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**STATE OF MICHIGAN
92ND LEGISLATURE
REGULAR SESSION OF 2004**

Introduced by Rep. McConico

ENROLLED HOUSE BILL No. 4508

AN ACT to amend 1976 PA 451, entitled “An act to provide a system of public instruction and elementary and secondary schools; to revise, consolidate, and clarify the laws relating to elementary and secondary education; to provide for the organization, regulation, and maintenance of schools, school districts, public school academies, intermediate school districts, and other public school entities; to prescribe rights, powers, duties, and privileges of schools, school districts, public school academies, intermediate school districts, and other public school entities; to provide for the regulation of school teachers and certain other school employees; to provide for school elections and to prescribe powers and duties with respect thereto; to provide for the levy and collection of taxes; to provide for the borrowing of money and issuance of bonds and other evidences of indebtedness; to establish a fund and provide for expenditures from that fund; to provide for and prescribe the powers and duties of certain state departments, the state board of education, and certain other boards and officials; to provide for licensure of boarding schools; to prescribe penalties; and to repeal acts and parts of acts,” by amending sections 3, 373, 375, 403a, 404b, 411a, 412a, 413a, 414a, 415, 416, 417a, 418a, 422, 424, 431a, 432, 433, 434, 441, 442, 443, 445, 449, 451, 461, 462, 471a, 472, 483a, and 485 (MCL 380.3, 380.373, 380.375, 380.403a, 380.404b, 380.411a, 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, 380.471a, 380.472, 380.483a, 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 and section 471a as amended by 1999 PA 10, sections 403a, 418a, and 431a as amended and sections 404b and 485 as added by 1982 PA 71, sections 411a and 412a as amended by 1989 PA 268, sections 413a, 414a, and 483a 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 403, 404, 410, 412, 416a, 420, and 421; and to repeal acts and parts of acts.

The People of the State of Michigan enact:

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

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

(a) Persons enrolled in high school.

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

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

(3) "Board" or "school board" means the governing body of a local school district or a local act school district unless clearly otherwise stated. Except in part 5a or part 6, for a school district organized as a first class school district, if the question under section 410 is approved in the school district, then beginning on the next January 1 occurring at least 1 year after the question under section 410 is presented to the school electors in the school district, "board" or "school board" means the chief executive officer of the first class school district.

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

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

Sec. 373. (1) Beginning on March 26, 1999 or, if the qualifying school district becomes a qualifying school district after March 26, 1999, the date on which a school district becomes a qualifying school district, the powers and duties of the elected school board of the qualifying school district and of its secretary and treasurer are suspended until the applicable date specified in section 375. However, until the expiration of the current term of each individual member serving as of the date the school district becomes a qualifying school district, the members of the elected school board of a qualifying school district may continue to meet as an advisory board to provide input to the school reform board on an advisory basis only. Notwithstanding section 417a or any board policy, bylaw, or resolution to the contrary, these advisory board members shall serve without compensation or reimbursement, and funds of the qualifying school district shall not be used to staff or otherwise support the advisory board in any way.

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

(3) Upon appointment of a school reform board for a qualifying school district under this part, and until appointment of a chief executive officer under section 374, all provisions of this act that would otherwise apply to the school board of the qualifying school district or to the chief executive officer apply to the school reform board, and the school reform board immediately may exercise all the powers and duties otherwise vested by law in the board of the qualifying school district and in its secretary and treasurer, and all powers and duties of the chief executive officer as provided under this part.

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

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

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

(c) Rights to prosecute and defend litigation.

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

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

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

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

(6) Beginning on March 26, 1999 or, if the qualifying school district becomes a qualifying school district after March 26, 1999, the date on which a school district becomes a qualifying school district, and until appointment of a school reform board for a qualifying school district under this part, each employee of the qualifying school district whose position is not covered by a collective bargaining agreement is employed at the will of the mayor. Upon appointment of a school reform board for a qualifying school district under this part, and until appointment of a chief executive officer under section 374, each employee of the qualifying school district whose position is not covered by a collective bargaining agreement is employed at the will of the school reform board. Upon appointment of a chief executive officer for a qualifying school district under section 374, each employee of the qualifying school district whose position is not covered by a collective bargaining agreement is employed at the will of the chief executive officer.

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

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

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

(b) Measurements that may be useful in determining improvements in school quality in the qualifying school district. These measurements shall indicate changes from baseline data from the school year before the appointment of the school reform board, and shall include at least all of the following:

(i) Standardized test scores of pupils.

(ii) Dropout rates.

(iii) Daily attendance figures.

(iv) Enrollment figures.

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

(vi) Changes made in course offerings.

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

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

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

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

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

(a) The question under section 410 shall be presented to the school electors of the school district as provided in that section. Effective on the next January 1 occurring at least 1 year after that question is presented to the school electors under section 410, the school district shall be governed by the system of school board governance or combined chief

executive officer and school board governance, as applicable, as in effect in the school district as a result of that ballot question.

(b) Effective on the next January 1 occurring at least 1 year after the question under section 410 is presented to the school electors, the powers of the school reform board established for the qualifying school district under this part, of the chief executive officer appointed under this part, and of all other officers appointed under this part cease. This subdivision does not prohibit the chief executive officer from serving as the interim chief executive officer under section 420, and does not prohibit the chief executive officer from retaining an officer or employee appointed or hired by the chief executive officer.

(c) Effective on the next January 1 occurring at least 1 year after the question under section 410 is presented to the school electors, the provisions of this part do not apply to that qualifying school district.

Sec. 403. (1) This section applies to a first class school district only if the question under section 410 is approved in the first class school district.

