

HOUSE SUBSTITUTE FOR SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 4369

A bill to amend 1976 PA 451, entitled  
"The revised school code,"  
by amending sections 1225 and 1280c (MCL 380.1225 and 380.1280c),  
section 1225 as amended by 2012 PA 1 and section 1280c as amended  
by 2011 PA 8.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 1225. (1) Subject to restrictions of this section, a  
2 school board or intermediate school board may borrow money and  
3 issue notes of the school district or intermediate school district  
4 for the borrowed money to secure funds for school operations or to  
5 pay previous loans obtained for school operations under this or any  
6 other statute. The school board or intermediate school board shall  
7 pledge money to be received by it from state school aid for the

1 payment of notes issued under this section. A pledge of state  
2 school aid by a school district or intermediate school district for  
3 the payment of notes issued pursuant to this section is valid and  
4 binding from the time when the pledge is made. A pledge made  
5 pursuant to this section for the benefit of the holders of notes or  
6 for the benefit of others is perfected without delivery, recording,  
7 or notice. Notes issued pursuant to this section are full faith and  
8 credit obligations of the school district or intermediate school  
9 district and are payable from **AUTHORIZED** tax levies or from  
10 unencumbered funds of the school district or intermediate school  
11 district in event of the unavailability or insufficiency of state  
12 school aid for any reason.

13 (2) A school district or intermediate school district for  
14 which an emergency manager has been appointed pursuant to the ~~local~~  
15 ~~government and school district fiscal accountability act, 2011 PA~~  
16 ~~4, MCL 141.1501 to 141.1531,~~ **LOCAL FINANCIAL STABILITY AND CHOICE**  
17 **ACT, 2012 PA 436, MCL 141.1541 TO 141.1575,** or a school district or  
18 intermediate school district that has an approved deficit  
19 elimination plan under section 102 of the state school aid act of  
20 1979, MCL 388.1702, may enter into an agreement with the Michigan  
21 finance authority in accordance with section 17a(4) of the state  
22 school aid act of 1979, MCL 388.1617a, providing for the direct  
23 payment on behalf of the school district or intermediate school  
24 district to the Michigan finance authority, or to a trustee  
25 designated by the Michigan finance authority, of state school aid  
26 pledged and to be used for the sole purpose of paying the principal  
27 of and interest on the notes issued pursuant to this section and

1   secured by state school aid.

2           (3) Notes issued under this section shall become due not later  
3   than 372 days after the date on which they are issued, except as  
4   otherwise provided in this section. Notes issued within a fiscal  
5   year shall not exceed 70% of the difference between the total state  
6   aid funds apportioned to the school district or intermediate school  
7   district for that fiscal year and the portion already received or  
8   pledged, except secondary pledges made under section 1356.

9           (4) A school district or intermediate school district that is  
10   not able to redeem its notes within 372 days after the date on  
11   which the notes were issued may enter into a multi-year agreement  
12   with a lending institution to repay its obligation. A repayment  
13   agreement shall not be executed without the prior approval of an  
14   authorized representative of the ~~state board~~ **DEPARTMENT** or, for  
15   notes sold to the Michigan finance authority only, without the  
16   approval of an authorized representative of the department of  
17   treasury.

18           (5) During the last 4 months of a fiscal year, notes may be  
19   issued pledging state school aid for the next succeeding fiscal  
20   year. Except as otherwise provided in this subsection, the notes  
21   shall not exceed 50% of the state school aid apportioned to the  
22   school district or intermediate school district for the next  
23   succeeding fiscal year or, if the apportionment has not been made,  
24   50% of the apportionment for the then current fiscal year. The  
25   notes shall mature not later than 372 days after the date of  
26   issuance.

27           (6) Notes issued under this section are subject to the revised

1 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.  
2 Failure of a school district or intermediate school district to  
3 receive state school aid does not affect the validity or  
4 enforceability of a note issued under this section.

5 (7) A school board or intermediate school board may make more  
6 than 1 borrowing under this section during a school year.

7 (8) In addition to other powers under this section, with the  
8 approval of the state treasurer, a school board or intermediate  
9 school board may obtain a line of credit to secure funds for school  
10 operations or to pay previous loans obtained for school operations  
11 under this or any other statute. The school board or intermediate  
12 school board shall pledge not more than 30% of the state school aid  
13 apportioned to the school district or intermediate school district  
14 for that fiscal year for repayment of funds received pursuant to a  
15 line of credit obtained under this subsection. However, the school  
16 board or intermediate school board shall not borrow against the  
17 line of credit an amount greater than the difference, as of the  
18 date of the borrowing, between the total state school aid funds  
19 apportioned to the school district or intermediate school district  
20 for that fiscal year and the portion already received or pledged,  
21 except secondary pledges made under section 1356. To obtain  
22 approval for obtaining a line of credit under this subsection, a  
23 school board or intermediate school board shall apply to the state  
24 treasurer in the form and manner prescribed by the state treasurer,  
25 and shall provide information as requested by the state treasurer  
26 for evaluating the application. The state treasurer shall approve  
27 or disapprove an application and notify the school board or

1 intermediate school board within 20 business days after receiving a  
2 proper application. If the state treasurer disapproves an  
3 application, the state treasurer shall include the reasons for  
4 disapproval in the notification to the school board or intermediate  
5 school board.

