

HOUSE BILL No. 4408

March 6, 2007, Introduced by Reps. Nitz, Ball and David Law and referred to the Committee on Education.

A bill to amend 1976 PA 451, entitled "The revised school code," by amending sections 507, 528, and 1311~~l~~ (MCL 380.507, 380.528, and 380.1311~~l~~), section 507 as amended by 1995 PA 289, section 528 as added by 2003 PA 179, and section 1311~~l~~ as added by 1999 PA 23.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 507. (1) The authorizing body for a public school academy
2 is the fiscal agent for the public school academy. A state school
3 aid payment for a public school academy shall be paid to the
4 authorizing body that is the fiscal agent for that public school
5 academy, which shall then forward the payment to the public school

1 academy. An authorizing body has the responsibility to oversee a
2 public school academy's compliance with the contract and all
3 applicable law. A contract issued under this part may be revoked by
4 the authorizing body that issued the contract if the authorizing
5 body determines that 1 or more of the following has occurred:

6 (a) Failure of the public school academy to abide by and meet
7 the educational goals set forth in the contract.

8 (b) Failure of the public school academy to comply with all
9 applicable law.

10 (c) Failure of the public school academy to meet generally
11 accepted public sector accounting principles.

12 (d) The existence of 1 or more other grounds for revocation as
13 specified in the contract.

14 (2) TO ASSURE THE OVERSIGHT REQUIRED UNDER THIS PART, THE
15 AUTHORIZING BODY OF A PUBLIC SCHOOL ACADEMY SHALL ARRANGE FOR A
16 REVIEW OF THE PUBLIC SCHOOL ACADEMY AT LEAST EVERY 2 YEARS BY A
17 PEER REVIEW COMMITTEE. A PEER REVIEW COMMITTEE SHALL CONSIST OF 5
18 INDIVIDUALS CONTRACTED BY THE AUTHORIZING BODY AND SELECTED FROM
19 AMONG A LIST OF QUALIFIED INDIVIDUALS MAINTAINED BY THE DEPARTMENT.
20 THE DEPARTMENT SHALL INCLUDE ON THIS LIST INDIVIDUALS WITH
21 SIGNIFICANT EXPERIENCE IN PUBLIC SCHOOL ADMINISTRATION OR
22 INSTRUCTION AND INDIVIDUALS WITH SIGNIFICANT EXPERIENCE IN
23 AUTHORIZING OR ADMINISTERING A PUBLIC SCHOOL ACADEMY. A PEER REVIEW
24 COMMITTEE SHALL REVIEW THE ADEQUACY OF THE PUBLIC SCHOOL ACADEMY IN
25 THE FOLLOWING 5 AREAS: INSTRUCTIONAL FACILITIES AND SPACE, FACULTY
26 QUALIFICATIONS, LIBRARIES AND LABORATORY FACILITIES AND SPACE,
27 STUDENT SUPPORT CAPACITY, AND OVERALL FINANCIAL SOLVENCY. THE PEER

1 REVIEW COMMITTEE SHALL REPORT ITS FINDINGS TO THE AUTHORIZING BODY
2 AND THE DEPARTMENT. IF THE REPORT CONTAINS A FINDING OF INADEQUACY
3 IN 1 OR MORE OF THESE AREAS, THE AUTHORIZING BODY SHALL WORK WITH
4 THE PUBLIC SCHOOL ACADEMY TO ENSURE THAT APPROPRIATE CORRECTIVE
5 ACTION IS TAKEN.

6 (3) ~~(2)~~—The decision of an authorizing body to revoke a
7 contract under this section is solely within the discretion of the
8 authorizing body, is final, and is not subject to review by a court
9 or any state agency. An authorizing body that revokes a contract
10 under this section is not liable for that action to the public
11 school academy, public school academy corporation, a pupil of the
12 public school academy, the parent or guardian of a pupil of the
13 public school academy, or any other person.

14 Sec. 528. (1) An authorizing body that issues a contract for
15 an urban high school academy under this part shall do all of the
16 following:

17 (a) Ensure that the contract and the application for the
18 contract comply with the requirements of this part.

19 (b) Within 10 days after issuing the contract, submit to the
20 department a copy of the contract.

21 (c) Adopt a resolution establishing the method of selection,
22 length of term, and number of members of the board of directors of
23 each urban high school academy that it authorizes.

