

HOUSE BILL No. 5852

September 23, 2014, Introduced by Reps. Roberts, Lipton, Geiss, Tlaib, Hobbs, Brunner, Durhal, Cavanagh, Stallworth, Talabi, Greimel, Hovey-Wright, Townsend, Phelps, Smiley, Switalski, Yanez, Darany, Brinks, Driskell, Dianda, Irwin, Rutledge, Faris, Barnett, Kosowski, Singh, Robinson, Zemke, Knezek, Banks, Slavens, Haugh, Lane, Lamonte, Cochran, Abed, LaVoy, Stanley, Brown, Segal, Schor, McCann, Kandrevas, Oakes, Nathan and Dillon and referred to the Committee on Education.

A bill to amend 1976 PA 451, entitled

"The revised school code,"

by amending sections 502, 503, 504, 522, 524, 552, 553, 556, and 1311d (MCL 380.502, 380.503, 380.504, 380.522, 380.524, 380.552, 380.553, 380.556, and 380.1311d), sections 502, 503, 504, 522, 524, 553, and 556 as amended by 2011 PA 277, section 552 as amended by 2012 PA 129, and section 1311d as added by 1999 PA 23, and by adding sections 502b, 522b, 552b, and 1311n.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 502. (1) A public school academy shall be organized and
2 administered under the direction of a board of directors in

1 accordance with this part and with bylaws adopted by the board of
2 directors. A public school academy corporation shall be organized
3 under the nonprofit corporation act, 1982 PA 162, MCL 450.2101 to
4 450.3192, except that a public school academy corporation is not
5 required to comply with sections 170 to 177 of 1931 PA 327, MCL
6 450.170 to 450.177. To the extent disqualified under the state or
7 federal constitution, a public school academy shall not be
8 organized by a church or other religious organization and shall not
9 have any organizational or contractual affiliation with or
10 constitute a church or other religious organization.

11 (2) ~~Any~~ **SUBJECT TO SECTION 502B, ANY** of the following may act
12 as an authorizing body to issue a contract to organize and operate
13 1 or more public school academies under this part:

14 (a) The board of a school district that operates grades K to
15 12. However, the board of a school district shall not issue a
16 contract for a public school academy to operate outside the school
17 district's boundaries, and a public school academy authorized by
18 the board of a school district shall not operate outside that
19 school district's boundaries.

20 (b) An intermediate school board. However, the board of an
21 intermediate school district shall not issue a contract for a
22 public school academy to operate outside the intermediate school
23 district's boundaries, and a public school academy authorized by
24 the board of an intermediate school district shall not operate
25 outside that intermediate school district's boundaries.

26 (c) The board of a community college. However, except as
27 otherwise provided in this subdivision, the board of a community

1 college shall not issue a contract for a public school academy to
2 operate in a school district organized as a school district of the
3 first class, a public school academy authorized by the board of a
4 community college shall not operate in a school district organized
5 as a school district of the first class, the board of a community
6 college shall not issue a contract for a public school academy to
7 operate outside the boundaries of the community college district,
8 and a public school academy authorized by the board of a community
9 college shall not operate outside the boundaries of the community
10 college district. The board of a community college also may issue a
11 contract for not more than 1 public school academy to operate on
12 the grounds of an active or closed federal military installation
13 located outside the boundaries of the community college district,
14 or may operate a public school academy itself on the grounds of
15 such a federal military installation, if the federal military
16 installation is not located within the boundaries of any community
17 college district and the community college has previously offered
18 courses on the grounds of the federal military installation for at
19 least 10 years.

20 (d) The governing board of a state public university. However,
21 the combined total number of contracts for public school academies
22 issued by all state public universities ~~shall not exceed 300~~
23 ~~through December 31, 2012 and~~ shall not exceed 500 through December
24 31, 2014. After December 31, 2014, there is no limit on the
25 combined total number of contracts for public school academies that
26 may be issued by all state public universities.

27 (e) Two or more of the public agencies described in

1 subdivisions (a) to (d) exercising power, privilege, or authority
2 jointly pursuant to an interlocal agreement under the urban
3 cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to
4 124.512.

5 (3) To obtain a contract to organize and operate 1 or more
6 public school academies, 1 or more persons or an entity may apply
7 to an authorizing body described in subsection (2). The application
8 shall include at least all of the following:

9 (a) Identification of the applicant for the contract.

10 (b) Subject to the resolution adopted by the authorizing body
11 under section 503(5), a list of the proposed members of the board
12 of directors of the public school academy and a description of the
13 qualifications and method for appointment or election of members of
14 the board of directors.

15 (c) The proposed articles of incorporation, which shall
16 include at least all of the following:

17 (i) The name of the proposed public school academy.

18 (ii) The purposes for the public school academy corporation.
19 This language shall provide that the public school academy is
20 incorporated pursuant to this part and that the public school
21 academy corporation is a governmental entity.

22 (iii) The name of the authorizing body.

23 (iv) The proposed time when the articles of incorporation will
24 be effective.

25 (v) Other matters considered expedient to be in the articles
26 of incorporation.

27 (d) A copy of the proposed bylaws of the public school

1 academy.

2 (e) Documentation meeting the application requirements of the
3 authorizing body, including at least all of the following:

4 (i) The governance structure of the public school academy.

5 (ii) A copy of the educational goals of the public school
6 academy and the curricula to be offered and methods of pupil
7 assessment to be used by the public school academy. The educational
8 goals shall include demonstrated improved pupil academic
9 achievement for all groups of pupils. To the extent applicable, the
10 progress of the pupils in the public school academy shall be
11 assessed using at least a Michigan education assessment program
12 (MEAP) test or the Michigan merit examination under section 1279g,
13 as applicable.

14 (iii) The admission policy and criteria to be maintained by the
15 public school academy. The admission policy and criteria shall
16 comply with section 504. This part of the application also shall
17 include a description of how the applicant will provide to the
18 general public adequate notice that a public school academy is
19 being created and adequate information on the admission policy,
20 criteria, and process.

21 (iv) The school calendar and school day schedule.

22 (v) The age or grade range of pupils to be enrolled.

23 (f) Descriptions of staff responsibilities and of the public
24 school academy's governance structure.

25 (g) For an application to the board of a school district, an
26 intermediate school board, or board of a community college,
27 identification of the local and intermediate school districts in

1 which the public school academy will be located.

2 (h) An agreement that the public school academy will comply
3 with the provisions of this part and, subject to the provisions of
4 this part, with all other state law applicable to public bodies and
5 with federal law applicable to public bodies or school districts.

6 (i) A description of and address for the proposed physical
7 plant in which the public school academy will be located. An
8 applicant may request the authorizing body to issue a contract
9 allowing the public school academy board of directors to operate
10 the same configuration of age or grade levels at more than 1 site.

11 (4) An authorizing body shall oversee, or shall contract with
12 an intermediate school district, community college, or state public
13 university to oversee, each public school academy operating under a
14 contract issued by the authorizing body. The authorizing body is
15 responsible for overseeing compliance by the board of directors
16 with the contract and all applicable law. This subsection does not
17 relieve any other government entity of its enforcement or
18 supervisory responsibility.

19 (5) If the superintendent of public instruction finds that an
20 authorizing body is not engaging in appropriate continuing
21 oversight of 1 or more public school academies operating under a
22 contract issued by the authorizing body, the superintendent of
23 public instruction may suspend the power of the authorizing body to
24 issue new contracts to organize and operate public school
25 academies. A contract issued by the authorizing body during the
26 suspension is void. A contract issued by the authorizing body
27 before the suspension is not affected by the suspension.

1 (6) An authorizing body shall not charge a fee, or require
2 reimbursement of expenses, for considering an application for a
3 contract, for issuing a contract, or for providing oversight of a
4 contract for a public school academy in an amount that exceeds a
5 combined total of 3% of the total state school aid received by the
6 public school academy in the school year in which the fees or
7 expenses are charged. An authorizing body may provide other
8 services for a public school academy and charge a fee for those
9 services, but shall not require such an arrangement as a condition
10 to issuing the contract authorizing the public school academy.

11 (7) A public school academy shall be presumed to be legally
12 organized if it has exercised the franchises and privileges of a
13 public school academy for at least 2 years.