6 (9) AS USED IN THIS SECTION:

7 (A) "SCHOOL BOARD" INCLUDES THE GOVERNING BODY OF A PUBLIC  
8 BODY AUTHORIZED TO PERFORM THE FUNCTIONS AND RESPONSIBILITIES OF  
9 THE STATE SCHOOL REFORM/REDESIGN SCHOOL DISTRICT CREATED UNDER  
10 SECTION 1280C AND ELIGIBLE TO RECEIVE A PER-PUPIL ALLOCATION FOR  
11 PUPILS IN MEMBERSHIP IN A PUBLIC SCHOOL OPERATED OR AUTHORIZED BY  
12 THE PUBLIC BODY AS CALCULATED UNDER SECTION 20 OF THE STATE SCHOOL  
13 AID ACT OF 1979, 1979 PA 94, MCL 388.1620 IF THE DEPARTMENT OF  
14 TREASURY DETERMINES THAT THE PUBLIC BODY IS SUBJECT TO THE FREEDOM  
15 OF INFORMATION ACT, 1976 PA 442, MCL 15.231 TO MCL 15.246, THE OPEN  
16 MEETINGS ACT, 1976 PA 267, MCL 15.261 TO MCL 15.275, HAS A CONFLICT  
17 OF INTEREST POLICY IN PLACE FOR MEMBERS OF THE GOVERNING BODY AND  
18 SUPERVISORY EMPLOYEES OF THE PUBLIC BODY, IS REQUIRED TO PREPARE AN  
19 ANNUAL FINANCIAL AUDIT, FOLLOWS GENERALLY ACCEPTED ACCOUNTING  
20 PRINCIPLES FOR GOVERNMENTAL ENTITIES, AND MAINTAINS A PUBLIC  
21 WEBSITE ON WHICH IT DISCLOSED ITS ANNUAL BUDGET.

22 (B) "SCHOOL DISTRICT" INCLUDES A PUBLIC BODY AUTHORIZED TO  
23 PERFORM THE FUNCTIONS AND RESPONSIBILITIES OF THE STATE SCHOOL  
24 REFORM/REDESIGN SCHOOL DISTRICT CREATED UNDER SECTION 1280C AND  
25 ELIGIBLE TO RECEIVE A PER-PUPIL ALLOCATION FOR PUPILS IN MEMBERSHIP  
26 IN A PUBLIC SCHOOL OPERATED OR AUTHORIZED BY THE PUBLIC BODY AS  
27 CALCULATED UNDER SECTION 20 OF THE STATE SCHOOL AID ACT OF 1979,

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1 1979 PA 94, MCL 388.1620 IF THE DEPARTMENT OF TREASURY DETERMINES  
 2 THAT THE PUBLIC BODY IS SUBJECT TO THE FREEDOM OF INFORMATION ACT,  
 3 1976 PA 442, MCL 15.231 TO MCL 15.246, THE OPEN MEETINGS ACT, 1976  
 4 PA 267, MCL 15.261 TO MCL 15.275, HAS A CONFLICT OF INTEREST POLICY  
 5 IN PLACE FOR MEMBERS OF THE GOVERNING BODY OF THE PUBLIC BODY AND  
 6 SUPERVISORY EMPLOYEES OF THE PUBLIC BODY, IS REQUIRED TO PREPARE AN  
 7 ANNUAL FINANCIAL AUDIT, FOLLOWS GENERALLY ACCEPTED ACCOUNTING  
 8 PRINCIPLES FOR GOVERNMENTAL ENTITIES, AND MAINTAINS A PUBLIC  
 9 WEBSITE ON WHICH IT DISCLOSES ITS ANNUAL BUDGET.

10 Sec. 1280c. (1) Beginning in 2010, not later than September 1  
 11 of each year, the superintendent of public instruction shall  
 12 publish a list identifying the public schools in this state,  
 13 **EXCLUDING CENTER PROGRAMS**, that the department has determined to be  
 14 among the lowest achieving 5% of all public schools in this state,  
 15 as defined for the purposes of the federal incentive grant program  
 16 created under sections 14005 and 14006 of title XIV of the American  
 17 recovery and reinvestment act of 2009, Public Law 111-5.