24 (d) Oversee the operations of each urban high school academy
25 operating under a contract issued by the authorizing body. The
26 oversight shall be sufficient to ensure that the urban high school
27 academy is in compliance with the terms of the contract and with

1 applicable law. An authorizing body may enter into an agreement
2 with 1 or more other authorizing bodies to oversee an urban high
3 school academy operating under a contract issued by the authorizing
4 body.

5 (e) Develop and implement a process for holding an urban high
6 school academy board of directors accountable for meeting
7 applicable academic performance standards set forth in the contract
8 and for implementing corrective action for an urban high school
9 academy that does not meet those standards.

10 (f) Take necessary measures to ensure that an urban high
11 school academy board of directors operates independently of any
12 educational management company involved in the operations of the
13 urban high school academy.

14 (g) Oversee and ensure that the pupil admission process used
15 by the urban high school academy is operated in a fair and open
16 manner and is in compliance with the contract and this part.

17 (h) Ensure that the board of directors of the urban high
18 school academy maintains and releases information as necessary to
19 comply with applicable law.

20 (2) TO ASSURE THE OVERSIGHT REQUIRED UNDER THIS PART, THE
21 AUTHORIZING BODY OF AN URBAN HIGH SCHOOL ACADEMY SHALL ARRANGE FOR
22 A REVIEW OF THE URBAN HIGH SCHOOL ACADEMY AT LEAST EVERY 2 YEARS BY
23 A PEER REVIEW COMMITTEE. A PEER REVIEW COMMITTEE SHALL CONSIST OF 5
24 INDIVIDUALS CONTRACTED BY THE AUTHORIZING BODY AND SELECTED FROM
25 AMONG A LIST OF QUALIFIED INDIVIDUALS MAINTAINED BY THE DEPARTMENT.
26 THE DEPARTMENT SHALL INCLUDE ON THIS LIST INDIVIDUALS WITH
27 SIGNIFICANT EXPERIENCE IN PUBLIC SCHOOL ADMINISTRATION OR

1 INSTRUCTION AND INDIVIDUALS WITH SIGNIFICANT EXPERIENCE IN
2 AUTHORIZING OR ADMINISTERING A PUBLIC SCHOOL ACADEMY. A PEER REVIEW
3 COMMITTEE SHALL REVIEW THE ADEQUACY OF THE URBAN HIGH SCHOOL
4 ACADEMY IN THE FOLLOWING 5 AREAS: INSTRUCTIONAL FACILITIES AND
5 SPACE, FACULTY QUALIFICATIONS, LIBRARIES AND LABORATORY FACILITIES
6 AND SPACE, STUDENT SUPPORT CAPACITY, AND OVERALL FINANCIAL
7 SOLVENCY. THE PEER REVIEW COMMITTEE SHALL REPORT ITS FINDINGS TO
8 THE AUTHORIZING BODY AND THE DEPARTMENT. IF THE REPORT CONTAINS A
9 FINDING OF INADEQUACY IN 1 OR MORE OF THESE AREAS, THE AUTHORIZING
10 BODY SHALL WORK WITH THE URBAN HIGH SCHOOL ACADEMY TO ENSURE THAT
11 APPROPRIATE CORRECTIVE ACTION IS TAKEN.

12 (3) ~~(2)~~—An authorizing body may enter into an agreement with 1
13 or more other authorizing bodies to carry out any function of an
14 authorizing body under this act.

15 (4) ~~(3)~~—The authorizing body for an urban high school academy
16 is the fiscal agent for the urban high school academy. A state
17 school aid payment for an urban high school academy shall be paid
18 to the authorizing body that is the fiscal agent for that urban
19 high school academy, which shall then forward the payment to the
20 urban high school academy. Within 30 days after a contract is
21 submitted to the department by an authorizing body under subsection
22 (1), the department shall issue a district code to the urban high
23 school academy for which the contract was issued. If the department
24 does not issue a district code within 30 days after a contract is
25 filed, the state treasurer shall assign a temporary district code
26 in order for the urban high school academy to receive funding under
27 the state school aid act of 1979.

1 (5) ~~(4)~~—A contract issued under this part may be revoked by
2 the authorizing body that issued the contract if the authorizing
3 body determines that 1 or more of the following have occurred:

4 (a) Failure of the urban high school academy to abide by and
5 meet the educational goals set forth in the contract.

6 (b) Failure of the urban high school academy to comply with
7 all applicable law.

8 (c) Failure of the urban high school academy to meet generally
9 accepted public sector accounting principles.