(2) Effective on the next January 1 occurring at least 1 year after the question under section 410 is presented to the school electors of the first class school district, the first class school district shall have a board composed of 9 members elected, or appointed to fill a vacancy, as provided in section 412.

(3) The school board shall hold its first meeting on the first Monday after the January 1 described in subsection (2). At the first meeting of the school board, the school board may elect from among its members a president, vice president, secretary, and other officers as it considers necessary or appropriate. After the first election of school board officers, the school board shall elect its officers in January of each odd numbered year.

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

Sec. 403a. (1) This section applies to a first class school district only if the question under section 410 is not approved in the first class school district.

(2) Effective on the next January 1 occurring at least 1 year after the question under section 410 is presented to the school electors of the first class school district, the first class school district shall have a board composed of 4 members elected as provided in section 411a, plus 7 members elected, or appointed to fill a vacancy, as provided in section 412a.

Sec. 404. (1) This section applies to a first class school district only if the question under section 410 is approved in the first class school district.

(2) The local elections official of the city with the greatest population located within the boundaries of the first class school district shall establish 9 voting districts within the school district boundaries in the manner provided in this section not later than 90 days after the date the question under section 410 is presented to the school electors of the first class school district. The local elections official may establish the voting districts before the date of the election under section 410. The local elections official shall submit the voting districts to the state board for approval, and the voting districts shall be established as voting districts upon approval by the state board. If the state board fails to act to approve or disapprove the voting districts under this subsection within 30 days after the date they are submitted by the local elections official, the voting districts are considered to be approved by the state board.

(3) After the initial establishment of voting districts under subsection (2), the local elections official of the city with the greatest population located within the boundaries of a first class school district shall redetermine the boundary lines of its voting districts after each federal decennial census, but in no event later than April 15 of the first year in which board members are to be elected following the official release of the federal decennial census figures. If the local elections official fails to redetermine the voting district boundary lines by that April 15, the state board shall convene within 10 days to make the redetermination. The redetermination of the state board shall be the voting district boundary lines until the redetermination is made following the next succeeding federal decennial census as provided in this section. The voting districts redetermined under this subsection shall be established as voting districts upon approval by the state board.

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

Sec. 404b. (1) This section applies to a first class school district only if the question under section 410 is not approved in the first class school district.

(2) Upon the effective date of this section with respect to an existing first class school district, or immediately following the date on which a school district becomes a first class school district, 7 voting districts shall be established within its boundaries in the manner provided in this section. The voting districts described shall be established as voting districts if and when approved by the state board.

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

(4) For a first class school district that was a qualifying school district under part 5a at the time of a decennial census, if a redetermination was not made after that decennial census, the voting district boundary lines in effect immediately before that decennial census shall be used for the purposes of electing school board members under section 412a at the first election of school board members after the election under section 410. A redetermination based on that decennial census shall subsequently be made by the school board as provided in this section not later than 3 months after election of the school board.

(5) Voting districts shall be compact, contiguous, and as equal as possible in population.

Sec. 410. (1) At the next November general election occurring after the expiration of 5 years after the initial appointment of a school reform board under part 5a for a first class school district, the local elections official of the city with the greatest population located within the boundaries of the school district shall present the question under subsection (2) to the school electors of the first class school district. The local election official may select a ballot designation for the question.

(2) At the November general election described in subsection (1), the following question shall be presented to the school electors of the first class school district:

“Shall the _____ (name of school district) be reapportioned into 9 single-member election districts with district residency requirements, shall a new school board be elected according to these election districts to serve in the district, and shall the school district be governed by a chief executive officer nominated by the mayor of the city with the greatest population located within the boundaries of the school district and approved by this newly elected board? According to state law, a “yes” vote will result in the establishment of the 9 election districts, election of a school board, and appointment of a chief executive officer as described in this question, and a “no” vote will result in the school district being governed by the governance structure otherwise provided for a first class school district under part 6 of the revised school code, consisting of an 11-member school board for the school district with 4 members elected at large and 7 members elected from election districts and with the school district governed by the 11-member school board.

Yes _____

No _____”.

(3) If a majority of the school electors of the first class school district voting on the question vote yes on the question under this section, the question is approved.

Sec. 411a. (1) This section applies to a first class school district only if the question under section 410 is not approved in the first class school district.

(2) Four members of the board of a first class school district shall be elected at large. The following provisions apply to the terms, nomination, and election of the at large members of the board of a school district organized as a first class school district:

(a) Four members shall be elected for a term of 4 years at the general election to be held in the next November after the question under section 410 is presented to the school electors of the first class school district and every 4 years after that November.

(b) Each candidate shall be nominated at a primary held in conjunction with the preceding primary election conducted pursuant to section 534 of the Michigan election law, 1954 PA 116, MCL 168.534. The nominating petitions shall contain not less than 500 or more than 1,000 signatures of registered school electors of the city in which the first class school district is located; shall meet the requirements of section 544c of the Michigan election law, 1954 PA 116, MCL 168.544c; and shall be filed with the clerk of the city in which the first class school district is located on or before 4 p.m. of the twelfth Tuesday before the primary election. The city clerk may compare the signatures on the petitions with the signatures appearing on the registration records, or in some other proper manner determine whether the signatures appearing on the petition are genuine and comply with the requirements of this section. With the petitions, a candidate shall file an affidavit as provided in section 558 of the Michigan election law, 1954 PA 116, MCL 168.558. The clerk of the city shall notify the county clerk of the name and address of each candidate not later than 3 days after the last day for candidate withdrawal. However, if the third day is a Saturday, Sunday, or legal holiday, the notice may be made on the next day that is not a Saturday, Sunday, or legal holiday.

(c) Each member shall commence his or her term of office on January 1 following his or her election.