18 (2) Except as otherwise provided in subsection ~~[(16)]~~ (17), the  
 19 superintendent of public instruction shall issue an order placing  
 20 each public school that is included on the list under subsection  
 21 (1) under the supervision of the state school reform/redesign  
 22 officer described in subsection (9). Within 90 days after a public  
 23 school is placed under the supervision of the state school  
 24 reform/redesign officer under this section, the school board or  
 25 board of directors operating the public school shall submit a  
 26 redesign plan to the state school reform/redesign officer. For a  
 27 public school operated by a school board, the redesign plan shall

1 be developed with input from the local teacher bargaining unit and  
2 the local superintendent. The redesign plan shall require  
3 implementation of 1 of the 4 school intervention models that are  
4 provided for the lowest achieving schools under the federal  
5 incentive grant program created under sections 14005 and 14006 of  
6 title XIV of the American recovery and reinvestment act of 2009,  
7 Public Law 111-5, known as the "race to the top" grant program.  
8 These models are the turnaround model, restart model, school  
9 closure, and transformation model. The redesign plan shall include  
10 an executed addendum to each applicable collective bargaining  
11 agreement in effect for the public school that meets the  
12 requirements of subsection (8).

13 (3) Within 30 days after receipt of a redesign plan for a  
14 public school under subsection (2), the state school  
15 reform/redesign officer shall issue an order approving,  
16 disapproving, or making changes to the redesign plan. If the order  
17 makes changes to the redesign plan, the school board or board of  
18 directors has 30 days after the order to change the redesign plan  
19 to incorporate those changes into the redesign plan and resubmit it  
20 to the state school reform/redesign officer for approval or  
21 disapproval.

22 (4) The state school reform/redesign officer shall not  
23 disapprove a redesign plan that includes all of the elements  
24 required under federal law for the school intervention model  
25 included in the redesign plan. A school board or board of directors  
26 may appeal disapproval of a redesign plan on this basis to the  
27 superintendent of public instruction. The decision of the

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1 superintendent of public instruction on the appeal is final.

2 (5) If the state school reform/redesign officer approves a  
3 redesign plan under this section, the school board or board of  
4 directors shall implement the redesign plan for the public school  
5 beginning with the beginning of the next school year that begins  
6 after the approval. The school board or board of directors shall  
7 regularly submit monitoring reports to the state school  
8 reform/redesign officer on the implementation and results of the  
9 plan in the form and manner, and according to a schedule, as  
10 determined by the state school reform/redesign officer.

11 (6) The state school reform/redesign school district is  
12 created. The state school reform/redesign school district is a  
13 school district for the purposes of section 11 of article IX of the  
14 state constitution of 1963 and for receiving state school aid under  
15 the state school aid act of 1979 and is subject to the leadership  
16 and general supervision of the state board over all public  
17 education under section 3 of article VIII of the state constitution  
18 of 1963. The state school reform/redesign school district is a body  
19 corporate and is a governmental agency. Except as otherwise  
20 provided in subsection (7) **[AND IN SUBSECTIONS (19) TO (21)]**, if the  
state school reform/redesign  
21 officer does not approve the redesign plan, or if the state school  
22 reform/redesign officer determines that the redesign plan is not  
23 achieving satisfactory results, **[AND IF THE PUBLIC SCHOOL HAS BEEN ON THE  
LIST UNDER SUBSECTION (1) FOR AT LEAST 2 CONSECUTIVE YEARS,]** the state  
school reform/redesign  
24 officer shall issue an order placing the public school in the state  
25 school reform/redesign school district, imposing for the public  
26 school implementation of 1 of the 4 school intervention models  
27 described in subsection (2) beginning with the beginning of the

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next school year, and imposing an addendum to each applicable

collective bargaining agreement in effect for the public school as

necessary to implement the school intervention model and that meets

the requirements of subsection (8). **WHEN DETERMINING WHETHER A**

**REDESIGN PLAN IS ACHIEVING SATISFACTORY RESULTS UNDER THIS**

**SUBSECTION, THE STATE SCHOOL REFORM/REDESIGN OFFICER SHALL PLACE**

**THE HIGHEST PRIORITY ON ADDRESSING UNSATISFACTORY RESULTS AT PUBLIC**

**SCHOOLS WITH PUPILS IN GRADES K TO 8 [AND THE STATE SCHOOL REFORM/REDESIGN OFFICER SHALL RELY UPON STANDARDIZED TESTING RESULTS RECOGNIZED BY THE DEPARTMENT AND NOT UPON OTHER TESTING DATA USED BY THE PUBLIC SCHOOL BUT NOT RECOGNIZED BY THE DEPARTMENT]. AN ORDER UNDER THIS SECTION**

**PLACING A PUBLIC SCHOOL IN THE STATE SCHOOL REFORM/REDESIGN SCHOOL**

**DISTRICT MAY NOT BE ISSUED BEFORE JANUARY 1, 2015, AND MAY NOT TAKE**

**EFFECT BEFORE JULY 1, 2015.** All of the following apply to the state

school reform/redesign school district:

(a) The state school reform/redesign school district shall

consist of schools that are placed in the state school

reform/redesign school district.

(b) The state school reform/redesign officer shall act as the superintendent of the state school reform/redesign school district.

