4 accordance with any accounting method satisfactory to the
5 administrator.

6 (4) A school district adopting a tax pursuant to this section
7 shall certify within 5 days to the city clerk of the city with
8 coterminous boundaries the adoption of the resolution and tax.
9 The effective date of a tax imposed by a school district pursuant
10 to this section shall be the first day of the month ~~which~~ **that**
11 is 20 days or more following the adoption of the resolution,
12 unless the resolution provides otherwise. The tax shall not be
13 declared to be retroactively effective ~~prior to~~ **before** the
14 first day of the calendar year in which the resolution was
15 adopted. The enforcement, collection, and refund authority of
16 the city with coterminous boundaries shall continue in effect
17 after the effective date of expiration with respect to
18 liabilities incurred during the period the tax imposed by the
19 school district pursuant to this section was in effect.

20 (5) A school district tax imposed by ~~resolution passed~~
21 ~~pursuant to~~ **an order under** this section shall be administered by
22 the administrator designated by the city having boundaries
23 coterminous with the **school** district to administer the city tax,
24 and the treasurer of that city shall collect and account for the
25 revenue. After deducting the amount of refunds, the city
26 treasurer shall pay over the balance to the school district as
27 soon as practicable. As often as practicable, but not less often

1 than monthly, the city treasurer shall pay over and distribute to
2 the school district the amount of taxes ~~which~~ it is estimated
3 to be entitled to ~~which~~ **that** are received in the form of
4 withholding remittances and estimated taxes paid.

5 (6) ~~A resolution~~ **An order** imposing a school district tax
6 pursuant to this section shall provide for withholding and
7 remitting by employers doing business or maintaining a place of
8 business within the school district, for declaration and payment
9 of estimated taxes, for the promulgation by the administrator of
10 appropriate regulations, for the appeal from the administrator's
11 decisions, for judicial review, for interest and penalties, for
12 jeopardy assessments, for a statute of limitations, for
13 consolidated and joint returns, for refunds, and for other
14 provisions necessary to administer, enforce, and collect the
15 school district tax in substantially the same manner as the tax
16 imposed by the city with coterminous boundaries. The
17 administrator shall prepare and make available the withholding
18 tables and tax return and other forms necessary to administer the
19 district tax.

20 (7) For purposes of this section, the terms "administrator",
21 "business", "corporation", "doing business", "fiscal year",
22 "person", and "resident individual" have the same meaning as in
23 ~~Act No. 284 of the Public Acts of 1964, as amended~~ **the city**
24 **income tax act, 1964 PA 284, MCL 141.501 to 141.787**, and the term
25 "taxpayer" means a person required by the school district's
26 ~~resolution~~ **order** to file a return with respect to, or to pay,
27 the tax.

1 Sec. 461. (1) ~~Upon the adoption, by majority vote of the~~
2 ~~board members serving, of~~ **To implement** a measure not coming
3 under ~~its~~ **his or her** general power or authority, the ~~first~~
4 ~~class school district board~~ **chief executive officer** shall submit
5 the measure to the school electors of the school district at the
6 next state or city election or a special election called for that
7 purpose. This section ~~shall~~ **does** not authorize the issuance of
8 bonds. The ~~secretary of the board~~ **chief executive officer**
9 shall file with the city clerk a written notice of the adoption
10 of the measure together with a written draft of the measure to be
11 submitted to the school electors. The notice shall be under the
12 seal of the ~~board~~ **chief executive officer** and filed with the
13 city clerk not less than 60 days before the election.

14 (2) The laws of this state pertaining to elections in the
15 city ~~shall~~ govern the practicable submission of the measure to
16 the school electors.

17 Sec. 462. Special elections may be called by the **chief**
18 **executive officer of the** first class school district. ~~board.~~
19 The ~~board~~ **chief executive officer** shall call an election on
20 receipt of the written request of not less than 10% of the
21 registered school electors of the district qualified to vote on
22 the question by giving the prescribed notice. The questions to
23 be submitted at the election shall be stated briefly in the
24 notice.

25 Sec. 472. The first class school district ~~board~~ may
26 establish, maintain, and conduct a school for the purpose of
27 affording a place of confinement, discipline, instruction, and

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1 maintenance of children of the city of compulsory school age who
2 may be committed to the school by a court of competent
3 jurisdiction, or admitted on the recommendation of the judge with
4 the consent of their parents or guardian. A child who has been
5 convicted of an offense punishable by confinement in a penal
6 institution shall not be committed or admitted to the school.

7 Sec. 485. (1) ~~By June 1, 1983 and~~ **At least** every 2 years,
8 ~~thereafter,~~ the **chief executive officer of the** first class
9 school district ~~board~~ shall adopt policies and establish
10 programs that provide for and encourage the free flow of
11 information between the **chief executive officer and the school**
12 board and the community and that provide for and encourage
13 community input into educational matters considered by the **chief**
14 **executive officer and the school** board.

15 (2) In order to implement subsection (1), **the chief executive**
16 **officer of** a first class school district ~~board~~ shall do both of
17 the following:

18 (a) Provide for an autonomous school-community organization
19 in each school within the school district. The school-community
20 organization shall be open to all parents and other residents of
21 the school attendance area.

22 (b) Establish procedures for handling complaints, concerns,
23 and recommendations received from parents and other members of
24 the community.

25 Enacting section 1. Sections 405, 411a, 471a, and 483a of
26 the revised school code, 1976 PA 451, MCL 380.405, 380.411a,
27 380.471a, and 380.483a, are repealed.

[Enacting section 2. A special election shall be held on March 16, 2004 in the school district of the city of Detroit to decide whether to approve the form of governance provided in this amendatory act or whether to return the school district to the form of governance in effect in the school district before the enactment of 1999 PA 10. The form of

governance that receives the most votes at this election shall be implemented in the school district effective 30 days after the special election.]