(3) The board of a first class school district shall elect its officers during the month of January of each odd numbered year. The president of the board shall be a member of the board, and the duties of the president shall be determined by the board.

(4) A board member of a first class school district who is recalled may be a candidate for the same office at the next election for an office at which the recalled member is otherwise eligible.

(5) The term of office of each board member serving in a school district that becomes a first class school district after April 15, 2004 expires on the next succeeding December 31 of an even numbered year, except that if the school district becomes a first class school district later than April 1 of an even numbered year, the term of office of each board member expires on December 31 of the next succeeding even numbered year after the year in which the district became a first class school district. For a district becoming a first class school district after April 15, 2004, 4 school board members shall be elected in the general election of the even numbered year in which the terms of office expire, and the 4 school board members elected shall commence 4-year terms on January 1 of the odd numbered year following the general election.

(6) If a vacancy occurs on the first class school district board from among the at large members, the vacancy shall be filled by majority vote of the remaining first class school district board members at a meeting called by the president of the board for that purpose. If a person is appointed to fill a vacancy for which the unexpired term is more than 1 year and 8 months, that person shall serve until January 1 following the next general election. At that first general election the vacancy shall be filled for the unexpired term. A vacancy shall not be filled later than 60 days before a primary election at which at large board members are to be nominated.

(7) A candidate for the office of board member at large or a person appointed to fill a vacancy on the board pursuant to subsection (6) shall be 18 years of age or older at the time of his or her election or appointment and shall be a registered school elector residing in the first class school district in which the person becomes a candidate or which the person is appointed to represent. If an at large member's residence is moved from the first class school district during the at large member's term of office, it constitutes a vacating of office.

Sec. 412. (1) This section applies to a first class school district only if the question under section 410 is approved in the first class school district.

(2) Nine members of the board of a first class school district shall be elected by voting districts. Each member shall be elected to represent a voting district described in section 404. The following provisions apply to the terms, nomination, and election of the members elected from voting districts of the school board of a school district organized as a first class school district:

(a) Each of the 9 members initially elected under this section shall be elected by the registered school electors of a voting district at the next November general election after the question under section 410 is presented to the school electors of the first class school district.

(b) Not later than 7 days after the initial voting district boundary lines are established under section 404, the local elections official of the city with the greatest population located within the boundaries of the first class school district shall by random draw designate 5 voting districts in which the initial term will be 4 years and 4 voting districts in which the initial term will be 2 years. The city clerk may make this designation before the date of the election under section 410.

(c) The initial members elected from the 5 voting districts with initial terms of 4 years shall serve for 4-year terms expiring December 31. After the initial election, the members elected under this subdivision shall be elected for a term of 4 years at the November general election every 4 years after the initial election.

(d) The initial members elected from the 4 voting districts with initial terms of 2 years shall serve for 2-year terms expiring December 31. After the initial election, the members elected under this subdivision shall be elected for a term of 4 years at the November general election held 2 years after the initial election and at the November general election every 4 years thereafter.

(e) Each candidate shall be nominated by the registered school electors of each voting district at the preceding primary election held in the city with the greatest population in which the first class school district is located. The nominating petitions shall contain not fewer than 250 or more than 500 signatures of registered school electors of the voting district; shall meet the requirements of section 544c of the Michigan election law, 1954 PA 116, MCL 168.544c; and shall be filed with the local elections official of the city with the greatest population located within the boundaries of the first class school district on or before 4 p.m. of the twelfth Tuesday before the primary election. The local elections official may compare the signatures on the petitions with the signatures appearing on the registration records, or in some other proper manner determine whether the signatures appearing on the petition are genuine and comply with the requirements of this section. With the petitions, a candidate shall file an affidavit as provided in section 558 of the Michigan election law, 1954 PA 116, MCL 168.558. The local elections official of the city shall notify the county clerk of the name and address of each candidate not later than 3 days after the last day for candidate withdrawal. However, if the third day is a Saturday, Sunday, or legal holiday, the notice may be made on the next day that is not a Saturday, Sunday, or legal holiday. A signature on a nominating petition is not valid unless the petitioner is a registered school

elector of the voting district in which the candidate is running for election. Not more than 2 candidates shall be nominated at the primary election for each voting district.

(3) Candidates for election under this section after the initial election under subsection (2) shall be nominated at a primary held in conjunction with the preceding primary election conducted pursuant to section 534 of the Michigan election law, 1954 PA 116, MCL 168.534. Nominating petitions shall meet the requirements of section 544c of the Michigan election law, 1954 PA 116, MCL 168.544c, and shall be filed with the local elections official of the city with the greatest population located within the boundaries of the first class school district on or before 4 p.m. of the twelfth Tuesday preceding the primary election. The local elections official may compare the signatures on the petitions with the signatures appearing on the registration records, or in some other proper manner determine whether the signatures appearing on the petitions are genuine and comply with the requirements of this section. With the petitions, a candidate shall file an affidavit as provided in section 558 of the Michigan election law, 1954 PA 116, MCL 168.558. A signature on a nominating petition is not valid unless the petitioner is a registered school elector of the voting district in which the candidate is running for election. Not more than 2 candidates shall be nominated at the primary election for each voting district.

(4) Instead of filing nominating petitions, a candidate for election to the first class school board may pay a nonrefundable filing fee of \$100.00 to the local elections official of the city with the greatest population located within the boundaries of the first class school district. If this fee is paid by the due date for nominating petitions, the payment has the same effect under this section as the filing of nominating petitions.

(5) The 9 board members elected to represent the voting districts shall commence their terms of office on January 1 following their election.