With respect to schools placed in the state school reform/redesign

school district, the state school reform/redesign officer has all

of the powers and duties described in this section; all of the

provisions of this act that would otherwise apply to the school

board that previously operated a school placed in the state school

reform/redesign school district apply to the state school

reform/redesign officer with respect to that school, except those

relating to taxation or borrowing; except as otherwise provided in

this section, the state school reform/redesign officer may exercise

all the powers and duties otherwise vested by law in the school

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board that previously operated a school placed in the state school reform/redesign school district and in its officers, except those relating to taxation or borrowing, and may exercise all additional powers and duties provided under this section; and, except as otherwise provided in this section, the state school reform/redesign officer accedes to all the rights, duties, and obligations of the school board with respect to that school. These powers, rights, duties, and obligations include, but are not limited to, all of the following:

(i) Authority over the expenditure of all funds attributable to pupils at that school, including that portion of proceeds from bonded indebtedness and other funds dedicated to capital projects that would otherwise be apportioned to that school by the school board that previously operated the school according to the terms of the bond issue or financing documents. [THE CREDIT OF THIS STATE SHALL NOT BE GRANTED TO, OR IN AID OF, THE STATE SCHOOL REFORM/REDESIGN SCHOOL DISTRICT OR AN ENTITY ELIGIBLE TO RECEIVE AN ALLOCATION CALCULATED UNDER SECTION 20(7) OF THE STATE SCHOOL AID ACT OF 1979, MCL 388.1620, THAT MANAGES OR OPERATES A PUBLIC SCHOOL ON BEHALF OF THE STATE SCHOOL REFORM/REDESIGN SCHOOL DISTRICT OR THAT EXERCISES THE FUNCTIONS AND RESPONSIBILITIES OF THE STATE SCHOOL REFORM/REDESIGN SCHOOL DISTRICT. AN ENTITY ELIGIBLE TO RECEIVE AN ALLOCATION CALCULATED UNDER SECTION 20(7) OF THE STATE SCHOOL AID ACT OF 1979, MCL 388.1620, THAT MANAGES OR OPERATES A PUBLIC SCHOOL ON BEHALF OF THE STATE SCHOOL REFORM/REDESIGN SCHOOL DISTRICT OR THAT OTHERWISE EXERCISES THE FUNCTIONS AND RESPONSIBILITIES OF THE STATE SCHOOL REFORM/REDESIGN SCHOOL DISTRICT SHALL NOT ISSUE BONDS OBLIGATING THIS STATE TO PAY THE PRINCIPAL, IF ANY, OR INTEREST ON THE BONDS, AND NEITHER THE FAITH AND CREDIT OF THIS STATE NOR THE TAXING POWER OF THIS STATE SHALL BE PLEDGED FOR REPAYMENT OF THE BONDS.]

(ii) Subject to subsection (8), rights and obligations under collective bargaining agreements and employment contracts entered into by the school board for employees at the school.

(iii) Rights to prosecute and defend litigation.

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

(v) Authority to delegate any of the state school reform/redesign officer's powers and duties to 1 or more designees, with proper supervision by the state school reform/redesign officer.

(vi) Power to terminate any contract or portion of a contract entered into by the school board that applies to that school.

1 However, this subsection does not allow any termination or  
2 diminishment of obligations to pay debt service on legally  
3 authorized bonds and does not allow a collective bargaining  
4 agreement to be affected except as provided under subsection (8). A  
5 contract terminated by the state school reform/redesign officer  
6 under this subsection is void.

7 (7) If the state school reform/redesign officer determines  
8 that better educational results are likely to be achieved by  
9 appointing a chief executive officer to take control of multiple  
10 public schools, the state school reform/redesign officer may make a  
11 recommendation to the superintendent of public instruction for  
12 appointment of a chief executive officer to take control over those  
13 multiple schools. If the superintendent of public instruction  
14 appoints a chief executive officer to take control of multiple  
15 public schools under this subsection, the chief executive officer  
16 shall impose for those public schools implementation of 1 of the 4  
17 school intervention models described in subsection (2) and impose  
18 an addendum to each applicable collective bargaining agreement in  
19 effect for those public schools as necessary to implement the  
20 school intervention model and that meets the requirements of  
21 subsection (8). With respect to those public schools, the chief  
22 executive officer has all of the same powers and duties that the  
23 state school reform/redesign officer has for public schools placed  
24 in the state school reform/redesign school district under  
25 subsection (6). The chief executive officer shall regularly submit  
26 monitoring reports to the state school reform/redesign officer on  
27 the implementation and results of the intervention model in the

1 form and manner, and according to a schedule, as determined by the  
2 state school reform/redesign officer. The chief executive officer  
3 shall exercise any other powers or duties over the public schools  
4 as may be directed by the superintendent of public instruction.

5 (8) An addendum to a collective bargaining agreement under  
6 this section shall provide for any of the following that are  
7 necessary for the applicable school intervention model to be  
8 implemented at each affected public school:

9 (a) That any contractual or other seniority system that would  
10 otherwise be applicable shall not apply at the public school. This  
11 subdivision does not allow unilateral changes in pay scales or  
12 benefits.

13 (b) That any contractual or other work rules that are  
14 impediments to implementing the redesign plan shall not apply at  
15 the public school. This subdivision does not allow unilateral  
16 changes in pay scales or benefits.