14 (8) An authorizing body may enter into an intergovernmental
15 agreement with another authorizing body to issue public school
16 academy contracts. At a minimum, the agreement shall further the
17 purposes set forth in section 501, describe which authorizing body
18 shall issue the contract, and set forth which authorizing body will
19 be responsible for monitoring compliance by the board of directors
20 of the public school academy with the contract and all applicable
21 law.

22 **SEC. 502B. (1) BEGINNING ON THE EFFECTIVE DATE OF THIS**
23 **SECTION, AN AUTHORIZING BODY SHALL NOT ISSUE A NEW CONTRACT FOR THE**
24 **ORGANIZATION AND OPERATION OF A NEW PUBLIC SCHOOL ACADEMY UNDER**
25 **THIS PART, SHALL NOT AMEND OR MODIFY A CONTRACT TO ALLOW A PUBLIC**
26 **SCHOOL ACADEMY TO ENROLL AN ADDITIONAL AGE OR GRADE RANGE OF**
27 **PUPILS, AND SHALL NOT AMEND OR MODIFY A CONTRACT TO ALLOW A PUBLIC**

1 SCHOOL ACADEMY TO OPERATE THE SAME CONFIGURATION OF AGE OR GRADE
2 LEVELS AT AN ADDITIONAL SITE. A CONTRACT ISSUED, AMENDED, OR
3 MODIFIED IN VIOLATION OF THIS SECTION IS VOID.

4 (2) IT IS THE INTENT OF THE LEGISLATURE TO ENACT LEGISLATION
5 TO REMOVE THE RESTRICTIONS UNDER SUBSECTION (1) AFTER LEGISLATION
6 HAS BEEN ENACTED AND APPROPRIATE RULES HAVE BEEN PROMULGATED THAT
7 PROVIDE FOR ALL OF THE FOLLOWING:

8 (A) COMPLETE TRANSPARENCY, INCLUDING FULL FINANCIAL DISCLOSURE
9 BY AUTHORIZING BODIES, PUBLIC SCHOOL ACADEMIES, AND EDUCATIONAL
10 MANAGEMENT ORGANIZATIONS AND THEIR SUBCONTRACTORS.

11 (B) PENALTIES FOR FAILING TO COMPLY WITH THE TRANSPARENCY AND
12 FINANCIAL DISCLOSURE REQUIREMENTS DESCRIBED IN SUBDIVISION (A).

13 (C) COMPREHENSIVE ETHICS AND CONFLICT OF INTEREST STANDARDS
14 FOR PUBLIC SCHOOL ACADEMIES, EDUCATIONAL MANAGEMENT ORGANIZATIONS,
15 MEMBERS OF PUBLIC SCHOOL ACADEMY BOARDS OF DIRECTORS, AND
16 AUTHORIZING BODIES.

17 (D) ASSURANCE OF HIGH-QUALITY EDUCATIONAL STANDARDS AND
18 OUTCOMES FOR PUPILS THROUGH A MORE RIGOROUS PUBLIC SCHOOL ACADEMY
19 AUTHORIZING PROCESS AND STRICT OVERSIGHT OF EXISTING PUBLIC SCHOOL
20 ACADEMIES.

21 (3) AS USED IN THIS SECTION, "EDUCATIONAL MANAGEMENT
22 ORGANIZATION" MEANS THAT TERM AS DEFINED IN SECTION 503C.

23 Sec. 503. (1) An authorizing body is not required to issue a
24 contract to any person or entity. Subject to subsection (2), public
25 school academy contracts shall be issued on a competitive basis. In
26 deciding whether to issue a contract for a proposed public school
27 academy, an authorizing body shall consider all of the following:

1 (a) The resources available for the proposed public school
2 academy.

3 (b) The population to be served by the proposed public school
4 academy.

5 (c) The educational goals to be achieved by the proposed
6 public school academy.

7 (d) The applicant's track record, if any, in organizing public
8 school academies or other public schools.

9 (e) The graduation rate of a school district in which the
10 proposed public school academy is proposed to be located.

11 (f) The population of a county in which the proposed public
12 school academy is proposed to be located.

13 (g) The number of schools in the proximity of a proposed
14 location of the proposed public school academy that are on the list
15 under section 1280c(1) of the public schools in this state that the
16 department has determined to be among the lowest achieving 5% of
17 all public schools in this state.

18 (h) The number of pupils on waiting lists of public school
19 academies in the proximity of a proposed location of the proposed
20 public school academy.

21 (2) An authorizing body may give priority to a proposed public
22 school academy that is intended to replace a public school academy
23 that has been closed pursuant to section 507(5), that will operate
24 all of the same grade levels as the public school academy that has
25 been closed, and that will work toward operating all of grades 9 to
26 12 within 6 years after it begins operations unless a matriculation
27 agreement has been entered into with another public school that

1 provides grades 9 to 12.

2 (3) If a person or entity applies to the board of a school
3 district for a contract to organize and operate 1 or more public
4 school academies within the boundaries of the school district and
5 the board does not issue the contract, the person or entity may
6 petition the board to place the question of issuing the contract on
7 the ballot to be decided by the school electors of the school
8 district. The petition shall contain all of the information
9 required to be in the contract application under section 502 and
10 shall be signed by a number of school electors of the school
11 district equal to at least 5% of the total number of school
12 electors of that school district. The petition shall be filed with
13 the school district filing official. If the board receives a
14 petition meeting the requirements of this subsection, the board
15 shall have the question of issuing the contract placed on the
16 ballot at its next regular school election held at least 60 days
17 after receiving the petition. If a majority of the school electors
18 of the school district voting on the question vote to issue the
19 contract, the board shall issue the contract.

20 (4) Within 10 days after issuing a contract for a public
21 school academy, the authorizing body shall submit to the
22 superintendent of public instruction a copy of the contract.

23 (5) An authorizing body shall adopt a resolution establishing
24 the method of selection, length of term, and number of members of
25 the board of directors of each public school academy subject to its
26 jurisdiction. The resolution shall be written or amended as
27 necessary to include a requirement that each member of the board of

1 directors must be a citizen of the United States.

2 (6) A contract issued to organize and administer a public
3 school academy shall contain at least all of the following:

4 (a) The educational goals the public school academy is to
5 achieve and the methods by which it will be held accountable. The
6 educational goals shall include demonstrated improved pupil
7 academic achievement for all groups of pupils. To the extent
8 applicable, the pupil performance of a public school academy shall
9 be assessed using at least a Michigan education assessment program
10 (MEAP) test or the Michigan merit examination under section 1279g,
11 as applicable.

12 (b) A description of the method to be used to monitor the
13 public school academy's compliance with applicable law and its
14 performance in meeting its targeted educational objectives.

15 (c) A description of the process for amending the contract
16 during the term of the contract.

17 (d) All of the matters set forth in the application for the
18 contract.

19 (e) Procedures for revoking the contract and grounds for
20 revoking the contract, including at least the grounds listed in
21 section 507.

22 (f) A description of and address for the proposed physical
23 plant in which the public school academy will be located. ~~An~~
24 **SUBJECT TO SECTION 502B, AN** authorizing body may include a
25 provision in the contract allowing the board of directors of the
26 public school academy to operate the same configuration of age or
27 grade levels at more than 1 site if each configuration of age or

1 grade levels and each site identified in the contract are under the
2 direction and control of the board of directors.

3 (g) Requirements and procedures for financial audits. The
4 financial audits shall be conducted at least annually by a
5 certified public accountant in accordance with generally accepted
6 governmental auditing principles.

7 (h) The term of the contract and a description of the process
8 and standards for renewal of the contract at the end of the term.
9 The standards for renewal shall include increases in academic
10 achievement for all groups of pupils as measured by assessments and
11 other objective criteria as the most important factor in the
12 decision of whether or not to renew the contract.

13 (i) A certification, signed by an authorized member of the
14 board of directors of the public school academy, that the public
15 school academy will comply with the contract and all applicable
16 law.

17 (j) A requirement that the board of directors of the public
18 school academy shall ensure compliance with the requirements of
19 1968 PA 317, MCL 15.321 to 15.330.

20 (k) A requirement that the board of directors of the public
21 school academy shall prohibit specifically identified family
22 relationships between members of the board of directors,
23 individuals who have an ownership interest in or who are officers
24 or employees of an educational management organization involved in
25 the operation of the public school academy, and employees of the
26 public school academy. The contract shall identify the specific
27 prohibited relationships consistent with applicable law.