(6) A candidate for the office of board member representing a voting district or a person appointed to fill a vacancy pursuant to subsection (7) shall be 18 years of age or older at the time of his or her election or appointment and shall be a registered school elector residing in the voting district in which the person becomes a candidate or which the person is appointed to represent. If a board member moves his or her residence from the voting district he or she represents during the member's term of office, this constitutes a vacating of office.

(7) If a vacancy occurs on the first class school district board from among the voting district members, the vacancy shall be filled from among registered school electors of the voting district by majority vote of the remaining first class school district board members. If a person is appointed to fill a vacancy in a voting district for which the unexpired term is more than 1 year and 8 months, that person shall serve until January 1 following the next general election. At that next general election the vacancy shall be filled by election by the school electors as provided under this section for the unexpired term. A vacancy shall not be filled later than 60 days before a primary election at which voting district board members are to be nominated.

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

Sec. 412a. (1) This section applies to a first class school district only if the question under section 410 is not approved in the first class school district.

(2) In the next November general election after the question under section 410 is presented to the school electors of the first class school district, 7 members of the board of a first class school district shall be elected by voting districts for an initial term of 2 years. At the November general election held 2 years after that election and every 4 years thereafter, 7 members of the board shall be elected by voting districts for a term of 4 years. Each member shall represent a voting district described in section 404b.

(3) The members shall be nominated and elected by the registered school electors of each voting district in the manner provided by law for the nomination and election of the first class school board members elected at large, except that the number of signatures required on nominating petitions of a candidate for election as a representative of a voting district shall be not less than 250 or more than 500. A signature on a nominating petition is not valid unless the petitioner is a registered school elector of the voting district in which the candidate is running for election. Not more than 2 candidates shall be nominated at the primary election for each voting district.

(4) Candidates shall be nominated at a primary held in conjunction with the preceding primary election conducted pursuant to section 534 of the Michigan election law, 1954 PA 116, MCL 168.534. Nominating petitions shall meet the requirements of section 544c of the Michigan election law, 1954 PA 116, MCL 168.544c, and shall be filed with the clerk of the city in which the first class school district is located on or before 4 p.m. of the twelfth Tuesday preceding the primary election. The city clerk may compare the signatures on the petitions with the signatures appearing on the registration records, or in some other proper manner determine whether the signatures appearing on the petitions are genuine and comply with the requirements of this section. With the petitions, a candidate shall file an affidavit as provided in section 558 of the Michigan election law, 1954 PA 116, MCL 168.558.

(5) The 7 board members elected to represent the voting districts shall commence their terms of office on January 1 following the election.

(6) A candidate for the office of board member representing a voting district or a person appointed to fill a vacancy pursuant to subsection (7) shall be 18 years of age or older at the time of his or her election or appointment and shall be a registered school elector residing in the voting district in which the person becomes a candidate or which the person is appointed to represent. If a voting district member's residence is moved from the voting district during the voting district member's term of office, this constitutes a vacating of office.

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

Sec. 413a. The city clerk of the city with the greatest population located within the boundaries of the first class school district, within the time specified for serving notices upon officials elected at a city election, shall serve notice of election upon each member of the first class school district board elected at the election.

Sec. 414a. If a person elected to the board of a first class school district under this part fails to take the oath of office within 10 days after service of notice of election, the vacancy shall be filled pursuant to section 411a(6), 412(7), or 412a(7), as applicable.

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

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

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

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

Sec. 416. (1) This section applies to a first class school district only if the question under section 410 is not approved in the first class school district.

(2) The officers of the first class school district board shall be a president, vice-president, secretary, and treasurer. The board, a majority of which shall constitute a quorum, shall elect its president and vice-president biennially from among the members of the board. In case of a vacancy in the office of president, the vice-president shall succeed to the office of president for the balance of the unexpired term. The secretary and treasurer shall be appointed by the board but shall not be members of the board and shall receive a salary fixed by the board.

(3) The president, vice-president, and secretary shall perform the duties prescribed by the bylaws and regulations of the board. The duties of the treasurer shall be determined by the school district general superintendent, as approved by the board.

(4) The officers of the board who in the discharge of the duties of their respective positions handle funds belonging to the first class school district shall be required to give bonds for the faithful performance of their duties in accordance with the bylaws and regulations of the board. The premium of the bonds shall be paid from the funds of the board.

(5) The school district treasurer shall have the custody of all money belonging to the school district and shall pay out money pursuant to section 433. The funds shall be deposited with depositories selected by the board, and the interest derived shall be paid into the general fund of the board.

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

Sec. 416a. (1) This section applies to a first class school district only if the question under section 410 is approved in the first class school district.

(2) The officers of the first class school district board shall be a president, vice-president, and secretary. In case of a vacancy in the office of president of a first class school district board, the vice-president shall succeed to the office of president for the balance of the unexpired term.

(3) The president, vice-president, and secretary shall perform the duties prescribed by the bylaws and regulations of the board.

(4) The chief financial officer or other officer of the first class school district designated by the chief executive officer shall have the custody of all money belonging to the school district and shall pay out money pursuant to this act. The funds shall be deposited with depositories selected by the chief executive officer or his or her designee, and the interest derived shall be paid into the general fund of the school district.

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

(2) Except as otherwise provided in this subsection and subsection (3), each first class school district board member shall be paid a per diem allowance of \$30.00 for each board meeting and subcommittee meeting attended and each authorized duty performed. To be reimbursed for an authorized duty, the duty shall be related directly to the member's responsibility as a board member and shall be authorized in advance by resolution of the board. Compensation shall be provided to a board member for an authorized duty only if that duty and the authority of the board member to perform that duty is specifically enumerated in the resolution authorizing compensation. The payments for meetings, subcommittee meetings, and authorized duties shall not exceed a total of 52 meetings, subcommittee meetings, and authorized duties per year, except that, if the question under section 410 is not approved in the first class school district, this limitation may be removed by majority vote of the board.