17 (c) That the state school reform/redesign officer shall direct  
18 the expenditure of all funds attributable to pupils at the public  
19 school and the principal or other school leader designated by the  
20 state school reform/redesign officer shall have full autonomy and  
21 control over curriculum and discretionary spending at the public  
22 school.

23 (9) The superintendent of public instruction shall hire a  
24 state school reform/redesign officer to carry out the functions  
25 under this section and as otherwise prescribed by law. The state  
26 school reform/redesign officer shall be chosen solely on the basis  
27 of his or her competence and experience in educational reform and

1 redesign. The state school reform/redesign officer is exempt from  
2 civil service. The state school reform/redesign officer is  
3 responsible directly to the superintendent of public instruction to  
4 ensure that the purposes of this section are carried out, and  
5 accordingly the position of state school reform/redesign officer  
6 should be a position within the department that is exempt from the  
7 classified state civil service. The department shall request that  
8 the civil service commission establish the position of state school  
9 reform/redesign officer as a position that is exempt from the  
10 classified state civil service.

11 (10) If the state school reform/redesign officer imposes the  
12 restart model for a public school in the state school  
13 reform/redesign school district, or a chief executive officer under  
14 subsection (7) imposes the restart model for multiple public  
15 schools under that subsection, all of the following apply:

16 (a) **THE PUBLIC SCHOOL SHALL BE OPERATED BY ANOTHER PUBLIC**  
17 **SCHOOL THAT IS AUTHORIZED TO PROVIDE PUBLIC EDUCATIONAL SERVICES**  
18 **UNDER A CONTRACT WITH THE STATE SCHOOL REFORM/REDESIGN SCHOOL**  
19 **DISTRICT, OR THE** state school reform/redesign officer or chief  
20 executive officer shall enter into an agreement with an educational  
21 management organization to manage and operate the public school or  
22 schools. The state school reform/redesign officer or chief  
23 executive officer shall provide sufficient oversight to ensure that  
24 the public school or schools will be operated according to all of  
25 the requirements for a restart model.

26 (b) There shall be considered to be no collective bargaining  
27 agreement in effect that applies to employees working at the public

1 school or schools under this model at the time of imposition of the  
2 model.

3 (11) If the state school reform/redesign officer imposes the  
4 turnaround model for a public school in the state school  
5 reform/redesign school district, or a chief executive officer under  
6 subsection (7) imposes the turnaround model for multiple public  
7 schools under that subsection, all of the following apply:

8 (a) A collective bargaining agreement that applies to  
9 employees working at the public school or schools under this model  
10 at the time of imposition of the model, and any successor  
11 collective bargaining agreement, continues to apply with respect to  
12 pay scales and benefits.

13 (b) Subject to any addendum to the collective bargaining  
14 agreement that applies to the public school or schools, an employee  
15 who is working at the public school or schools and who was  
16 previously employed in the same school district that previously  
17 operated that school shall continue to retain and accrue seniority  
18 rights in that school district according to the collective  
19 bargaining agreement that applies to employees of that school  
20 district.

21 (12) If more than 9 public schools operated by a school  
22 district are on the list under subsection (1), the transformation  
23 model may not be implemented for more than 50% of those schools.

24 (13) If the state school reform/redesign officer determines  
25 that a public school that is subject to the measures under  
26 subsection (6) or (7) has made significant improvement in pupil  
27 achievement and should be released from the measures that have been

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1 imposed under subsection (6) or (7), the state school

2 reform/redesign officer may recommend this to the superintendent of

3 public instruction. If the superintendent of public instruction

4 agrees with the determination and recommendation, the

5 superintendent of public instruction may release the public school

6 from the measures that have been imposed under subsection (6) or

7 (7).

[(14) IF A PUBLIC SCHOOL HAS BEEN PLACED IN THE STATE SCHOOL REFORM/REDESIGN SCHOOL DISTRICT UNDER SUBSECTION (6), OR IS UNDER THE CONTROL OF A CHIEF EXECUTIVE OFFICER UNDER SUBSECTION (7), AND THE PUBLIC SCHOOL HAS NOT BEEN ON THE LIST OF THE LOWEST ACHIEVING 5% OF ALL PUBLIC SCHOOLS IN THIS STATE UNDER SUBSECTION (1) FOR 4 CONSECUTIVE YEARS, THE PUBLIC SCHOOL SHALL NO LONGER BE WITHIN THE STATE SCHOOL REFORM/REDESIGN SCHOOL DISTRICT OR SUBJECT TO THE CONTROL OF THE CHIEF EXECUTIVE OFFICER OR OF THE STATE SCHOOL REFORM/REDESIGN OFFICER.]

8 ~~[(14)]~~ (15) At least annually, the state school reform/redesign  
9 officer shall submit a report to the standing committees of the  
10 senate and house of representatives having jurisdiction over  
11 education legislation on the progress being made in improving pupil  
12 proficiency due to the measures under this section.