1 (l) A requirement that the board of directors of the public
2 school academy shall make information concerning its operation and
3 management available to the public and to the authorizing body in
4 the same manner as is required by state law for school districts.

5 (m) A requirement that the board of directors of the public
6 school academy shall collect, maintain, and make available to the
7 public and the authorizing body, in accordance with applicable law
8 and the contract, at least all of the following information
9 concerning the operation and management of the public school
10 academy:

11 (i) A copy of the contract issued by the authorizing body for
12 the public school academy.

13 (ii) A list of currently serving members of the board of
14 directors of the public school academy, including name, address,
15 and term of office; copies of policies approved by the board of
16 directors; board meeting agendas and minutes; a copy of the budget
17 approved by the board of directors and of any amendments to the
18 budget; and copies of bills paid for amounts of \$10,000.00 or more
19 as they were submitted to the board of directors.

20 (iii) Quarterly financial reports submitted to the authorizing
21 body.

22 (iv) A current list of teachers and school administrators
23 working at the public school academy that includes their individual
24 salaries as submitted to the registry of educational personnel;
25 copies of the teaching or school administrator's certificates or
26 permits of current teaching and administrative staff; and evidence
27 of compliance with the criminal background and records checks and

1 unprofessional conduct check required under sections 1230, 1230a,
2 and 1230b for all teachers and administrators working at the public
3 school academy.

4 (v) Curriculum documents and materials given to the
5 authorizing body.

6 (vi) Proof of insurance as required by the contract.

7 (vii) Copies of facility leases or deeds, or both, and of any
8 equipment leases.

9 (viii) Copies of any management contracts or services contracts
10 approved by the board of directors.

11 (ix) All health and safety reports and certificates, including
12 those relating to fire safety, environmental matters, asbestos
13 inspection, boiler inspection, and food service.

14 (x) Any management letters issued as part of the annual
15 financial audit under subdivision (g).

16 (xi) Any other information specifically required under this
17 act.

18 (n) A requirement that the authorizing body must review and
19 may disapprove any agreement between the board of directors of the
20 public school academy and an educational management organization
21 before the agreement is final and valid. An authorizing body may
22 disapprove an agreement described in this subdivision only if the
23 agreement is contrary to the contract or applicable law.

24 (o) A requirement that the board of directors of the public
25 school academy shall demonstrate all of the following to the
26 satisfaction of the authorizing body with regard to its pupil
27 admission process:

1 (i) That the public school academy has made a reasonable effort
2 to advertise its enrollment openings.

3 (ii) That the open enrollment period for the public school
4 academy is for a duration of at least 2 weeks and that the
5 enrollment times include some evening and weekend times.

6 (p) A requirement that the board of directors of the public
7 school academy shall prohibit any individual from being employed by
8 the public school academy in more than 1 full-time position and
9 simultaneously being compensated at a full-time rate for each of
10 those positions.

11 (7) A public school academy shall comply with all applicable
12 law, including all of the following:

13 (a) The open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

14 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to
15 15.246.

16 (c) 1947 PA 336, MCL 423.201 to 423.217.

17 (d) 1965 PA 166, MCL 408.551 to 408.558.

18 (e) Sections 1134, 1135, 1146, 1153, 1263(3), 1267, and 1274.

19 (f) Laws concerning participation in state assessments, data
20 collection systems, state level student growth models, state
21 accountability and accreditation systems, and other public
22 comparative data collection required for public schools.

23 (8) A public school academy and its incorporators, board
24 members, officers, employees, and volunteers have governmental
25 immunity as provided in section 7 of 1964 PA 170, MCL 691.1407. An
26 authorizing body and its board members, officers, and employees are
27 immune from civil liability, both personally and professionally,

1 for an act or omission in authorizing a public school academy if
2 the authorizing body or the person acted or reasonably believed he
3 or she acted within the authorizing body's or the person's scope of
4 authority.

5 (9) A public school academy is exempt from all taxation on its
6 earnings and property. Instruments of conveyance to or from a
7 public school academy are exempt from all taxation including taxes
8 imposed by 1966 PA 134, MCL 207.501 to 207.513. Unless the property
9 is already fully exempt from real and personal property taxes under
10 the general property tax act, 1893 PA 206, MCL 211.1 to 211.155,
11 property occupied by a public school academy and used exclusively
12 for educational purposes is exempt from real and personal property
13 taxes levied for school operating purposes under section 1211, to
14 the extent exempted under that section, and from real and personal
15 property taxes levied under the state education tax act, 1993 PA
16 331, MCL 211.901 to 211.906. A public school academy may not levy
17 ad valorem property taxes or another tax for any purpose. However,
18 operation of 1 or more public school academies by a school district
19 or intermediate school district does not affect the ability of the
20 school district or intermediate school district to levy ad valorem
21 property taxes or another tax.

22 (10) A public school academy may acquire by purchase, gift,
23 devise, lease, sublease, installment purchase agreement, land
24 contract, option, or by any other means, hold and own in its own
25 name buildings and other property for school purposes, and
26 interests therein, and other real and personal property, including,
27 but not limited to, interests in property subject to mortgages,

1 security interests, or other liens, necessary or convenient to
2 fulfill its purposes. For the purposes of condemnation, a public
3 school academy may proceed under the uniform condemnation
4 procedures act, 1980 PA 87, MCL 213.51 to 213.75, excluding
5 sections 6 to 9 of that act, MCL 213.56 to 213.59, or other
6 applicable statutes, but only with the express, written permission
7 of the authorizing body in each instance of condemnation and only
8 after just compensation has been determined and paid.

9 (11) A member of the board of directors of a public school
10 academy is a public officer and shall, before entering upon the
11 duties of the office, take the constitutional oath of office for
12 public officers under section 1 of article XI of the state
13 constitution of 1963.

14 Sec. 504. (1) A public school academy may be located in all or
15 part of an existing public school building. A public school academy
16 shall not operate at a site other than the site or sites requested
17 for the configuration of age or grade levels that will use the site
18 or sites, as specified in the contract. ~~Under~~**SUBJECT TO SECTION**
19 **502B, UNDER** a contract, an authorizing body may permit a public
20 school academy to operate the same configuration of age or grade
21 levels at more than 1 site, and a public school academy may operate
22 the same configuration of age or grade levels at more than 1 site,
23 as long as the public school academy is operating in compliance
24 with its contract and is making measurable progress toward meeting
25 its educational goals. For a contract for a new public school
26 academy, an authorizing body may permit a public school academy to
27 operate the same configuration of age or grade levels at more than

1 1 site, and a public school academy may operate the same
2 configuration of age or grade levels at more than 1 site, if the
3 applicant for the proposed public school academy presents
4 documentation to the authorizing body demonstrating that the
5 applicant's proposed educational model has resulted in schools
6 making measurable progress toward meeting their education goals.

7 (2) A public school academy shall not charge tuition and shall
8 not discriminate in its pupil admissions policies or practices on
9 the basis of intellectual or athletic ability, measures of
10 achievement or aptitude, status as a student with a disability, or
11 any other basis that would be illegal if used by a school district.
12 However, a public school academy may limit admission to pupils who
13 are within a particular range of age or grade level or on any other
14 basis that would be legal if used by a school district and may give
15 enrollment priority as provided in subsection (4).

16 (3) Except for a foreign exchange student who is not a United
17 States citizen, a public school academy shall not enroll a pupil
18 who is not a resident of this state. For a public school academy
19 authorized by a school district, intermediate school district, or
20 community college, enrollment in the public school academy may be
21 open to all individuals who reside in this state who meet the
22 admission policy and shall be open to all pupils who reside within
23 the geographic boundaries of that authorizing body who meet the
24 admission policy, except that admission to a public school academy
25 authorized by the board of a community college to operate, or
26 operated by the board of a community college, on the grounds of a
27 federal military installation, as described in section 502(2)(c),

1 shall be open to all pupils who reside in the county in which the
2 federal military installation is located. For a public school
3 academy authorized by a state public university, enrollment shall
4 be open to all pupils who reside in this state who meet the
5 admission policy. Subject to subsection (4), if there are more
6 applications to enroll in the public school academy than there are
7 spaces available, pupils shall be selected to enroll using a random
8 selection process. A public school academy shall allow any pupil
9 who was enrolled in the public school academy in the immediately
10 preceding school year to enroll in the public school academy in the
11 appropriate grade unless the appropriate grade is not offered at
12 that public school academy.