(3) If the question under section 410 is approved in the first class school district, the board of the first class school district may by majority vote of the board waive any per diem payment under this section.

Sec. 418a. (1) Regular meetings of the first class school district board shall be held at least once each month, at a time and place fixed by the bylaws. If the question under section 410 is not approved, not less than 7 of the regular meetings shall be held in different voting districts of the first class school district each year. If the question under section 410 is approved, not less than 9 of the regular meetings shall be held in different voting districts of the first class school district each year. The bylaws may provide for the calling of special meetings.

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

(3) The board of the first class school district shall have made a complete annual audit of its financial transactions. The board may employ a firm of certified public accountants to make the audit or, if the city with the greatest population located within the boundaries of the school district has an auditor whose duties are limited to postauditing of finances and investigation of operations, the board may arrange for the city's auditor to make the audit. The audit report shall be made to the board and the chief executive officer and shall be a public record. The board may direct the chief executive officer to publish the audit report by adding to it general school statistics or it may publish general school statistics separately.

(4) If the question under section 410 is not approved in the first class school district, every action of the first class school district board creating a liability or debt or originating the disposal or expenditure of property or money shall be by ye and nay vote entered upon its record.

Sec. 420. (1) This section applies to a first class school district only if the question under section 410 is approved in the first class school district.

(2) The school board of a first class school district shall appoint a chief executive officer under this section. The initial chief executive officer shall be appointed not later than 30 days after the school board takes office under section 412, with the appointment of the initial chief executive officer to take effect at the beginning of the next school fiscal year. All of the following apply to appointment and employment of a chief executive officer under this section:

(a) The chief executive officer shall be employed by the school district according to an employment contract entered into with the school board. The term of the contract shall not exceed 4 years and may be renewed.

(b) The mayor shall submit to the school board the name of 1 nominee for the position of chief executive officer. The school board shall approve or disapprove of the nominee. Approval of the nominee shall be by majority vote of the school board. Upon approval by the school board, the nominee is appointed as chief executive officer. If the school board does not approve the nominee, the mayor shall submit to the school board the name of a new nominee.

(c) Appointment of a chief executive officer under this section is subject to section 421.

(d) A chief executive officer may be removed from office either by the mayor or by a majority vote of the members serving on the school board with the approval of the mayor. However, a chief executive officer may be removed only for good cause.

(3) Beginning on the next January 1 occurring at least 1 year after the question under section 410 is presented to the school electors of the first class school district, and until the appointment of an initial chief executive officer for a first class school district takes effect under this section, the person who was serving as chief executive officer of the school district under part 5a immediately before the school board takes office under section 412 shall act as the interim

chief executive officer of the first class school district under this part. All provisions of this act that would otherwise apply to the chief executive officer of the first class school district apply to the interim chief executive officer, and he or she may exercise all the powers and duties otherwise vested by law in the chief executive officer of the first class school district until a permanent chief executive officer is appointed for the school district under this section.

(4) Upon appointment of a chief executive officer for a first class school district under this section, except for the school board's powers under subsection (11), the chief executive officer immediately may exercise all the powers and duties vested by law in the chief executive officer or the school board under this act and all additional powers and duties provided under this part; and the chief executive officer accedes to all the rights, duties, and obligations of an elected school board of a first class school district. Subject to section 421, these powers, rights, duties, and obligations include, but are not limited to, all of the following:

(a) Authority over the expenditure of all school district funds, including proceeds from bonded indebtedness and other funds dedicated to capital projects. However, the chief executive officer shall submit an annual budget and annual procurement goals to the school board for approval as provided under subsection (11)(b).

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

(c) Rights to prosecute and defend litigation.

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

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

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

(g) All other rights, duties, and obligations provided under this part for the chief executive officer or provided under this act or other state law for a school board except for those school board powers listed in subsection (11).

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

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

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

(8) Not later than 90 days after the initial appointment of a chief executive officer under this section, and at least annually thereafter, the chief executive officer shall develop and submit to the mayor, school board, and department a school district improvement plan that includes at least detailed academic, financial, capital, and operational goals and benchmarks for improvement and a description of strategies to be used to accomplish those goals and benchmarks. The plan also shall include an assessment of available resources and recommendations concerning additional resources or changes in statute or rule, if any, needed to meet those goals and benchmarks. The plan also shall include an evaluation of local school governance issues, including criteria for establishing building-level governance.

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

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

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

(i) Standardized test scores of pupils.

(ii) Dropout rates.

(iii) Daily attendance figures.

(iv) Enrollment figures.

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

(vi) Changes made in course offerings.

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

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

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

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

(b) Daily attendance figures.

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

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

(e) A description of progress made toward achieving the long-term performance goals set forth in the annual report under subsection (9).

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

(11) The school board of a first class school district shall do all of the following:

(a) Monitor pupil performance.

(b) During June of each year, receive, review, and approve the annual budget and procurement goals submitted by the chief executive officer, including approval of the annual appropriation total for the school district's general operating fund and the general fund expenditure budget total for each of the following functions, as the functions are defined by the department in Bulletin 1022:

(i) Instructions.

(ii) Pupil support services.

(iii) Instructional staff support services.

(iv) School administration.

(v) Business support services.

(vi) Operations and maintenance.

(vii) Pupil transportation services.

(viii) Central support services.

(ix) Community services.

(c) Review all contracts totaling over \$250,000.00 that are entered into by the chief executive officer.