13 ~~[(15)]~~ (16) As soon as practicable after the federal department of  
14 education has adopted the final work rules and formula for  
15 identifying the lowest achieving 5% of all public schools in this  
16 state for the purposes of the federal incentive grant program  
17 created under sections 14005 and 14006 of title XIV of the American  
18 recovery and reinvestment act of 2009, Public Law 111-5, known as  
19 the "race to the top" grant program, the department shall post all  
20 of the following on its website:

21 (a) The federal work rules and formula.

22 (b) A list of the public schools in this state that have been  
23 identified for these purposes as being among the lowest achieving  
24 5% of all public schools in this state. The department shall update  
25 this list as it considers appropriate.

26 ~~[(16)]~~ (17) If a school that is included on the list under  
27 subsection

28 (1) is operated by a school district in which an emergency manager

1 is in place under the ~~local government and school district fiscal~~  
2 ~~accountability act,~~ LOCAL FINANCIAL STABILITY AND CHOICE ACT, 2012

3 PA 436, MCL 141.1541 TO 141.1575, then the superintendent of public  
4 instruction shall not issue an order placing the school under the  
5 supervision of the state school reform/redesign officer. THIS

6 SUBSECTION DOES NOT PREVENT A PUBLIC SCHOOL FROM ENTERING INTO AN  
7 AGREEMENT OR COOPERATIVE ARRANGEMENT WITH THE STATE SCHOOL

8 REFORM/REDESIGN SCHOOL DISTRICT. [AN ENTITY EXERCISING THE FUNCTIONS OF  
THE STATE SCHOOL REFORM/REDESIGN DISTRICT UNDER THIS SECTION MUST BE A  
PUBLIC BODY AND SHALL COMPLY WITH THE FREEDOM OF INFORMATION ACT, 1976 PA  
442, MCL 15.231 TO 15.246, THE OPEN MEETINGS ACT, 1976 PA 267, MCL 15.261  
TO 15.275, AND ALL OTHER APPLICABLE LAW.

9 (18) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ACT, THE COMBINED  
10 TOTAL NUMBER OF PUBLIC SCHOOLS PLACED IN THE STATE SCHOOL

11 REFORM/REDESIGN SCHOOL DISTRICT OR CONTROLLED BY A CHIEF EXECUTIVE  
12 OFFICER UNDER SUBSECTION (7) THAT ARE OPERATED, MANAGED, AUTHORIZED,  
13 ESTABLISHED, OR OVERSEEN BY A PUBLIC ENTITY ELIGIBLE TO RECEIVE AN

ALLOCATION CALCULATED UNDER SECTION 20(7) OF THE STATE SCHOOL AID ACT OF  
1979, MCL 388.1620, SHALL NOT EXCEED 27 THROUGH JUNE 30, 2016, 39 THROUGH  
JUNE 30, 2017, OR 50 AT ANY 1 TIME THEREAFTER.

14 (19)] THIS SECTION DOES NOT PROHIBIT A SCHOOL DISTRICT FROM  
15 ENTERING INTO AN AGREEMENT OR COOPERATIVE ARRANGEMENT WITH AN  
16 INTERMEDIATE SCHOOL DISTRICT AUTHORIZING THE INTERMEDIATE SCHOOL  
17 DISTRICT TO OPERATE OR MANAGE A PUBLIC SCHOOL OF THE SCHOOL  
18 DISTRICT, AS IS PERMITTED UNDER SECTIONS 11A AND 601A.

[(20) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION, WITHIN 6  
MONTHS AFTER A PUBLIC SCHOOL THAT IS OPERATED BY A SCHOOL DISTRICT IS  
PLACED ON THE LIST UNDER SUBSECTION (1), THE SCHOOL BOARD OF THE PUBLIC  
SCHOOL MAY REQUEST THE INTERMEDIATE SCHOOL DISTRICT IN WHICH THE PUBLIC  
SCHOOL IS LOCATED TO ASSUME WITH RESPECT TO THE PUBLIC SCHOOL THE  
FUNCTIONS AND RESPONSIBILITIES THAT THE STATE SCHOOL REFORM/REDESIGN  
SCHOOL DISTRICT HAS UNDER THIS SECTION FOR A PUBLIC SCHOOL PLACED IN THE  
STATE SCHOOL REFORM/REDESIGN SCHOOL DISTRICT. WITHIN 60 DAYS AFTER  
RECEIVING THE REQUEST, THE INTERMEDIATE SCHOOL DISTRICT SHALL DETERMINE  
WHETHER TO ASSUME THOSE FUNCTIONS AND RESPONSIBILITIES, AND NOTIFY THE  
SCHOOL DISTRICT OF ITS DETERMINATION AND THE DATE WITHIN THE NEXT 365  
DAYS UPON WHICH THE INTERMEDIATE SCHOOL DISTRICT WILL ASSUME THOSE  
FUNCTIONS AND RESPONSIBILITIES. UPON THE DATE ESTABLISHED BY THE  
INTERMEDIATE SCHOOL DISTRICT, ALL OF THE FUNCTIONS AND RESPONSIBILITIES  
THAT THE STATE SCHOOL REFORM/REDESIGN SCHOOL DISTRICT HAS UNDER THIS