13 (4) A public school academy may give enrollment priority to 1
14 or more of the following:

15 (a) A sibling of a pupil enrolled in the public school
16 academy.

17 (b) A pupil who transfers to the public school academy from
18 another public school pursuant to a matriculation agreement between
19 the public school academy and other public school that provides for
20 this enrollment priority, if all of the following requirements are
21 met:

22 (i) Each public school that enters into the matriculation
23 agreement remains a separate and independent public school.

24 (ii) The public school academy that gives the enrollment
25 priority selects at least 5% of its pupils for enrollment using a
26 random selection process.

27 (iii) The matriculation agreement allows any pupil who was

1 enrolled at any time during elementary school in a public school
2 that is party to the matriculation agreement and who was not
3 expelled from the public school to enroll in the public school
4 academy giving enrollment priority under the matriculation
5 agreement.

6 (c) A child of a person who is employed by or at the public
7 school academy or who is on the board of directors of the public
8 school academy. As used in this subdivision, "child" includes an
9 adopted child or a legal ward.

10 (5) A public school academy may include any grade up to grade
11 12 or any configuration of those grades, including kindergarten and
12 early childhood education, as specified in its contract. If
13 specified in its contract, a public school academy may also operate
14 an adult basic education program, adult high school completion
15 program, or general education development testing preparation
16 program. The authorizing body may approve amendment of a contract
17 with respect to ages of pupils or grades offered.

18 Sec. 522. (1) An urban high school academy shall be organized
19 and administered under the direction of a board of directors in
20 accordance with this part and with bylaws adopted by the board of
21 directors. An urban high school academy corporation shall be
22 organized under the nonprofit corporation act, 1982 PA 162, MCL
23 450.2101 to 450.3192, except that an urban high school academy
24 corporation is not required to comply with sections 170 to 177 of
25 1931 PA 327, MCL 450.170 to 450.177. To the extent disqualified
26 under the state or federal constitution, an urban high school
27 academy shall not be organized by a church or other religious

1 organization and shall not have any organizational or contractual
2 affiliation with or constitute a church or other religious
3 organization.

4 (2) ~~The~~**SUBJECT TO SECTION 522B, THE** governing board of a
5 state public university may act as an authorizing body to issue a
6 contract for the organization and operation of an urban high school
7 academy under this part.

8 (3) A contract issued under this part shall be issued for an
9 initial term of 10 years. If the urban high school academy meets
10 the educational goals set forth in the contract and operates in
11 substantial compliance with this part, the authorizing body shall
12 automatically renew the contract for a subsequent 10-year term.

13 (4) To obtain a contract to organize and operate 1 or more
14 urban high school academies, an entity may apply to an authorizing
15 body described in subsection (2). The contract shall be issued to
16 an urban high school academy corporation designated by the entity
17 applying for the contract. The application shall include at least
18 all of the following:

19 (a) Name of the entity applying for the contract.

20 (b) Subject to the resolution adopted by the authorizing body
21 under section 528, a list of the proposed members of the board of
22 directors of the urban high school academy and a description of the
23 qualifications and method for appointment or election of members of
24 the board of directors.

25 (c) The proposed articles of incorporation, which shall
26 include at least all of the following:

27 (i) The name of the proposed urban high school academy to which

1 the contract will be issued.

2 (ii) The purposes for the urban high school academy
3 corporation. This language shall provide that the urban high school
4 academy is incorporated pursuant to this part and that the urban
5 high school academy corporation is a governmental entity and
6 political subdivision of this state.

7 (iii) The name of the authorizing body.

8 (iv) The proposed time when the articles of incorporation will
9 be effective.

10 (v) Other matters considered expedient to be in the articles
11 of incorporation.

12 (d) A copy of the proposed bylaws of the urban high school
13 academy.

14 (e) Documentation meeting the application requirements of the
15 authorizing body, including at least all of the following:

16 (i) The governance structure of the urban high school academy.

17 (ii) A copy of the educational goals of the urban high school
18 academy and the curricula to be offered and methods of pupil
19 assessment to be used by the urban high school academy. The
20 educational goals shall include demonstrated improved pupil
21 academic achievement for all groups of pupils. To the extent
22 applicable, the progress of the pupils in the urban high school
23 academy shall be assessed using at least a Michigan education
24 assessment program (MEAP) test or the Michigan merit examination
25 under section 1279g, as applicable.

26 (iii) The admission policy and criteria to be maintained by the
27 urban high school academy. The admission policy and criteria shall

1 comply with section 524. This part of the application also shall
2 include a description of how the applicant will provide to the
3 general public adequate notice that an urban high school academy is
4 being created and adequate information on the admission policy,
5 criteria, and process.

6 (iv) The school calendar and school day schedule.

7 (v) The age or grade range of pupils to be enrolled.

8 (f) Descriptions of staff responsibilities and of the urban
9 high school academy's governance structure.

10 (g) A description of and address for the proposed building or
11 buildings in which the urban high school academy will be located,
12 and a financial commitment by the entity applying for the contract
13 to construct or renovate the building or buildings that will be
14 occupied by the urban high school academy that is issued the
15 contract.

16 (5) If a particular state public university issues a contract
17 that allows an urban high school academy to operate the same
18 configuration of grades at more than 1 site, as provided in section
19 524(1), each of those sites shall be under the direction of the
20 board of directors that is a party to the contract.

21 (6) If the superintendent of public instruction finds that an
22 authorizing body is not engaging in appropriate continuing
23 oversight of 1 or more urban high school academies operating under
24 a contract issued by the authorizing body, the superintendent of
25 public instruction may suspend the power of the authorizing body to
26 issue new contracts to organize and operate urban high school
27 academies. A contract issued by the authorizing body during the

1 suspension is void. A contract issued by the authorizing body
2 before the suspension is not affected by the suspension.

3 (7) An authorizing body shall not charge a fee, or require
4 reimbursement of expenses, for considering an application for a
5 contract, for issuing a contract, or for providing oversight of a
6 contract for an urban high school academy in an amount that exceeds
7 a combined total of 3% of the total state school aid received by
8 the urban high school academy in the school year in which the fees
9 or expenses are charged. All of the following apply to this fee:

10 (a) An authorizing body may use this fee only for the
11 following purposes:

12 (i) Considering applications and issuing or administering
13 contracts.

14 (ii) Compliance monitoring and oversight of urban high school
15 academies.

16 (iii) Training for urban high school academy applicants,
17 administrators, and boards of directors.

18 (iv) Technical assistance to urban high school academies.

19 (v) Academic support to urban high school academies or to
20 pupils or graduates of urban high school academies.

21 (vi) Evaluation of urban high school academy performance.

22 (vii) Training of teachers, including supervision of teacher
23 interns.

24 (viii) Other purposes that assist the urban high school
25 academies or traditional public schools in achieving improved
26 academic performance.

27 (b) An authorizing body may provide other services for an

1 urban high school academy and charge a fee for those services, but
2 shall not require such an arrangement as a condition to issuing the
3 contract authorizing the urban high school academy.

4 (8) An urban high school academy shall be presumed to be
5 legally organized if it has exercised the franchises and privileges
6 of an urban high school academy for at least 2 years.

7 SEC. 522B. (1) BEGINNING ON THE EFFECTIVE DATE OF THIS
8 SECTION, THE GOVERNING BOARD OF A STATE UNIVERSITY SHALL NOT ISSUE
9 A NEW CONTRACT FOR THE ORGANIZATION AND OPERATION OF A NEW URBAN
10 HIGH SCHOOL ACADEMY UNDER THIS PART, SHALL NOT AMEND OR MODIFY A
11 CONTRACT TO ALLOW AN URBAN HIGH SCHOOL ACADEMY TO ENROLL AN
12 ADDITIONAL AGE OR GRADE RANGE OF PUPILS, AND SHALL NOT AMEND OR
13 MODIFY A CONTRACT TO ALLOW AN URBAN HIGH SCHOOL ACADEMY TO OPERATE
14 THE SAME CONFIGURATION OF AGE OR GRADE LEVELS AT AN ADDITIONAL
15 SITE. A CONTRACT ISSUED, AMENDED, OR MODIFIED IN VIOLATION OF THIS
16 SECTION IS VOID.

