

Legislative Analysis



NEW DETROIT SCHOOL DISTRICT: FINANCIAL REVIEW COMMISSION

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<http://www.house.mi.gov/hfa>

Senate Bill 711 (H-2) as passed by the House on 6-2-16
Senate Bill 820 (H-2) as passed by the House on 6-2-16
Sponsor: Sen. Goeff Hansen
Committee: Appropriations
Complete to 6-6-16

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

Senate Bill 711 would amend the Michigan Financial Review Commission Act, and Senate Bill 820 would amend Public Act 566 of 1978, which prohibits a public officer from holding incompatible offices. Both are part of a package to restructure Detroit Public Schools (DPS), which would be replaced by a new community district under House Bill 5384. In general, the bills would do the following:

- Expand the role of the Detroit Financial Review Commission.
- Expand exemptions under PA 566 related to school district officials on the Financial Review Commission.

Senate Bill 820 is tie-barred to Senate Bill 711, and both are tie-barred to House Bill 5384. The bills are described in more detail below.

Financial Review Commission

Senate Bill 711 would amend the Michigan Financial Review Commission Act, to revise the authority the financial review commission (FRC) was given in House Bill 5385 (PA 53 of 2016) over the existing Detroit school district as well as the community district proposed under HB 5384.

SB 711 would amend the definition of "qualified school district" so that it would apply to both the existing DPS district and the community district that would replace it under HB 5384. However, it would exclude the former DPS district superintendent and school board chair from membership on the FRC once functions and responsibilities have been transferred to the community district.

SB 711 would prohibit a qualified school district from altering the terms or conditions of an employment contract with, or the benefits of, its superintendent or terminating its superintendent without the approval of the FRC (excluding the superintendent and school board chair). It would also allow the FRC to approve all reimbursements to a qualified school district's board members, officials, and employees for travel out-of-state travel.

Senate Bill 820 would provide an exemption for a superintendent or school board chair serving both the district and on the FRC under PA 566 of 1978, which prohibits a public officer from holding incompatible offices. It would also exempt an emergency manager

who then serves as the transition manager for the community district as provided under House Bill 5384.

FISCAL IMPACT:

SB 711 would limit cost revisions for the community district by preventing the community district from revising contract or benefits of its superintendent without FRC approval, and could limit district costs by allowing the FRC to approve district out-of-state travel expenses.

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