(d) Not later than August 31 of each year, provide to the mayor an annual evaluation of the performance of the chief executive officer and make this annual performance evaluation available to the public. To assist in this function, the school board may contract with an independent auditor to conduct a performance and financial audit of the activities of the chief executive officer. If the school board contracts for such an audit, the school board shall review the audit results before preparing the annual performance evaluation.

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

(f) Organize and establish community assistance teams to work with the school board to implement a cohesive, full service community school program addressing the needs and concerns of the school district's population. The school board may delegate to a community assistance team the authority to devise and implement family, community, cultural, and recreational activities to promote the academic mission of the schools. The community assistance teams may also develop parental involvement activities that focus on the encouragement of voluntary parenting education, enhancing parent and family involvement in education, and promoting adult and family literacy.

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

Sec. 421. (1) This section applies to a first class school district only if the question under section 410 is approved in the first class school district.

(2) The mayor shall not nominate a person as chief executive officer under section 420 and the chief executive officer shall not appoint a person as chief financial officer if the person at the time of appointment has a pecuniary interest in a contract to which the first class school district is a party, or in a subcontract under such a contract, other than an employment contract.

(3) The chief executive officer shall ensure that the first class school district does not award a contract, and that a subcontract is not awarded under a contract with the first class school district, to the mayor, the chief executive officer, the chief financial officer, or a first class school board member, or to the mayor's, chief executive officer's, chief financial

officer's, or board member's spouse or spouse's sibling or child, sibling or sibling's spouse or child, child or child's spouse, or parent or parent's sibling or spouse.

(4) The mayor, chief executive officer, chief financial officer, or a first class school board member shall not have a direct or indirect pecuniary interest in any contract with the first class school district that causes a substantial conflict of interest. As used in this subsection, "substantial conflict of interest" means that the pecuniary interest is of such substance as to induce action on the person's part to promote the contract for his or her own personal benefit. A contract between the first class school district and any of the following is not considered a substantial conflict of interest:

(a) A corporation in which the person is a stockholder owning 1% or less of the total stock outstanding in any class if the stock is not listed on a stock exchange or the stock has a present market value of \$25,000.00 or less if the stock is listed on a stock exchange.

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

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

Sec. 422. If territory comprising an entire school district is annexed to the city and becomes a part of the first class school district, part 10 shall govern where applicable with respect to the bonded indebtedness of either district existing at the time of annexation. The first class school district board may use any funds legally available to retire the bonded indebtedness of the annexed district. If the question under section 410 is approved in the first class school district, then the chief executive officer appointed under section 420 has the powers and shall perform the duties of the board of the first class school district under this section.

Sec. 424. (1) When school property belonging to another school district is taken by annexation by a first class school district, a determination shall be made of the equitable amount that shall be paid by the first class school district. That determination shall be made by the boards of the 2 districts affected. If the board of the first class school district and the board of the school district from which the property is taken are unable to agree, the matter shall be submitted to a board of arbitration consisting of 1 member appointed by each board and a third member to be selected by the 2 appointed members. The arbitrators by order shall fix a day for hearing and give notice of the hearing as provided in the order. They shall make regulations for the proceedings and shall make a final order determining the amount to be paid by the first class school district to the school district whose property was taken by the annexation and file the order with the county clerk. The order of the arbitrators shall be final. Taxes shall be levied and collected in the manner provided in the order.

(2) If the question under section 410 is approved in the first class school district, then the chief executive officer appointed under section 420 has the powers and shall perform the duties of the board of the first class school district under this section.

Sec. 431a. (1) The board of the first class school district may take, use, hold, lease, sell, and convey real and personal property, including property received by gift, devise, or bequest, for the use of the public school within and without its corporate limits. Proceeds from the sale of real property shall be credited to accounts of the school district as provided in section 1262. The first class school district board has the power to purchase, lease, and take by the right of eminent domain all property; erect and maintain or lease all buildings; employ and pay all persons; and do all other things in its judgment necessary for the proper establishment and management of the public schools. If the question under section 410 is approved in the first class school district, then the chief executive officer appointed under section 420 has the powers and shall perform the duties of the board of the first class school district under this subsection.

(2) The first class school district board may adopt and revise as appropriate bylaws and regulations for conducting the business of the board and, if the question under section 410 is not approved in the first class school district, for the control and government of all schools, school property, and pupils in the first class school district.

(3) If property is sought to be taken by eminent domain, proceedings may be brought under 1911 PA 149, MCL 213.21 to 213.25, or the uniform condemnation procedures act, 1980 PA 87, MCL 213.51 to 213.75.

Sec. 432. (1) The first class school district board annually shall prepare estimates of the amount of taxes necessary for its needs for the ensuing fiscal year. The estimates shall specify the amount required for the "general fund", the amount required for the "building and site fund", and the amount required for the "debt retirement fund". If the board causes the appropriation for the "building and site fund" to be raised by the issuance of bonds instead of raising the appropriation by taxation, provision shall be made for the retirement of the bonds in a debt retirement fund.

(2) The board shall adopt a budget in the same manner and form as required for its estimates and determine the amount of tax levy necessary for that budget and shall certify on or before the date required by law the amount to the city.

(3) The proper officials of the city shall apportion the school taxes in the same manner as the other taxes of the city are apportioned, and the amount apportioned shall be assessed, levied, collected, and returned for the school district in the same manner as taxes of the city. The tax levied by the school district, in the discretion of the legislative body of the city, may be stated separately on each tax bill.

(4) If the question under section 410 is approved in the first class school district, then the chief executive officer appointed under section 420 has the powers and shall perform the duties of the board of the first class school district under this section.

Sec. 433. (1) The secretary of the first class school district board shall issue and sign a warrant upon the treasurer for payrolls, bills, and accounts that become due and payable under a contract or because of a previous authorization or action of the board after the payrolls, bills, and accounts are registered and charged to the appropriations from which they are payable. The treasurer, upon receipt of the warrant, shall issue a check in payment thereof.