17 (2) IT IS THE INTENT OF THE LEGISLATURE TO ENACT LEGISLATION
18 TO REMOVE THE RESTRICTIONS UNDER SUBSECTION (1) AFTER LEGISLATION
19 HAS BEEN ENACTED AND APPROPRIATE RULES HAVE BEEN PROMULGATED THAT
20 PROVIDE FOR ALL OF THE FOLLOWING:

21 (A) COMPLETE TRANSPARENCY, INCLUDING FULL FINANCIAL DISCLOSURE
22 BY AUTHORIZING BODIES, URBAN HIGH SCHOOL ACADEMIES, AND EDUCATIONAL
23 MANAGEMENT COMPANIES AND THEIR SUBCONTRACTORS.

24 (B) PENALTIES FOR FAILING TO COMPLY WITH THE TRANSPARENCY AND
25 FINANCIAL DISCLOSURE REQUIREMENTS DESCRIBED IN SUBDIVISION (A).

26 (C) COMPREHENSIVE ETHICS AND CONFLICT OF INTEREST STANDARDS
27 FOR URBAN HIGH SCHOOL ACADEMIES, EDUCATIONAL MANAGEMENT COMPANIES,

1 MEMBERS OF URBAN HIGH SCHOOL ACADEMY BOARDS OF DIRECTORS, AND
2 AUTHORIZING BODIES.

3 (D) ASSURANCE OF HIGH-QUALITY EDUCATIONAL STANDARDS AND
4 OUTCOMES FOR PUPILS THROUGH A MORE RIGOROUS URBAN HIGH SCHOOL
5 ACADEMY AUTHORIZING PROCESS AND STRICT OVERSIGHT OF EXISTING URBAN
6 HIGH SCHOOL ACADEMIES.

7 Sec. 524. (1) An urban high school academy may be located in
8 all or part of an existing public school building. An urban high
9 school academy shall not operate at a site other than the site or
10 sites, requested for the configuration of age or grade levels that
11 will use the site or sites, as specified in the contract. ~~Under~~
12 **SUBJECT TO SECTION 522B, UNDER** a contract, an authorizing body may
13 permit an urban high school academy to operate the same
14 configuration of age or grade levels at more than 1 site, and an
15 urban high school academy may operate the same configuration of age
16 or grade levels at more than 1 site, as long as the urban high
17 school academy is operating in compliance with its contract and is
18 making measurable progress toward meeting its educational goals.
19 For a contract for a new urban high school academy, an authorizing
20 body may permit an urban high school academy to operate the same
21 configuration of age or grade levels at more than 1 site, and an
22 urban high school academy may operate the same configuration of age
23 or grade levels at more than 1 site, if the applicant for the
24 proposed urban high school academy presents documentation to the
25 authorizing body demonstrating that the applicant's proposed
26 educational model has resulted in schools making measurable
27 progress toward meeting their educational goals.

1 (2) An urban high school academy shall not charge tuition.
2 Except as otherwise provided in this section, an urban high school
3 academy shall not discriminate in its pupil admissions policies or
4 practices on the basis of intellectual or athletic ability,
5 measures of achievement or aptitude, status as a handicapped
6 person, or any other basis that would be illegal if used by a
7 school district. However, an urban high school academy may limit
8 admission to pupils who are within a particular range of age or
9 grade level or on any other basis that would be legal if used by a
10 school district and may give enrollment priority as provided in
11 subsection (4).

12 (3) Except for a foreign exchange student who is not a United
13 States citizen, an urban high school academy shall not enroll a
14 pupil who is not a resident of this state. Enrollment in an urban
15 high school academy shall be open to all pupils who reside in this
16 state who meet the admission policy. Subject to subsection (4), if
17 there are more applications to enroll in the urban high school
18 academy than there are spaces available, pupils shall be selected
19 to attend using a random selection process. An urban high school
20 academy shall allow any pupil who was enrolled in the urban high
21 school academy in the immediately preceding school year to enroll
22 in the urban high school academy in the appropriate grade unless
23 the appropriate grade is not offered at that urban high school
24 academy.

25 (4) An urban high school academy may give enrollment priority
26 to 1 or more of the following:

27 (a) A sibling of a pupil enrolled in the urban high school

1 academy.

2 (b) A child of a person who is employed by or at the urban
3 high school academy or who is on the board of directors of the
4 urban high school academy. As used in this subdivision, "child"
5 includes an adopted child or a legal ward.

6 (5) Subject to the terms of the contract authorizing the urban
7 high school academy, an urban high school academy shall include at
8 least grades 9 through 12 within 5 years after beginning operations
9 and may include other grades or any configuration of those grades,
10 including kindergarten and early childhood education, as specified
11 in its contract. If specified in its contract, an urban high school
12 academy may also operate an adult basic education program, adult
13 high school completion program, or general education development
14 testing preparation program.

15 Sec. 552. (1) ~~An~~ **SUBJECT TO SECTION 552B, AN** authorizing body
16 may issue contracts under this subsection to organize and operate a
17 school of excellence. All of the following apply to the issuance of
18 a contract by an authorizing body under this subsection:

19 (a) The issuance of the contract must be approved by the
20 superintendent of public instruction. The superintendent of public
21 instruction shall approve issuance of a contract if he or she
22 determines that the proposed school of excellence is modeled after
23 a high-performing school or program.

24 (b) The first 5 contracts issued by all authorizing bodies
25 under this subsection shall be for schools of excellence that offer
26 1 or more of high school grades 9 to 12, or any combination of
27 those grades, as specified in the contract.

1 (c) A school of excellence authorized under this subsection
2 shall not be located in a school district that has a graduation
3 rate of over 75%, on average, for the most recent 3 school years
4 for which the data are available, as determined by the department.

5 (2) Subject to the limitations in this subsection and
6 subsection (14), an authorizing body may issue contracts under this
7 subsection for 1 or more schools of excellence that are cyber
8 schools. ~~Until December 31, 2013, the combined total number of~~
9 ~~contracts that may be issued by all statewide authorizing bodies~~
10 ~~under this subsection for schools of excellence that are cyber~~
11 ~~schools shall not exceed 5.~~ Until December 31, 2014, the combined
12 total number of contracts that may be issued by all statewide
13 authorizing bodies under this subsection for schools of excellence
14 that are cyber schools shall not exceed 10. After December 31,
15 2014, the combined total number of contracts issued by all
16 statewide authorizing bodies under this subsection for schools of
17 excellence that are cyber schools shall not exceed 15. The board of
18 a school district, an intermediate school board, the board of a
19 community college that is not a statewide authorizing body, or 2 or
20 more public agencies acting jointly as described in subsection
21 (6)(e) may not act as the authorizing body for more than 1 school
22 of excellence that is a cyber school. An authorizing body shall not
23 issue a contract for a school of excellence that is a cyber school
24 unless the school of excellence that is a cyber school meets all of
25 the following requirements:

26 (a) Is available for enrollment to all pupils in this state.

27 (b) Offers some configuration of or all of grades K to 12.

1 (c) The entity applying for the school of excellence that is a
2 cyber school demonstrates experience in delivering a quality
3 education program that improves pupil academic achievement. In
4 determining whether this requirement is met, an authorizing body
5 shall refer to the standards for quality online learning
6 established by the national association of charter school
7 authorizers or other similar nationally recognized standards for
8 quality online learning.

9 (d) The enrollment in the school of excellence that is a cyber
10 school is limited to not more than 2,500 pupils in membership for
11 the first school year of operation of the school of excellence that
12 is a cyber school, not more than 5,000 pupils in membership for the
13 second school year of operation of the school of excellence that is
14 a cyber school, and not more than 10,000 pupils in membership for
15 the third and subsequent school years of operation of the school of
16 excellence that is a cyber school. As used in this subdivision,
17 "membership" means that term as defined in section 6 of the state
18 school aid act of 1979, MCL 388.1606.

19 (e) The school of excellence that is a cyber school offers
20 each pupil's family a computer and subsidizes the cost of internet
21 access.

22 (3) For a public school academy operating under part 6a that
23 meets the requirements of subsection (4), with the approval of its
24 authorizing body, the board of directors of the public school
25 academy may adopt a resolution choosing to convert the public
26 school academy to a school of excellence under this part. If the
27 board of directors of a public school academy that meets the

1 requirements of subsection (4) is issued a contract as a school of
2 excellence under this subsection, all the following apply:

3 (a) The public school academy shall cease to operate as a
4 public school academy under part 6a and shall operate as a school
5 of excellence upon the issuance of a contract or at another time as
6 determined by the authorizing body.

