

HOUSE BILL No. 4040

January 22, 2007, Introduced by Reps. Lemmons, Virgil Smith and Leland and referred to the Committee on Appropriations.

A bill to amend 1976 PA 451, entitled "The revised school code," by amending sections 373 and 375 (MCL 380.373 and 380.375), as amended by 2004 PA 303.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 373. (1) Beginning on ~~March 26, 1999 or, if the~~
2 ~~qualifying school district becomes a qualifying school district~~
3 ~~after March 26, 1999,~~ the date on which a school district becomes a
4 qualifying school district, the powers and duties of the elected
5 school board of the qualifying school district and of its secretary
6 and treasurer are suspended until the applicable date specified in
7 section 375. However, until the expiration of the current term of
8 each individual member serving as of the date the school district
9 becomes a qualifying school district, the members of the elected
10 school board of a qualifying school district may continue to meet

1 as an advisory board to provide input to the school reform board on
2 an advisory basis only. Notwithstanding section 417a or any board
3 policy, bylaw, or resolution to the contrary, these advisory board
4 members shall serve without compensation or reimbursement, and
5 funds of the qualifying school district shall not be used to staff
6 or otherwise support the advisory board in any way.

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

23 (3) Upon appointment of a school reform board for a qualifying
24 school district under this part, and until appointment of a chief
25 executive officer under section 374, all provisions of this act
26 that would otherwise apply to the school board of the qualifying
27 school district or to the chief executive officer apply to the

1 school reform board, and the school reform board immediately may
2 exercise all the powers and duties otherwise vested by law in the
3 board of the qualifying school district and in its secretary and
4 treasurer, and all powers and duties of the chief executive officer
5 as provided under this part.

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

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

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

25 (c) Rights to prosecute and defend litigation.

26 (d) Obligations under any judgments entered against the
27 elected school board.

1 (e) Rights and obligations under statute, rule, and common
2 law.

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

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

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

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

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

5 (i) Standardized test scores of pupils.

6 (ii) Dropout rates.

7 (iii) Daily attendance figures.

8 (iv) Enrollment figures.

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

11 (vi) Changes made in course offerings.

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

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

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

1 literacy.

2 (10) ~~The~~ **EXCEPT AS OTHERWISE PROVIDED IN SECTION 375(2), THE**
3 mayor, superintendent of public instruction, state board, school
4 district accountability board created in section 376, this state,
5 the city in which a qualifying school district is located, a school
6 reform board established under this part, or a chief executive
7 officer or other officer appointed under section 374 is not liable
8 for any obligation of or claim against a qualifying school district
9 resulting from an action taken under this part.

10 Sec. 375. (1) After the expiration of 5 years after the
11 initial appointment of a school reform board in a qualifying school
12 district under this part, all of the following apply:

13 (a) The question under section 410 shall be presented to the
14 school electors of the school district as provided in that section.
15 Effective on the next January 1 occurring at least 1 year after
16 that question is presented to the school electors under section
17 410, the school district shall be governed by the system of school
18 board governance or combined chief executive officer and school
19 board governance, as applicable, as in effect in the school
20 district as a result of that ballot question.

21 (b) Effective on the next January 1 occurring at least 1 year
22 after the question under section 410 is presented to the school
23 electors, the powers of the school reform board established for the
24 qualifying school district under this part, of the chief executive
25 officer appointed under this part, and of all other officers
26 appointed under this part cease. This subdivision does not prohibit
27 the chief executive officer from serving as the interim chief

1 executive officer under section 420, and does not prohibit the
2 chief executive officer from retaining an officer or employee
3 appointed or hired by the chief executive officer.

4 (c) Effective on the next January 1 occurring at least 1 year
5 after the question under section 410 is presented to the school
6 electors, the provisions of this part, **OTHER THAN SUBSECTION (2)**,
7 do not apply to that qualifying school district.

8 **(2) IF A QUALIFYING SCHOOL DISTRICT HAS AN OPERATING DEFICIT**
9 **AS OF THE NEXT JANUARY 1 OCCURRING AT LEAST 1 YEAR AFTER THE**
10 **QUESTION UNDER SECTION 410 IS PRESENTED TO THE SCHOOL ELECTORS,**
11 **THIS STATE SHALL ASSUME RESPONSIBILITY FOR THAT OPERATING DEFICIT.**
12 **THE LEGISLATURE SHALL APPROPRIATE SUFFICIENT FUNDS TO THE SCHOOL**
13 **DISTRICT TO ALLOW THE SCHOOL DISTRICT TO ELIMINATE THE OPERATING**
14 **DEFICIT. THIS SUBSECTION APPLIES TO A SCHOOL DISTRICT IN WHICH THE**
15 **QUESTION UNDER SECTION 410 IS PRESENTED TO THE SCHOOL ELECTORS IN**
16 **2004 OR LATER.**