

SENATE SUBSTITUTE FOR
HOUSE BILL NO. 5475

A bill to amend 1976 PA 451, entitled
"The revised school code,"
(MCL 380.1 to 380.1852) by adding section 620.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 620. (1) Not later than December 31 of each year, each
2 intermediate school district shall post on its website a report
3 containing all of the following information for the immediately
4 preceding school fiscal year in the form and manner prescribed by
5 the department:

6 (a) All of the following general information:

7 (i) The amount of the intermediate school district's total
8 budget.

9 (ii) The number of full-time equated pupils served by the
10 intermediate school district.

11 (iii) The number of employees employed by the intermediate

1 school district.

2 (iv) The number of constituent districts, public school
3 academies, and nonpublic schools served by the intermediate
4 school district.

5 (b) Except as otherwise provided in subsection (2) and
6 subject to subsection (9), for each intermediate school board
7 member or school administrator of the intermediate school
8 district who had travel expenses during the school fiscal year
9 that totaled more than \$3,000.00 and that were paid for with
10 intermediate school district funds, all of the following
11 information concerning that travel:

12 (i) The total cost of air travel.

13 (ii) The total cost of overnight lodging.

14 (iii) The total cost of car rental.

15 (iv) The total cost of meals.

16 (v) The dates, purpose, and locations of travel.

17 (vi) The name and position of the board member or
18 administrator.

19 (c) Except as otherwise provided in subsection (3) and
20 subject to subsection (5), for each contract, other than an
21 employment contract or a contract that is reported under
22 subdivision (f), that was entered into by the intermediate school
23 district during the school fiscal year and that either obligated
24 the intermediate school district for an amount in excess of
25 \$100,000.00; was not competitively bid and obligated the
26 intermediate school district for an amount in excess of
27 \$25,000.00; or was entered into with an entity in which an

1 intermediate school board member or school administrator of the
2 intermediate school district, or a family member of an
3 intermediate school board member or school administrator of the
4 intermediate school district, was known by the intermediate
5 school board to have a monetary interest, a description of the
6 contract that includes at least all of the following:

7 (i) The subject matter and cost of the contract.

8 (ii) Whether the contract was competitively bid or was a
9 single source contract.

10 (iii) The name and position of each individual who signed the
11 contract on behalf of the intermediate school district.

12 (d) Except as otherwise provided in subsection (3), if there
13 was a modification made during the school fiscal year to an
14 existing contract that resulted in an additional financial
15 obligation owed by the intermediate school district in excess of
16 \$100,000.00 or that resulted in the total financial obligation
17 owed by the intermediate school district from the existing
18 contract exceeding \$100,000.00, or was a modification to an
19 existing contract that was not competitively bid and the
20 modification resulted in an additional financial obligation owed
21 by the intermediate school district in excess of \$25,000.00 or
22 resulted in the total financial obligation owed by the
23 intermediate school district from the existing contract exceeding
24 \$25,000.00, a description of the modification and the total
25 amount of the additional and total financial obligation.

26 (e) Subject to subsection (4), for each intermediate school
27 district employee with a compensation package with a total annual

1 monetary value in the top 3% among the intermediate school
2 district's employees, all of the following:

3 (i) The dollar value of his or her salary.

4 (ii) The dollar value of all expense accounts provided for
5 the employee and the dollar value of all reimbursed expenses.

6 (iii) The dollar value of any bonus, stipend, or any other
7 form of supplemental compensation. As used in this subparagraph,
8 "supplemental compensation" means any payment or benefit made
9 available to that employee that is not generally made available
10 to all teaching, administrative, and executive-level employees of
11 the intermediate school district.

12 (f) Total costs incurred during the school fiscal year, and
13 the source or sources of the money expended during the school
14 fiscal year, for fiber optic or cable equipment and operating
15 system software for fiber optic or cable equipment networks. The
16 description of the source or sources of the money expended for
17 purposes described in this subdivision shall specify the amount
18 used from each of the separate funds maintained by the
19 intermediate school district and used from each other source.

20 (g) Payments made during the school fiscal year to persons
21 who were not employees of the intermediate school district for
22 public relations, polling, lobbying, or legal services and a
23 description of the services received by the intermediate school
24 district in return.

25 (h) For each person not included under subdivision (e) or (g)
26 to whom the intermediate school district was required to issue a
27 federal income tax form 1099 that showed payments in excess of

1 \$25,000.00 during the school fiscal year, the total amount paid
2 to the individual, a description of the project or projects for
3 which the person was contracted, and the services provided by the
4 person.

5 (i) The amount and percentage of the intermediate school
6 district's total budget that was spent on each of the following:

7 (i) Administrative costs, as defined under the Michigan
8 public school accounting manual.

9 (ii) Public relations, surveys, polling, lobbying, and legal
10 services.

11 (j) A list of all motor vehicles weighing 7,500 pounds or
12 less that were owned or leased by the intermediate school
13 district during the school fiscal year and are not reported under
14 subdivision (c) and a description of the purposes for which each
15 of these motor vehicles was used.

16 (2) Subsection (1)(b) does not apply to any of the
17 following:

18 (a) Round-trip air travel on a scheduled airline from a
19 location in the Upper Peninsula to a location in the Lower
20 Peninsula or chartered round-trip air travel from a location in
21 the Upper Peninsula to a location in the Lower Peninsula if the
22 cost of the chartered air travel is less than the published cost
23 of the same air travel on a scheduled airline.