10 (d) The existence of 1 or more other grounds for revocation as
11 specified in the contract.

12 (6) ~~(5)~~—The decision of an authorizing body to issue, reissue,
13 or reconstitute a contract under this part, or to revoke a contract
14 under this section, is solely within the discretion of the
15 authorizing body, is final, and is not subject to review by a court
16 or any state agency. An authorizing body that does not issue,
17 reissue, or reconstitute a contract under this part, or that
18 revokes a contract under this section, is not liable for that
19 action to the urban high school academy, the urban high school
20 academy corporation, a pupil of the urban high school academy, the
21 parent or guardian of a pupil of the urban high school academy, or
22 any other person.

23 (7) ~~(6)~~—Before an authorizing body revokes a contract, the
24 authorizing body shall consider and take corrective measures to
25 avoid revocation. An authorizing body shall reconstitute the urban
26 high school academy in a final attempt to improve student
27 educational performance or to avoid interruption of the educational

1 process. An authorizing body shall include a reconstituting
2 provision in the contract that identifies these corrective
3 measures, including, but not limited to, removing 1 or more members
4 of the board of directors, withdrawing approval to contract under
5 section 525, ~~for an agreement described in section 1320,~~ or
6 appointing a new board of directors or a trustee to take over
7 operation of the urban high school academy.

8 (8) ~~(7)~~—If an authorizing body revokes a contract, the
9 authorizing body shall work with a school district or another
10 public school, or with a combination of these entities, to ensure a
11 smooth transition for the affected pupils. If the revocation occurs
12 during the school year, the authorizing body, as the fiscal agent
13 for the urban high school academy under this part, shall return any
14 school aid funds received by the authorizing body that are
15 attributable to the affected pupils to the state treasurer for
16 deposit into the state school aid fund. The state treasurer shall
17 distribute funds to the public school in which the pupils enroll
18 after the revocation pursuant to a methodology established by the
19 department and the center for educational performance and
20 information.

21 (9) ~~(8)~~—If an authorizing body revokes a contract issued under
22 this part, the authorizing body may issue a new contract within the
23 1-year period following the revocation without the new contract
24 counting toward the maximum number of contracts that may be issued
25 under this part.

26 (10) ~~(9)~~—Not more than 10 days after an urban high school
27 academy's contract terminates or is revoked, the authorizing body

1 shall notify the superintendent of public instruction in writing of
2 the name of the urban high school academy whose contract has
3 terminated or been revoked and the date of contract termination or
4 revocation.

5 (11) ~~(10)~~—If an urban high school academy's contract
6 terminates or is revoked, title to all real and personal property,
7 interest in real or personal property, and other assets owned by
8 the urban high school academy shall revert to the state. This
9 property shall be distributed in accordance with the following:

10 (a) Within 30 days following the termination or revocation,
11 the board of directors of an urban high school academy shall hold a
12 public meeting to adopt a plan of distribution of assets and to
13 approve the dissolution of the urban high school academy
14 corporation, all in accordance with chapter 8 of the nonprofit
15 corporation act, 1982 PA 162, MCL 450.2801 to 450.2864.

16 (b) The urban high school academy shall file a certificate of
17 dissolution with the department of consumer and industry services
18 within 10 business days following board approval.

19 (c) Simultaneously with the filing of the certificate of
20 dissolution under subdivision (b), the urban high school academy
21 board of directors shall provide a copy of the board of directors'
22 plan of distribution of assets to the state treasurer for approval.
23 Within 30 days, the state treasurer, or his or her designee, shall
24 review and approve the board of directors' plan of distribution of
25 assets. If the proposed plan of distribution of assets is not
26 approved within 30 days, the state treasurer, or his or her
27 designee, shall provide the board of directors with an acceptable

1 plan of distribution of assets.

2 (d) The state treasurer, or his or her designee, shall monitor
3 the urban high school academy's winding up of the dissolved
4 corporation in accordance with the plan of distribution of assets
5 approved or provided under subdivision (c).

6 (e) As part of the plan of distribution of assets, the urban
7 high school academy board of directors shall designate the director
8 of the department of management and budget, or his or her designee,
9 to dispose of all real property of the urban high school academy
10 corporation in accordance with the directives developed for
11 disposition of surplus land and facilities under section 251 of the
12 management and budget act, 1984 PA 431, MCL 18.1251.