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

(3) If the question under section 410 is approved in the first class school district, then the chief executive officer appointed under section 420 or his or her designee has the powers and shall perform the duties of the board of the first class school district or board officers under this section.

Sec. 434. (1) Before a contract entered into by the first class school district for the purchase of real estate or the erection, remodeling, or repairing of a building is binding on the school district, the secretary shall endorse on the contract that the money proposed to be expended under the contract is actually in the treasury or that the money has been appropriated. A contract submitted shall not be certified by the secretary until all contracts for the completed work covered by the appropriation are submitted, and a warrant shall not be drawn on the account of a contract not containing the certificate.

(2) The board may authorize a contract before the money is available if an appropriation or an authorization of bonds or notes is made for the contract and may borrow on the best terms obtainable on the credit of that appropriation or authorization of bonds or notes sums necessary to make a payment under the contract.

(3) If the question under section 410 is approved in the first class school district, then the chief executive officer appointed under section 420 or his or her designee has the powers and shall perform the duties of the board of the first class school district or board officers under this section.

Sec. 441. The board of the first class school district, with the consent of the legislative body of the city, may authorize the financial officers of the school district to borrow for not more than 1 year, on the best terms obtainable, sums necessary to pay awards in condemnation proceedings. If the question under section 410 is approved in the first class school district, then the chief executive officer appointed under section 420 has the powers and shall perform the duties of the board of the first class school district under this section.

Sec. 442. (1) The board of the first class school district may do any of the following:

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

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

(2) A loan shall not be made, except as otherwise provided in this subsection, for a sum that, together with the total outstanding bonded indebtedness of the school district, exceeds 5% of the state equalized valuation of the taxable property within the school district, unless the proposition of making the loans or of issuing bonds is submitted to a vote of the school electors of the school district at a general or special school election and approved by the majority of the school electors voting on the question. Regardless of the amount of outstanding bonded indebtedness of the school district, a vote of the school electors is not necessary in order to issue bonds for a purpose described in section 1274a. Loans may be made or bonds may be issued for the purposes stated in this section in an amount equal to that provided by part 17.

(3) If the question under section 410 is approved in the first class school district, then the chief executive officer appointed under section 420 has the powers and shall perform the duties of the board of the first class school district under this section.

Sec. 443. (1) Proceeds from the sale of first class school district bonds may be expended for the remodeling of existing buildings of the school district if the board determines the remodeling will contribute positively to the health, security, or welfare of the pupils of the school district and if the uses are approved by the superintendent of public instruction. If the question under section 410 is approved in the first class school district, then the chief executive officer appointed under section 420 has the powers and shall perform the duties of the board of the first class school district under this subsection.

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

Sec. 445. (1) The board of the first class school district by resolution may submit the proposition of issuing bonds for the purpose of purchasing sites for buildings, playgrounds, or athletic fields and purchasing or erecting and equipping a building or making permanent improvements that the school district is authorized to make to the school electors of the school district at a city or state election, or at a special election called for that purpose.

(2) If a majority of the school electors voting on the question approve the issuance of bonds, the board may issue the bonds of the district.

(3) The board shall determine the form of the bonds, the manner in which they shall be executed by the president and secretary of the district, the sums payable and the times of payment, and other terms and conditions the board considers necessary.

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

(5) The secretary of the board shall file with the city clerk a written notice of the resolution to submit the bonding proposition to the school electors with a draft of the form of the bonding proposition to be submitted. The notice shall be under the seal of the board and filed with the city clerk at least 60 days before the date fixed by the board for the election.

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

(7) Bonds issued under this act are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(8) If the question under section 410 is approved in the first class school district, then the chief executive officer appointed under section 420 has the powers and shall perform the duties of the board of the first class school district or board officers under this section.

Sec. 449. All powers and duties of the school board of the first class school district and of its officers are subject to part 5a until January 1 following the expiration of 5 years after the initial appointment of a school reform board in the school district under part 5a.

Sec. 451. (1) The board of a first class school district having boundaries coterminous with those of a city that imposes a city income tax by ordinance adopted pursuant to the city income tax act, 1964 PA 284, MCL 141.501 to 141.787, by resolution adopted by a majority of its members elected and serving, may adopt, levy, assess, and collect an excise tax, upon income received, earned, or otherwise acquired by corporations and resident individuals. An excise tax adopted shall not exceed 50% of the liability of the corporation or resident individual for a 2% income tax imposed by the city with coterminous boundaries.

(2) The excise tax shall continue in effect until rescinded by a subsequent resolution. A tax imposed pursuant to this section may not be rescinded or the rate of the tax reduced if there are outstanding obligations for which the tax is pledged.

(3) The resolution shall provide that taxpayers subject to the tax imposed by the resolution may elect to compute their tax for a calendar year, or fiscal year, during which the tax is made effective or rescinded, by any of the following methods:

(a) The tax may be computed as if the tax were effective on the first day of the calendar year, or the taxpayer's fiscal year, and the amount computed multiplied by a fraction, the numerator of which is the number of months the tax was in effect during the taxpayer's calendar or fiscal year, and the denominator of which is the number of months in the

taxpayer's calendar or fiscal year. A portion of a month which is 15 days or more shall be considered a month and a period of less than 15 days shall be disregarded.

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

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

(5) A school district tax imposed by resolution passed pursuant to this section shall be administered by the administrator designated by the city having boundaries coterminous with the school district to administer the city tax, and the treasurer of that city shall collect and account for the revenue. After deducting the amount of refunds, the city treasurer shall pay over the balance to the school district as soon as practicable. As often as practicable, but not less often than monthly, the city treasurer shall pay over and distribute to the school district the amount of taxes it is estimated to be entitled to that are received in the form of withholding remittances and estimated taxes paid.