7 (b) The public school academy shall be considered to be a
8 school of excellence for all purposes upon the issuance of a
9 contract or at another time as determined by the authorizing body,
10 but shall retain its corporate identity.

11 (c) The conversion of a public school academy under part 6a to
12 a school of excellence operating under this part shall not impair
13 any agreement, mortgage, loan, bond, note or other instrument of
14 indebtedness, or any other agreement entered into by a public
15 school academy while it was operating under part 6a.

16 (d) The contract issued to the public school academy under
17 part 6a shall automatically terminate upon the issuance of a
18 contract or at another time as determined by the authorizing body.

19 (4) Subsection (3) applies to a public school academy that is
20 determined by the department to meet all of the following, as
21 applicable:

22 (a) If the public school academy operates only some or all of
23 grades K to 8, meets at least 1 of the following:

24 (i) On average over a 3-year period, at least 90% of the pupils
25 enrolled in the public school academy achieved a score of
26 proficient or better on the Michigan education assessment program
27 mathematics and reading tests or successor state assessment

1 program.

2 (ii) On average over a 3-year period, at least 70% of the
3 pupils enrolled in the public school academy achieved a score of
4 proficient or better on the Michigan education assessment program
5 mathematics and reading tests or successor state assessment program
6 and at least 50% of the pupils enrolled in the public school
7 academy met the income eligibility criteria for the federal free or
8 reduced-price lunch program, as determined under the Richard B.
9 Russell national school lunch act, 42 USC 1751 to 1769i, and
10 reported to the department.

11 (b) If the public school academy operates grades 9 to 12, at
12 least 80% of the school's pupils graduate from high school or are
13 determined by the department to be on track to graduate from high
14 school, the school has at least 80% average attendance, and the
15 school has at least an 80% postsecondary enrollment rate.

16 (5) A school of excellence shall be organized and administered
17 under the direction of a board of directors in accordance with this
18 part and with bylaws adopted by the board of directors. A school of
19 excellence shall be organized under the nonprofit corporation act,
20 1982 PA 162, MCL 450.2101 to 450.3192, except that a school of
21 excellence is not required to comply with sections 170 to 177 of
22 1931 PA 327, MCL 450.170 to 450.177. To the extent disqualified
23 under the state or federal constitution, a school of excellence
24 shall not be organized by a church or other religious organization
25 and shall not have any organizational or contractual affiliation
26 with or constitute a church or other religious organization.

27 (6) ~~Any~~ **SUBJECT TO SECTION 552B, ANY** of the following may act

1 as an authorizing body to issue a contract to organize and operate
2 1 or more schools of excellence under this part:

3 (a) The board of a school district that operates grades K to
4 12. However, except as otherwise provided in this subdivision, the
5 board of a school district shall not issue a contract for a school
6 of excellence to operate outside the school district's boundaries,
7 and a school of excellence authorized by the board of a school
8 district shall not operate outside that school district's
9 boundaries. If the board of a school district issues a contract for
10 a school of excellence that is a cyber school, the contract may
11 authorize the school of excellence that is a cyber school to
12 operate outside that school district's boundaries.

13 (b) An intermediate school board. However, except as otherwise
14 provided in this subdivision, the board of an intermediate school
15 district shall not issue a contract for a school of excellence to
16 operate outside the intermediate school district's boundaries, and
17 a school of excellence authorized by the board of an intermediate
18 school district shall not operate outside that intermediate school
19 district's boundaries. If the board of an intermediate school
20 district issues a contract for a school of excellence that is a
21 cyber school, the contract may authorize the school of excellence
22 that is a cyber school to operate outside that intermediate school
23 district's boundaries.

24 (c) The board of a community college. Except as otherwise
25 provided in this subdivision, the board of a community college
26 shall not issue a contract for a school of excellence to operate
27 outside the boundaries of the community college district, and a

1 school of excellence authorized by the board of a community college
2 shall not operate outside the boundaries of the community college
3 district. If the board of a community college issues a contract for
4 a school of excellence that is a cyber school, the contract may
5 authorize the school of excellence that is a cyber school to
6 operate outside the boundaries of the community college district.

7 The board of a community college also may issue a contract for not
8 more than 1 school of excellence to operate on the grounds of an
9 active or closed federal military installation located outside the
10 boundaries of the community college district, or may operate a
11 school of excellence itself on the grounds of such a federal
12 military installation, if the federal military installation is not
13 located within the boundaries of any community college district and
14 the community college has previously offered courses on the grounds
15 of the federal military installation for at least 10 years.

16 (d) The governing board of a state public university.

17 (e) Two or more of the public agencies described in
18 subdivisions (a) to (d) exercising power, privilege, or authority
19 jointly pursuant to an interlocal agreement under the urban
20 cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to
21 124.512.

22 (7) To obtain a contract to organize and operate 1 or more
23 schools of excellence, 1 or more persons or an entity may apply to
24 an authorizing body described in this section. The application
25 shall include at least all of the following:

26 (a) Identification of the applicant for the contract.

27 (b) Subject to the resolution adopted by the authorizing body

1 under section 553(4), a list of the proposed members of the board
2 of directors of the school of excellence and a description of the
3 qualifications and method for appointment or election of members of
4 the board of directors.

5 (c) The proposed articles of incorporation, which shall
6 include at least all of the following:

7 (i) The name of the proposed school of excellence.

8 (ii) The purposes for the school of excellence corporation.

9 This language shall provide that the school of excellence is
10 incorporated pursuant to this part and that the school of
11 excellence is a governmental entity.

12 (iii) The name of the authorizing body.

13 (iv) The proposed time when the articles of incorporation will
14 be effective.

15 (v) Other matters considered expedient to be in the articles
16 of incorporation.

17 (d) A copy of the proposed bylaws of the school of excellence.

18 (e) Documentation meeting the application requirements of the
19 authorizing body, including at least all of the following:

20 (i) The governance structure of the school of excellence.

21 (ii) A copy of the educational goals of the school of
22 excellence and the curricula to be offered and methods of pupil
23 assessment to be used by the school of excellence. The educational
24 goals shall include demonstrated improved pupil academic
25 achievement for all groups of pupils. To the extent applicable, the
26 progress of the pupils in the school of excellence shall be
27 assessed using at least a Michigan education assessment program

1 (MEAP) test or the Michigan merit examination under section 1279g,
2 as applicable.

3 (iii) The admission policy and criteria to be maintained by the
4 school of excellence. The admission policy and criteria shall
5 comply with section 556. This part of the application also shall
6 include a description of how the applicant will provide to the
7 general public adequate notice that a school of excellence is being
8 created and adequate information on the admission policy, criteria,
9 and process.

10 (iv) Except for a school of excellence that is a cyber school,
11 the school calendar and school day schedule.

12 (v) The age or grade range of pupils to be enrolled.

13 (f) Descriptions of staff responsibilities and of the school
14 of excellence governance structure.

15 (g) For an application to the board of a school district, an
16 intermediate school board, or board of a community college,
17 identification of the school district and intermediate school
18 district in which the school of excellence will be located.

19 (h) An agreement that the school of excellence will comply
20 with the provisions of this part and, subject to the provisions of
21 this part, with all other state law applicable to public bodies and
22 with federal law applicable to public bodies or school districts.

23 (i) A description of and address for the proposed physical
24 plant in which the school of excellence will be located. An
25 applicant may request the authorizing body to issue a contract
26 allowing the board of directors of the school of excellence to
27 operate the same configuration of age or grade levels at more than

1 1 site.

2 (8) An authorizing body shall oversee, or shall contract with
3 an intermediate school district, community college, or state public
4 university to oversee, each school of excellence operating under a
5 contract issued by the authorizing body. The authorizing body is
6 responsible for overseeing compliance by the board of directors
7 with the contract and all applicable law. This subsection does not
8 relieve any other government entity of its enforcement or
9 supervisory responsibility.

10 (9) If the superintendent of public instruction finds that an
11 authorizing body is not engaging in appropriate continuing
12 oversight of 1 or more schools of excellence operating under a
13 contract issued by the authorizing body, the superintendent of
14 public instruction may suspend the power of the authorizing body to
15 issue new contracts to organize and operate schools of excellence.
16 A contract issued by the authorizing body during the suspension is
17 void. A contract issued by the authorizing body before the
18 suspension is not affected by the suspension.