SECTION FOR A PUBLIC SCHOOL PLACED IN THE STATE SCHOOL REFORM/REDESIGN SCHOOL DISTRICT ARE ASSUMED AND MAY BE EXERCISED BY THE INTERMEDIATE SCHOOL DISTRICT WITH RESPECT TO THE PUBLIC SCHOOL AND THE PUBLIC SCHOOL MAY BE PLACED IN THE STATE SCHOOL REFORM/REDESIGN SCHOOL DISTRICT ONLY AS AUTHORIZED UNDER THIS SUBSECTION. WITH RESPECT TO A PUBLIC SCHOOL FOR WHICH AN INTERMEDIATE SCHOOL DISTRICT HAS ASSUMED FUNCTIONS AND RESPONSIBILITIES UNDER THIS SUBSECTION, A COLLECTIVE BARGAINING AGREEMENT TO WHICH AN INTERMEDIATE SCHOOL DISTRICT IS A PARTY SHALL NOT APPLY TO THE PUBLIC SCHOOL OR TO A SCHOOL DISTRICT THAT IS NOT A PARTY TO THAT COLLECTIVE BARGAINING AGREEMENT. AN INTERMEDIATE SCHOOL DISTRICT THAT HAS ASSUMED FUNCTIONS AND RESPONSIBILITIES FOR A PUBLIC SCHOOL UNDER THIS SUBSECTION SHALL RECEIVE STATE SCHOOL AID PAYMENTS EQUAL TO THE TOTAL STATE SCHOOL AID PAYMENTS THAT WOULD BE PAYABLE IF THE PUBLIC SCHOOL WERE AN ACHIEVEMENT SCHOOL UNDER THE STATE SCHOOL AID ACT OF 1979. BEGINNING ON THE DATE THAT THE INTERMEDIATE SCHOOL DISTRICT DETERMINES TO ASSUME THOSE FUNCTIONS AND RESPONSIBILITIES, THE PUBLIC SCHOOL SHALL NOT BE PLACED IN OR BE A PART OF THE STATE SCHOOL REFORM/REDESIGN SCHOOL DISTRICT UNLESS ANY OF THE FOLLOWING OCCUR:

(A) THE PUBLIC SCHOOL HAS APPEARED ON THE LIST UNDER SUBSECTION (1) FOR 3 CONSECUTIVE YEARS REPRESENTING AT LEAST 2 FULL SCHOOL YEARS AFTER THE INTERMEDIATE SCHOOL DISTRICT NOTIFIED THE SCHOOL DISTRICT IN WHICH THE PUBLIC SCHOOL IS LOCATED THAT IT WOULD BE ASSUMING THE FUNCTIONS AND RESPONSIBILITIES UNDER THIS SUBSECTION WITH RESPECT TO THE PUBLIC SCHOOL.

(B) AT ANY TIME AFTER THE INTERMEDIATE SCHOOL DISTRICT ASSUMED THE FUNCTIONS AND RESPONSIBILITIES UNDER THIS SUBSECTION WITH RESPECT TO THE PUBLIC SCHOOL, THE INTERMEDIATE SCHOOL DISTRICT OR THE SCHOOL BOARD OF THE PUBLIC SCHOOL REQUESTS THE SUPERINTENDENT OF PUBLIC INSTRUCTION TO PLACE THE PUBLIC SCHOOL UNDER, OR RETURN THE PUBLIC SCHOOL TO, CONTROL OF THE STATE SCHOOL REFORM/REDESIGN OFFICER UNDER THIS SECTION.

(21) AS USED IN SUBSECTION (20), "FUNCTIONS AND RESPONSIBILITIES OF THE STATE SCHOOL REFORM/REDESIGN SCHOOL DISTRICT" INCLUDES, WITHOUT LIMITATION, THE FUNCTIONS AND RESPONSIBILITIES OF THE STATE SCHOOL REFORM/REDESIGN OFFICER AS SUPERINTENDENT OF THE STATE SCHOOL REFORM/REDESIGN SCHOOL DISTRICT UNDER THIS SECTION.

