

REPORTING REQUIREMENTS FOR DEFICIT DISTRICTS

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House Bill 5470 as referred to second committee

Sponsor: Rep. Aaron Miller

1st Committee: Education

2nd Committee: Ways and Means

Complete to 7-21-20

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

SUMMARY:

House Bill 5470 would amend the Revised School Code to remove the requirement that the state superintendent of public instruction and state treasurer present in-person quarterly reports on deficit districts to the House of Representatives and Senate appropriations subcommittees responsible for K-12 state school aid appropriations.¹ This requirement was initiated as one of a series of measures instituted for financially distressed school districts in 2015.²

The bill would retain other reporting requirements regarding deficit districts, including:

- That the Michigan Department of Education (MDE) prepare a yearly report of deficits incurred or projected by school districts, intermediate school districts (ISDs), and public school academies (PSAs, or charter schools) and that MDE report quarterly on progress by those districts.³
- That the state treasurer prepare a yearly report on the districts, ISDs, and PSAs required to submit periodic financial status reports or enhanced deficit elimination plans in the previous fiscal year, and their progress made in adhering to that plan, and that the treasurer report quarterly on those districts.⁴
- That districts, ISDs, and PSAs required to submit deficit elimination plans submit those plans monthly to the superintendent of public instruction and state treasurer (and that districts submit them to their respective ISDs, and PSAs to their respective authorizing bodies).

The bill would also make several technical changes, including clarifying that certain reports may be submitted “electronically, by mail, or in person.”

MCL 380.1220

¹ MDE deficit district information: <https://www.michigan.gov/mde/0,4615,7-140-6605-106599--,00.html>

² House Fiscal Agency analysis of 2015 PA 111 (HB 4327): <http://www.legislature.mi.gov/documents/2015-2016/billanalysis/House/pdf/2015-HLA-4325-BAFED801.pdf>

³ MDE December 2019 quarterly report to the legislature on deficit districts: https://www.michigan.gov/documents/mde/December_2019_Quarterly_Report_674717_7.pdf

⁴ State Treasurer December 2019 quarterly report to the legislature on deficit districts: https://www.michigan.gov/documents/treasury/FINAL_-_December_2019_Treasurer_Quarterly_Report_673382_7.pdf

BRIEF DISCUSSION:

According to committee testimony, the bill would remove an in-person report requirement, as it has been found to be unnecessary. In practice, MDE and Treasury typically contact the legislature to ask how they would like to receive the report on deficit districts and the legislature requests a letter instead of a presentation. The bill would codify that practice.

FISCAL IMPACT:

The bill would have no fiscal impact on the state or on school districts, ISDs, or PSAs.

POSITIONS:

The following entities indicated support for the bills (2-25-20):

Michigan Department of Treasury
Michigan Department of Education
West Michigan Talent Triangle
Oakland Schools
Michigan Association of School Boards
Middle Cities Education Association

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.