19 (10) An authorizing body shall not charge a fee, or require
20 reimbursement of expenses, for considering an application for a
21 contract, for issuing a contract, or for providing oversight of a
22 contract for a school of excellence in an amount that exceeds a
23 combined total of 3% of the total state school aid received by the
24 school of excellence in the school year in which the fees or
25 expenses are charged. The authorizing body may provide other
26 services for a school of excellence and charge a fee for those
27 services, but shall not require such an arrangement as a condition

1 to issuing the contract authorizing the school of excellence.

2 (11) A school of excellence shall be presumed to be legally
3 organized if it has exercised the franchises and privileges of a
4 public school academy for at least 2 years.

5 (12) A member of the board of directors of a school of
6 excellence is a public officer and shall, before entering upon the
7 duties of the office, take the constitutional oath of office for
8 public officers under section 1 of article XI of the state
9 constitution of 1963.

10 (13) A school of excellence that is a cyber school may make
11 available to other public schools for purchase any of the course
12 offerings that the cyber school offers to its own pupils.

13 (14) If the department determines that the combined total
14 statewide final audited membership for all pupils in membership in
15 schools of excellence that are cyber schools for the 2012-2013
16 state fiscal year exceeds a number equal to 1% of the combined
17 total statewide final audited membership for all pupils in
18 membership in public schools for the 2011-2012 state fiscal year,
19 then all of the following apply:

20 (a) An authorizing body may not issue a new contract for a new
21 school of excellence that is a cyber school to begin operations in
22 the 2013-2014 school year.

23 (b) A school of excellence that is a cyber school may not
24 enroll any new pupils in the school of excellence that is a cyber
25 school in the 2013-2014 school year.

26 (15) Beginning July 1, 2013, if the department determines that
27 the combined total statewide final audited membership for all

1 pupils in membership in schools of excellence that are cyber
2 schools for a state fiscal year exceeds a number equal to 2% of the
3 combined total statewide final audited membership for all pupils in
4 membership in public schools for the 2011-2012 state fiscal year,
5 then all of the following apply:

6 (a) Subject to subdivision (c), an authorizing body may not
7 issue a new contract for a new school of excellence that is a cyber
8 school to begin operations in a school year that begins after that
9 determination is made.

10 (b) Subject to subdivision (c), a school of excellence that is
11 a cyber school may not enroll any new pupils in the school of
12 excellence that is a cyber school in a school year that begins
13 after that determination is made.

14 (c) If the department determines that the combined total
15 statewide final audited membership for all pupils in membership in
16 schools of excellence that are cyber schools for a state fiscal
17 year does not exceed a number equal to 2% of the combined total
18 statewide final audited membership for all pupils in membership in
19 public schools for the 2011-2012 state fiscal year, then
20 subdivisions (a) and (b) do not apply for a school year that begins
21 after that determination is made unless the department makes a new
22 determination that the membership limits under this subsection have
23 been exceeded.

24 (16) For the purposes of subsections (14) and (15), not later
25 than July 1, 2012, and by not later than July 1 of each year
26 thereafter, the department shall determine the percentage of the
27 combined total statewide final audited membership for all pupils in

1 membership in public schools that are pupils in membership in
2 schools of excellence that are cyber schools for the state fiscal
3 year that includes that July 1.

4 (17) As used in this section:

5 (a) "Membership" means that term as defined in section 6 of
6 the state school aid act of 1979, MCL 388.1606.

7 (b) "Statewide authorizing body" means the governing board of
8 a state public university or the board of a federal tribally
9 controlled community college that is recognized under the tribally
10 controlled colleges and universities assistance act of 1978, 25 USC
11 1801 to 1852, and is determined by the department to meet the
12 requirements for accreditation by a recognized regional accrediting
13 body.

14 (18) Not later than October 1, 2012, If a district, an
15 intermediate school district, a public school academy, or the
16 education achievement system offers online learning, the board or
17 board of directors of the district, intermediate school district,
18 or public school academy, or the education achievement system,
19 shall submit to the department a report that details the per-pupil
20 costs of operating the online learning. The report shall include,
21 on a per-pupil basis, at least all of the following costs:

22 (a) Textbooks, instructional materials, and supplies,
23 including electronic instructional material.

24 (b) Computer and other electronic equipment, including
25 internet and telephone access.

26 (c) Salaries and benefits for the online learning employees.

27 (d) Purchased courses and curricula.

1 (e) Fees associated with oversight and regulation.

2 (f) Travel costs associated with school activities and
3 testing.

4 (g) Facilities costs.

5 (h) Costs associated with special education.

6 (19) Not later than December 31, 2012, the department shall
7 issue a report to the legislature including the following:

8 (a) A review of the data submitted under subsection (14).

9 (b) A comparison with costs of substantially similar programs
10 in other states and relevant national research on the costs of
11 online learning.

12 (c) Any conclusions concerning factors or characteristics of
13 online learning programs that make a difference in the costs of
14 operating the programs.

15 (20) The board of directors of a school of excellence that is
16 a cyber school, or the board of a school district, intermediate
17 school district, or public school academy that operates an online
18 or other distance learning program, shall submit a monthly report
19 to the department, in the form and manner prescribed by the
20 department, that reports the number of pupils enrolled in the
21 school of excellence that is a cyber school, or in the online or
22 other distance learning program, during the immediately preceding
23 month.

24 (21) The board of directors of a school of excellence that is
25 a cyber school shall ensure that, when a pupil enrolls in the
26 school of excellence that is a cyber school, the pupil and his or
27 her parent or legal guardian are provided with a parent-student

1 orientation. If the pupil is at least age 18 or is an emancipated
2 minor, the orientation may be provided to just the pupil.

3 SEC. 552B. (1) BEGINNING ON THE EFFECTIVE DATE OF THIS
4 SECTION, AN AUTHORIZING BODY SHALL NOT ISSUE A NEW CONTRACT FOR THE
5 ORGANIZATION AND OPERATION OF A NEW SCHOOL OF EXCELLENCE UNDER THIS
6 PART, SHALL NOT AMEND OR MODIFY A CONTRACT TO ALLOW A SCHOOL OF
7 EXCELLENCE TO ENROLL AN ADDITIONAL AGE OR GRADE RANGE OF PUPILS,
8 AND SHALL NOT AMEND OR MODIFY A CONTRACT TO ALLOW A SCHOOL OF
9 EXCELLENCE TO OPERATE THE SAME CONFIGURATION OF AGE OR GRADE LEVELS
10 AT AN ADDITIONAL SITE. A CONTRACT ISSUED, AMENDED, OR MODIFIED IN
11 VIOLATION OF THIS SECTION IS VOID.

12 (2) IT IS THE INTENT OF THE LEGISLATURE TO ENACT LEGISLATION
13 TO REMOVE THE RESTRICTIONS UNDER SUBSECTION (1) AFTER LEGISLATION
14 HAS BEEN ENACTED AND APPROPRIATE RULES HAVE BEEN PROMULGATED THAT
15 PROVIDE FOR ALL OF THE FOLLOWING:

16 (A) COMPLETE TRANSPARENCY, INCLUDING FULL FINANCIAL DISCLOSURE
17 BY AUTHORIZING BODIES, SCHOOLS OF EXCELLENCE, AND EDUCATIONAL
18 MANAGEMENT ORGANIZATIONS AND THEIR SUBCONTRACTORS.

19 (B) PENALTIES FOR FAILING TO COMPLY WITH THE TRANSPARENCY AND
20 FINANCIAL DISCLOSURE REQUIREMENTS DESCRIBED IN SUBDIVISION (A).

21 (C) COMPREHENSIVE ETHICS AND CONFLICT OF INTEREST STANDARDS
22 FOR SCHOOLS OF EXCELLENCE, EDUCATIONAL MANAGEMENT ORGANIZATIONS,
23 MEMBERS OF SCHOOL OF EXCELLENCE BOARDS OF DIRECTORS, AND
24 AUTHORIZING BODIES.

25 (D) ASSURANCE OF HIGH-QUALITY EDUCATIONAL STANDARDS AND
26 OUTCOMES FOR PUPILS THROUGH A MORE RIGOROUS SCHOOL OF EXCELLENCE
27 AUTHORIZING PROCESS AND STRICT OVERSIGHT OF EXISTING SCHOOLS OF

1 **EXCELLENCE.**

2 Sec. 553. (1) An authorizing body is not required to issue a
3 contract to any person or entity. Schools of excellence contracts
4 shall be issued on a competitive basis taking into consideration
5 the resources available for the proposed school of excellence, the
6 population to be served by the proposed school of excellence, the
7 educational goals to be achieved by the proposed school of
8 excellence, and the applicant's track record, if any, in operating
9 public school academies or other public schools.