(22) IF A PUBLIC SCHOOL UNDER THE SUPERVISION OF AN INTERMEDIATE SCHOOL DISTRICT UNDER SUBSECTION (20) ACHIEVES SUFFICIENT IMPROVEMENT WHILE UNDER THE SUPERVISION OF THE INTERMEDIATE SCHOOL DISTRICT, AS EVIDENCED BY ITS NOT APPEARING ON THE LIST UNDER SUBSECTION (1) FOR 3 CONSECUTIVE YEARS FOLLOWING THE ASSUMPTION OF FUNCTIONS AND RESPONSIBILITIES BY THE INTERMEDIATE SCHOOL DISTRICT UNDER SUBSECTION (20), THE SCHOOL BOARD OF THE PUBLIC SCHOOL MAY ADOPT A RESOLUTION DIRECTING THE INTERMEDIATE SCHOOL DISTRICT TO RETURN THE PUBLIC SCHOOL TO THE CONTROL AND SUPERVISION OF THAT SCHOOL BOARD. UPON RECEIVING SUCH A RESOLUTION, THE INTERMEDIATE SCHOOL BOARD SHALL RETURN THE PUBLIC SCHOOL TO THE CONTROL AND SUPERVISION OF THAT SCHOOL BOARD. IF THE PUBLIC SCHOOL FAILS TO ACHIEVE SUFFICIENT IMPROVEMENT WHILE UNDER THE SUPERVISION OF THE INTERMEDIATE SCHOOL DISTRICT, AS DETERMINED BY THE STATE SCHOOL REFORM/REDESIGN OFFICER, AND HAS APPEARED ON THE LIST UNDER SUBSECTION (1) FOR 3 CONSECUTIVE YEARS REPRESENTING AT LEAST 2 FULL SCHOOL YEARS AFTER THE INTERMEDIATE SCHOOL DISTRICT NOTIFIED THE SCHOOL DISTRICT IN WHICH THE SCHOOL IS LOCATED THAT IT WOULD BE ASSUMING THE FUNCTIONS AND

RESPONSIBILITIES UNDER SUBSECTION (20), ALL OF THE FOLLOWING APPLY:

(A) THE STATE SCHOOL REFORM/REDESIGN OFFICER SHALL ISSUE AN ORDER PLACING THE PUBLIC SCHOOL UNDER THE CONTROL OF THE STATE SCHOOL REFORM/REDESIGN OFFICER.

(B) THE INTERMEDIATE SCHOOL DISTRICT MAY NOT EXERCISE THE FUNCTIONS AND RESPONSIBILITIES PROVIDED UNDER SUBSECTION (20) WITH RESPECT TO THAT PUBLIC SCHOOL.

(23) IN ADDITION TO ANY OTHER AUDIT REQUIREMENTS UNDER THIS ACT, NOT LESS THAN ONCE EVERY 3 YEARS BEGINNING NOT LATER THAN JULY 1, 2015, THE AUDITOR GENERAL SHALL CONDUCT A POST AUDIT OF THE FINANCIAL TRANSACTIONS AND ACCOUNTS OF THE STATE SCHOOL REFORM/REDESIGN SCHOOL DISTRICT AND A PERFORMANCE POST AUDIT OF STATE SCHOOL REFORM/REDESIGN SCHOOL DISTRICT PROGRAMS UNDER THIS SECTION.

19       (24)] THE MEASURES UNDER THIS SECTION DO NOT APPLY TO A CENTER  
20 PROGRAM. AS USED IN THIS SECTION, "CENTER PROGRAM" MEANS A PUBLIC  
21 EDUCATIONAL PROGRAM OPERATED BY A SCHOOL DISTRICT OR INTERMEDIATE  
22 SCHOOL DISTRICT THAT PROVIDES SPECIAL EDUCATION PROGRAMS AND  
23 SERVICES TO PUPILS RESIDING IN MORE THAN 1 SCHOOL DISTRICT, IN  
24 WHICH EACH PUPIL WITHIN THE PROGRAM IS PROVIDED WITH THOSE PROGRAMS  
25 AND SERVICES PURSUANT TO AN INDIVIDUALIZED EDUCATION PROGRAM FOR  
26 THE PUPIL UNDER SECTION 614 OF PART B OF TITLE VI OF THE  
27 INDIVIDUALS WITH DISABILITIES EDUCATION ACT, PUBLIC LAW 91-230, 20

1 USC 1414, AND IN WHICH EACH PUPIL WITHIN THE PROGRAM ALSO HAS 1 OR  
2 MORE OF THE FOLLOWING:

3 (A) AUTISM SPECTRUM DISORDER.

4 (B) SEVERE COGNITIVE IMPAIRMENT.

5 (C) MODERATE COGNITIVE IMPAIRMENT.

6 (D) SEVERE MULTIPLE COGNITIVE OR OTHER PHYSICAL IMPAIRMENT.

7 (E) HEARING IMPAIRMENT.

8 (F) VISUAL IMPAIRMENT.

9 (G) OTHER PHYSICAL OR HEALTH IMPAIRMENT IMPACTING THE PUPIL'S  
10 EDUCATION.

11 (H) EMOTIONAL IMPAIRMENT, IF THE PROGRAMS AND SERVICES ARE  
12 PROVIDED IN A SCHOOL BUILDING THAT DOES NOT SERVE REGULAR EDUCATION  
13 PUPILS.

14 Enacting section 1. This amendatory act shall not be construed  
15 or considered to supersede, alter, or terminate a contract for the  
16 transfer of functions and responsibilities under 1967 (Ex Sess) PA  
17 8, MCL 124.531 to 124.536, to which the state school  
18 reform/redesign school district is a party on the effective date of  
19 this amendatory act.