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

(7) If the question under section 410 is approved in the first class school district, then the chief executive officer appointed under section 420 has the powers and shall perform the duties of the board of the first class school district under this section, and may issue an order for any action that may otherwise be taken by resolution of the board under this section.

(8) For purposes of this section, the terms "administrator", "business", "corporation", "doing business", "fiscal year", "person", and "resident individual" have the same meaning as in the city income tax act, 1964 PA 284, MCL 141.501 to 141.787, and the term "taxpayer" means a person required by the school district's resolution to file a return with respect to, or to pay, the tax.

Sec. 461. (1) Upon the adoption, by majority vote of the board members serving, of a measure not coming under its general power or authority, the board of the first class school district shall submit the measure to the school electors of the school district at the next state or city election or a special election called for that purpose. This section does not authorize the issuance of bonds. The secretary of the board shall file with the city clerk a written notice of the adoption of the measure together with a written draft of the measure to be submitted to the school electors. The notice shall be under the seal of the board and filed with the city clerk not less than 60 days before the election.

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

(3) If the question under section 410 is approved in the first class school district, then the chief executive officer appointed under section 420 has the powers and shall perform the duties of the board of the first class school district or board officers under this section.

Sec. 462. Special elections may be called by the board of the first class school district. The board shall call an election on receipt of the written request of not less than 10% of the registered school electors of the district qualified to vote on the question by giving the prescribed notice. The questions to be submitted at the election shall be stated briefly in the notice. If the question under section 410 is approved in the first class school district, then the chief executive officer appointed under section 420 has the powers and shall perform the duties of the board of the first class school district under this section.

Sec. 471a. (1) This section applies to a first class school district only if the question under section 410 is not approved in the first class school district.

(2) The first class school district board may appoint a superintendent of schools for a term not exceeding 6 years pursuant to the first class school district board's bylaws. The board may employ assistant superintendents, principals, assistant principals, guidance directors, and other administrators who do not assume tenure in position for a term, not

to exceed 3 years, fixed by the board and shall define their duties. Administrative and personnel services shall be provided on a centralized basis throughout the first class school district and shall not be established on a voting district basis. The employment shall be under written contract. Notification of nonrenewal of contract shall be given in writing not less than 90 days before the termination date of the contract of a superintendent of schools, and at least 60 days before the termination date of the contract of other administrators described in this subsection. If notification of nonrenewal is not given as required in this subsection, the contract is renewed for an additional 1-year period.

(3) A notification of nonrenewal of a contract of a person described in this section may be given only for a reason that is not arbitrary or capricious. The board shall not issue a notice of nonrenewal under this section unless the affected person has been provided with not less than 30 days' advance notice that the board is considering the nonrenewal together with a written statement of the reasons the board is considering the nonrenewal. After the issuance of the written statement, but before the nonrenewal statement is issued, the affected person shall be given the opportunity to meet with not less than a majority of the board to discuss the reasons stated in the written statement. The meeting shall be open to the public or a closed session as the affected person elects under section 8 of the open meetings act, 1976 PA 267, MCL 15.268. The failure to provide for a meeting with the board or the finding of a court that the reason for nonrenewal is arbitrary or capricious shall result in the renewal of the affected person's contract for an additional 1-year period. This subsection does not apply to the nonrenewal of the contract of a superintendent of schools.

(4) Except for certification requirements determined by the state board, the first class school district board shall have full power over employees and may specify the duties to be performed by them and fix the qualifications necessary for a position. The qualifications shall not conflict with the rules, regulations, or licensing laws of the state, county, or municipality governing qualifications of engineers or members of other trades.

(5) This section is subject to part 5a.

Sec. 472. A first class school district may establish, maintain, and conduct a school for the purpose of affording a place of confinement, discipline, instruction, and maintenance of children of the city of compulsory school age who may be committed to the school by a court of competent jurisdiction, or admitted on the recommendation of the judge with the consent of their parents or guardian. A child who has been convicted of an offense punishable by confinement in a penal institution shall not be committed or admitted to the school.

Sec. 483a. (1) This section applies to a first class school district only if the question under section 410 is not approved in the first class school district.

(2) The first class school district board shall perform the following functions:

(a) Central purchasing.

(b) Payroll.

(c) Employment, discharge, assignment, and promotion of teachers and other employees of the district.

(d) Contract negotiations for all employees, subject to 1947 PA 336, MCL 423.201 to 423.217, and subject to bargaining certification and the collective bargaining agreement pertaining to affected employees.

(e) Property management and maintenance and the use of educational facilities.

(f) Bonding.

(g) Special education programs.

(h) Allocation of funds for capital outlay and operations.

(i) Determination of the curriculum and the establishment of educational and testing programs.

(j) Adoption of a budget.

(3) All powers and duties formerly vested in the regional boards are transferred to the first class school district board.

Sec. 485. (1) At least every 2 years, the board of the first class school district shall adopt policies and establish programs that provide for and encourage the free flow of information between the school district and the community and that provide for and encourage community input into educational matters considered by the board.

(2) In order to implement subsection (1), the board of a first class school district shall do both of the following:


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

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

(3) If the question under section 410 is approved in the first class school district, then the chief executive officer appointed under section 420 has the powers and shall perform the duties of the board of the first class school district under this section.

Enacting section 1. Section 405 of the revised school code, 1976 PA 451, MCL 380.405, is repealed.

This act is ordered to take immediate effect.



Clerk of the House of Representatives



Secretary of the Senate

Approved

Governor