

MICHIGAN FINANCIAL REVIEW COMMISSION ACT (EXCERPT)
Act 181 of 2014

141.1636 Duties of commission; review and approval of applicable contracts; reports; approval of collective bargaining agreements; supplementary information; certification and report of debt service.

Sec. 6.

(1) The commission shall provide oversight for a qualified city beginning on the effective date of the plan for adjustment or of this act, whichever is later. The commission shall provide oversight for a qualified school district beginning on the date the school district becomes a qualified school district.

(2) The commission shall ensure that the qualified city or qualified school district is complying with the terms and conditions of this act and of the plan for adjustment, if applicable. Except as otherwise provided in section 8, the commission shall by October 1 each year certify that the qualified city or qualified school district is in substantial compliance with the provisions of this act.

(3) The commission shall ensure that, where applicable, a qualified city or qualified school district complies with the provisions of all of the following, as applicable, and may request verification of compliance:

- (a) Section 8 of the publicly funded health insurance contribution act, 2011 PA 152, MCL 15.568.
- (b) Sections 4i, 4p, 4s, and 4t of the home rule city act, 1909 PA 279, MCL 117.4i, 117.4p, 117.4s, and 117.4t.
- (c) The revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.
- (d) The uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a.
- (e) For a qualified school district, all of the following:
 - (i) The revised school code, 1976 PA 451, MCL 380.1 to 380.1852.
 - (ii) Article I of the state school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1772.
 - (iii) The public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437.

(4) During the period of oversight for a qualified city, the commission shall review and approve that qualified city's 4-year financial plan required by section 4t of the home rule city act, 1909 PA 279, MCL 117.4t. A 4-year financial plan described in this subsection shall be submitted at least 100 days prior to the commencement of a qualified city's fiscal year. The commission shall approve or disapprove the 4-year financial plan within 30 days of receipt. If disapproved, the commission shall provide rationale in writing for disapproval and a qualified city shall submit a revised plan within 15 days that comports with the commission's rationale for rejection. The commission shall approve or disapprove that revised plan within 15 days. The commission may also require adjustments to the financial plan to modify expenditures to satisfy debt service, adjust projected revenues to comply with financial controls or accounting practices, and reduce expenditures to conform to consensus revenue estimates if required in section 7 to comply with the provisions of section 4t of the home rule city act, 1909 PA 279, MCL 117.4t. If the qualified city fails to submit an acceptable financial plan, the commission may adopt and impose upon the qualified city a financial plan satisfying the requirements of this act and section 4t of the home rule city act, 1909 PA 279, MCL 117.4t, until that time as the qualified city submits an acceptable financial plan.

(5) Subject to a plan for adjustment and any collective bargaining agreements still in effect, the commission shall establish and maintain programs and requirements for the responsible fiscal management of that qualified city or qualified school district. The commission's programs and requirements shall include all of the following:

- (a) Increased managerial accountability.
- (b) The streamlining of the provision of city or qualified school district services.
- (c) Improved collection of outstanding tax revenues.
- (d) Review of the compensation and benefits of city or qualified school district employees and recommendation of adjustments where necessary.

(6) Notwithstanding any charter provision or local ordinance to the contrary, all applicable contracts are subject to review and approval by the commission. The commission may consider a number of factors when reviewing an applicable contract, including whether the applicable contract was subject to a competitive bid process. Only applicable contracts that are first approved by the governing body and mayor or chief executive officer of a qualified city or qualified school district as required by law, charter, ordinance, or policy are subject to review by the commission. If an applicable contract is not rejected by the commission within 30 days of its submission, that applicable contract shall be considered approved by the commission.

(7) A qualified city or qualified school district, when required by the commission, shall present written reports regarding its financial stability and shall permit the commission to audit or inspect financial statements, actuarial reports, revenue estimates, and any and all other documents, data, reports, or findings that the commission considers necessary to carry out its purpose under this act. The commission may require that qualified city's or qualified school district's chief financial officer to certify in writing the accuracy of any documents the commission requests.

(8) The commission shall, on June 1 and December 1 of each year in which the commission has oversight over a

qualified city or a qualified school district, file a written report with the governor. A copy of the report shall be submitted to the senate majority leader and the speaker of the house of representatives and posted on the department of treasury website. A copy of the report shall be sent to the mayor or chief executive officer and governing body of the qualified city or qualified school district.

(9) Except as otherwise provided in this subsection, the commission shall approve all collective bargaining agreements, including any addendums to those agreements, to which that qualified city or qualified school district is a party after approval by the governing body and mayor or chief executive officer of the qualified city or qualified school district as required by charter or law. The commission shall approve or reject collective bargaining agreements submitted to it within 45 days of submission. Collective bargaining agreements submitted to the commission shall not be executed unless and until the commission approves those agreements. Collective bargaining agreements approved by an emergency manager appointed under section 12 of the local financial stability and choice act, 2012 PA 436, MCL 141.1552, shall not be subject to commission approval under this subsection.

(10) For a qualified city, the commission may file supplementary information relating to the financial condition of the qualified city with an arbitration panel in arbitration proceedings in which the qualified city is a party pursuant to 1969 PA 312, MCL 423.231 to 423.247.

(11) The mayor or chief executive officer, governing body, and chief financial officer of a qualified city or qualified school district shall, at least 45 days prior to the beginning of each fiscal quarter, certify in writing to the commission the amount of debt service due on bonds, leases, or other debt. A qualified city or qualified school district shall specifically report debt service requirements, calculated through final maturity, and certify its ability to meet those requirements through the end of the current fiscal year.

History: 2014, Act 181, Imd. Eff. June 20, 2014 ;-- Am. 2016, Act 53, Imd. Eff. Mar. 29, 2016