24 (b) Travel expenses for air or boat travel for work-related
25 purposes within this state between an island and the mainland.

26 (c) Travel expenses for travel within the boundaries of the
27 intermediate school district for work-related purposes.

1 (d) Mileage reimbursement.

2 (3) Subsection (1)(c) and (d) does not apply to a contract
3 for utilities or to a contract for an annuity or retirement
4 benefit in which all employees are eligible to participate unless
5 the contract is for payment of a commission to a third-party
6 broker for securing 1 of those contracts.

7 (4) If an intermediate school district has fewer than 3
8 employees in the top 3% of employees as described in subsection
9 (1)(e), the intermediate school district shall include the
10 information required under subsection (1)(e) for each
11 intermediate school district employee with a compensation package
12 with a total monetary value in the top 3 among the intermediate
13 school district's employees. If an intermediate school district
14 has more than 20 employees in the top 3% of employees as
15 described in subsection (1)(e), the intermediate school district
16 shall include the information under subsection (1)(e) for each
17 intermediate school district employee with a compensation package
18 with a total monetary value in the top 20 among the intermediate
19 school district's employees.

20 (5) For the purposes of subsection (1)(c), an intermediate
21 school board member or school administrator of an intermediate
22 school district, or a family member of an intermediate school
23 board member or school administrator of an intermediate school
24 district, is not considered to have a monetary interest in any of
25 the following contracts:

26 (a) A contract between the intermediate school district and
27 any of the following:

1 (i) A corporation in which an intermediate school board
2 member, intermediate school district administrator, or family
3 member is a stockholder owning 1% or less of the total stock
4 outstanding in any class if the stock is not listed on a stock
5 exchange or owning stock that has a present market value of
6 \$25,000.00 or less if the stock is listed on a stock exchange.

7 (ii) A corporation in which a trust, if an intermediate
8 school board member, intermediate school district administrator,
9 or family member is a beneficiary under the trust, owns 1% or
10 less of the total stock outstanding in any class if the stock is
11 not listed on a stock exchange or owning stock that has a present
12 market value of \$25,000.00 or less if the stock is listed on a
13 stock exchange.

14 (iii) A professional limited liability company organized
15 pursuant to the Michigan limited liability company act, 1993 PA
16 23, MCL 450.5101 to 450.6200, if an intermediate school board
17 member, intermediate school district administrator, or family
18 member is an employee but not a member of the company.

19 (b) A contract between the intermediate school district and
20 any of the following:

21 (i) A corporation in which an intermediate school board
22 member, intermediate school district administrator, or family
23 member is not a director, officer, or employee.

24 (ii) A firm, partnership, or other unincorporated
25 association, in which an intermediate school board member,
26 intermediate school district administrator, or family member is
27 not a partner, member, or employee.

1 (iii) A corporation or firm that has an indebtedness owed to
2 an intermediate school board member, intermediate school district
3 administrator, or family member.

4 (c) A contract between the intermediate school district and a
5 constituent district.

6 (6) The department shall include on its website a link to the
7 page on each intermediate school district's website that includes
8 the intermediate school district's report under subsection (1).

9 (7) The department shall work with intermediate school
10 districts to determine the form and manner for the posting of the
11 report under subsection (1).

12 (8) An intermediate school district shall maintain the report
13 under subsection (1) on its website only for the most recent
14 reporting period, but shall maintain paper copies of previous
15 reports for at least 10 years.

16 (9) Beginning January 1, 2006, the monetary amount specified
17 in subsection (1)(b) shall be adjusted each January 1 by
18 multiplying the amount for the immediately preceding year by the
19 percentage by which the average consumer price index for all
20 items for the 12 months ending August 31 of the year in which the
21 adjustment is made differs from that index's average for the 12
22 months ending on August 31 of the immediately preceding year and
23 adding that product to the maximum amount that applied in the
24 immediately preceding year, rounding to the nearest whole
25 dollar. The adjustment shall apply only to expenditures or
26 violations occurring after the date of the adjusting of the
27 amount. The adjusted amount shall be determined and announced by

1 the department on or before December 15 of each year and shall be
2 provided to all persons requesting the adjusted amount. If the
3 index is unavailable, the department shall make a reasonable
4 approximation.

5 (10) As used in this section:

6 (a) "Competitively bid" means that a contract was entered
7 into through a request for information, a request for proposal,
8 or a formal competitive bid process that was advertised and open
9 to the public, and includes a contract entered into on behalf of
10 the intermediate school district by a federal, state, or local
11 governmental entity that performed a request for information,
12 request for proposal, or formal competitive bid process or by a
13 nonprofit corporation or nonprofit association that performed a
14 request for information, request for proposal, or formal
15 competitive bid process.

16 (b) "Family member" means a person's spouse or spouse's
17 sibling or child; a person's sibling or sibling's spouse or
18 child; a person's child or child's spouse; or a person's parent
19 or parent's spouse, and includes these relationships as created
20 by adoption or marriage.

21 (c) "Total budget" means budget for all funds held by the
22 intermediate school district.

23 Enacting section 1. This amendatory act takes effect
24 July 1, 2006.

25 Enacting section 2. This amendatory act does not take
26 effect unless House Bill No. 5627 of the 92nd Legislature is
27 enacted into law.