13 (f) If the board of directors of an urban high school academy
14 fails to take any necessary action under this section, the state
15 treasurer, or his or her designee, may suspend the urban high
16 school academy board of directors and appoint a trustee to carry
17 out the board's plan of distribution of assets. Upon appointment,
18 the trustee shall have all the rights, powers, and privileges under
19 law that the urban high school academy board of directors had
20 before being suspended.

21 (g) Following the sale of the real or personal property or
22 interests in the real or personal property, and after payment of
23 any urban high school academy debt secured by the property or
24 interest in property, whether real or personal, the urban high
25 school academy board of directors, or a trustee appointed under
26 this section, shall forward any remaining money to the state
27 treasurer. Following receipt, the state treasurer, or his or her

1 designee, shall deposit this remaining money in the state school
2 aid fund.

3 Sec. 1311/. (1) The authorizing body for a strict discipline
4 academy is the fiscal agent for the strict discipline academy. A
5 state school aid payment for a strict discipline academy shall be
6 paid to the authorizing body that is the fiscal agent for that
7 strict discipline academy, which shall then forward the payment to
8 the strict discipline academy. An authorizing body has the
9 responsibility to oversee a strict discipline academy's compliance
10 with the contract and all applicable law. A contract issued under
11 sections 1311b to 1311/ may be revoked by the authorizing body that
12 issued the contract if the authorizing body determines that 1 or
13 more of the following has occurred:

14 (a) Failure of the strict discipline academy to abide by and
15 meet the educational goals set forth in the contract.

16 (b) Failure of the strict discipline academy to comply with
17 all applicable law.

18 (c) Failure of the strict discipline academy to meet generally
19 accepted public sector accounting principles.

20 (d) The existence of 1 or more other grounds for revocation as
21 specified in the contract.

22 **(2) TO ASSURE THE OVERSIGHT REQUIRED UNDER SECTIONS 1311B TO**
23 **1311/, THE AUTHORIZING BODY OF A STRICT DISCIPLINE ACADEMY SHALL**
24 **ARRANGE FOR A REVIEW OF THE STRICT DISCIPLINE ACADEMY AT LEAST**
25 **EVERY 2 YEARS BY A PEER REVIEW COMMITTEE. A PEER REVIEW COMMITTEE**
26 **SHALL CONSIST OF 5 INDIVIDUALS CONTRACTED BY THE AUTHORIZING BODY**
27 **AND SELECTED FROM AMONG A LIST OF QUALIFIED INDIVIDUALS MAINTAINED**

1 BY THE DEPARTMENT. THE DEPARTMENT SHALL INCLUDE ON THIS LIST
2 INDIVIDUALS WITH SIGNIFICANT EXPERIENCE IN PUBLIC SCHOOL
3 ADMINISTRATION OR INSTRUCTION AND INDIVIDUALS WITH SIGNIFICANT
4 EXPERIENCE IN AUTHORIZING OR ADMINISTERING A PUBLIC SCHOOL ACADEMY.
5 A PEER REVIEW COMMITTEE SHALL REVIEW THE ADEQUACY OF THE STRICT
6 DISCIPLINE ACADEMY IN THE FOLLOWING 5 AREAS: INSTRUCTIONAL
7 FACILITIES AND SPACE, FACULTY QUALIFICATIONS, LIBRARIES AND
8 LABORATORY FACILITIES AND SPACE, STUDENT SUPPORT CAPACITY, AND
9 OVERALL FINANCIAL SOLVENCY. THE PEER REVIEW COMMITTEE SHALL REPORT
10 ITS FINDINGS TO THE AUTHORIZING BODY AND THE DEPARTMENT. IF THE
11 REPORT CONTAINS A FINDING OF INADEQUACY IN 1 OR MORE OF THESE
12 AREAS, THE AUTHORIZING BODY SHALL WORK WITH THE STRICT DISCIPLINE
13 ACADEMY TO ENSURE THAT APPROPRIATE CORRECTIVE ACTION IS TAKEN.

14 (3) ~~(2)~~—The decision of an authorizing body to revoke a
15 contract under this section is solely within the discretion of the
16 authorizing body, is final, and is not subject to review by a court
17 or any state agency. An authorizing body that revokes a contract
18 under this section is not liable for that action to the strict
19 discipline academy, strict discipline academy corporation, a pupil
20 of the strict discipline academy, the parent or guardian of a pupil
21 of the strict discipline academy, or any other person.