10 (2) If a person or entity applies to the board of a school
11 district for a contract to organize and operate 1 or more schools
12 of excellence within the boundaries of the school district and the
13 board does not issue the contract, the person or entity may
14 petition the board to place the question of issuing the contract on
15 the ballot to be decided by the school electors of the school
16 district. The petition shall contain all of the information
17 required to be in the contract application under section 552 and
18 shall be signed by a number of school electors of the school
19 district equal to at least 5% of the total number of school
20 electors of that school district. The petition shall be filed with
21 the school district filing official. If the board receives a
22 petition meeting the requirements of this subsection, the board
23 shall have the question of issuing the contract placed on the
24 ballot at its next regular school election held at least 60 days
25 after receiving the petition. If a majority of the school electors
26 of the school district voting on the question vote to issue the
27 contract, the board shall issue the contract.

1 (3) Within 10 days after issuing a contract for a school of
2 excellence, the authorizing body shall submit to the superintendent
3 of public instruction a copy of the contract.

4 (4) An authorizing body shall adopt a resolution establishing
5 the method of selection, length of term, and number of members of
6 the board of directors of each school of excellence subject to its
7 jurisdiction. The resolution shall be written or amended as
8 necessary to include a requirement that each member of the board of
9 directors must be a citizen of the United States.

10 (5) A contract issued to organize and administer a school of
11 excellence shall contain at least all of the following:

12 (a) The educational goals the school of excellence is to
13 achieve and the methods by which it will be held accountable. The
14 educational goals shall include demonstrated improved pupil
15 academic achievement for all groups of pupils. To the extent
16 applicable, the pupil performance of a school of excellence shall
17 be assessed using at least a Michigan education assessment program
18 (MEAP) test or the Michigan merit examination under section 1279g,
19 as applicable.

20 (b) A description of the method to be used to monitor the
21 school of excellence's compliance with applicable law and its
22 performance in meeting its targeted educational objectives.

23 (c) A description of the process for amending the contract
24 during the term of the contract.

25 (d) All of the matters set forth in the application for the
26 contract.

27 (e) Procedures for revoking the contract and grounds for

1 revoking the contract, including at least the grounds listed in
2 section 561.

3 (f) A description of and address for the proposed physical
4 plant in which the school of excellence will be located. ~~An~~**SUBJECT**
5 **TO SECTION 552B, AN** authorizing body may include a provision in the
6 contract allowing the board of directors of the school of
7 excellence to operate the same configuration of age or grade levels
8 at more than 1 site if each configuration of age or grade levels
9 and each site identified in the contract are under the direction
10 and control of the board of directors.

11 (g) Requirements and procedures for financial audits. The
12 financial audits shall be conducted at least annually by a
13 certified public accountant in accordance with generally accepted
14 governmental auditing principles.

15 (h) A certification, signed by an authorized member of the
16 school of excellence board of directors, that the school of
17 excellence will comply with the contract and all applicable law.

18 (i) A requirement that the board of directors shall ensure
19 compliance with the requirements of 1968 PA 317, MCL 15.321 to
20 15.330.

21 (j) A requirement that the board of directors shall prohibit
22 specifically identified family relationships between members of the
23 board of directors, individuals who have an ownership interest in
24 or who are officers or employees of an educational management
25 organization involved in the operation of the school of excellence,
26 and employees of the school of excellence. The contract shall
27 identify the specific prohibited relationships consistent with

1 applicable law.

2 (k) A requirement that the board of directors of the school of
3 excellence shall make information concerning its operation and
4 management available to the public and to the authorizing body in
5 the same manner as is required by state law for school districts.

6 (l) A requirement that the board of directors of the school of
7 excellence shall collect, maintain, and make available to the
8 public and the authorizing body, in accordance with applicable law
9 and the contract, at least all of the following information
10 concerning the operation and management of the school of
11 excellence:

12 (i) A copy of the contract issued by the authorizing body for
13 the school of excellence.

14 (ii) A list of currently serving members of the board of
15 directors of the school of excellence, including name, address, and
16 term of office; copies of policies approved by the board of
17 directors; board meeting agendas and minutes; copy of the budget
18 approved by the board of directors and of any amendments to the
19 budget; and copies of bills paid for amounts of \$10,000.00 or more
20 as they were submitted to the board of directors.

21 (iii) Quarterly financial reports submitted to the authorizing
22 body.

23 (iv) A current list of teachers and school administrators
24 working at the school of excellence that includes their individual
25 salaries as submitted to the registry of educational personnel;
26 copies of the teaching or school administrator's certificates or
27 permits of current teaching and administrative staff; and evidence

1 of compliance with the criminal background and records checks and
2 unprofessional conduct check required under sections 1230, 1230a,
3 and 1230b for all teachers and administrators working at the school
4 of excellence.

5 (v) Curriculum documents and materials given to the
6 authorizing body.

7 (vi) Proof of insurance as required by the contract.

8 (vii) Copies of facility leases or deeds, or both, and of any
9 equipment leases.

10 (viii) Copies of any management contracts or services contracts
11 approved by the board of directors.

12 (ix) All health and safety reports and certificates, including
13 those relating to fire safety, environmental matters, asbestos
14 inspection, boiler inspection, and food service.

15 (x) Any management letters issued as part of the annual
16 financial audit under subdivision (g).

17 (xi) Any other information specifically required under this
18 act.

19 (m) A requirement that the authorizing body must review and
20 may disapprove any agreement between the board of directors and an
21 educational management organization before the agreement is final
22 and valid. An authorizing body may disapprove an agreement
23 described in this subdivision only if the agreement is contrary to
24 contract or applicable law.

25 (n) A requirement that the board of directors shall
26 demonstrate all of the following to the satisfaction of the
27 authorizing body with regard to its pupil admission process:

1 (i) That the school of excellence has made a reasonable effort
2 to advertise its enrollment openings.

3 (ii) That the school of excellence has made the following
4 additional efforts to recruit pupils who are eligible for special
5 education programs and services or English as a second language
6 services to apply for admission:

7 (A) Reasonable efforts to advertise all enrollment openings to
8 organizations and media that regularly serve and advocate for
9 individuals with disabilities or children with limited English-
10 speaking ability within the boundaries of the intermediate school
11 district in which the school of excellence is located.

12 (B) Inclusion in all pupil recruitment materials of a
13 statement that appropriate special education services and English
14 as a second language services will be made available to pupils
15 attending the school as required by law.

16 (iii) That the open enrollment period for the school of
17 excellence is for a duration of at least 2 weeks and that the
18 enrollment times include some evening and weekend times.

19 (o) A requirement that the board of directors shall prohibit
20 any individual from being employed by the school of excellence in
21 more than 1 full-time position and simultaneously being compensated
22 at a full-time rate for each of those positions.

23 (p) A requirement that, if requested, the board of directors
24 shall report to the authorizing body the total compensation for
25 each individual working at the school of excellence.

26 (6) A school of excellence shall comply with all applicable
27 law, including all of the following:

1 (a) The open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

2 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to
3 15.246.

4 (c) 1947 PA 336, MCL 423.201 to 423.217.

5 (d) 1965 PA 166, MCL 408.551 to 408.558.

6 (e) Sections 1134, 1135, 1146, 1153, 1263(3), 1267, and 1274.

7 (f) Laws concerning participation in state assessments, data
8 collection systems, state level student growth models, state
9 accountability and accreditation systems, and other public
10 comparative data collection required for public schools.

11 (7) A school of excellence and its incorporators, board
12 members, officers, employees, and volunteers have governmental
13 immunity as provided in section 7 of 1964 PA 170, MCL 691.1407. An
14 authorizing body and its board members, officers, and employees are
15 immune from civil liability, both personally and professionally,
16 for an act or omission in authorizing a school of excellence if the
17 authorizing body or the person acted or reasonably believed he or
18 she acted within the authorizing body's or the person's scope of
19 authority.

20 (8) A school of excellence is exempt from all taxation on its
21 earnings and property. Unless the property is already fully exempt
22 from real and personal property taxes under the general property
23 tax act, 1893 PA 206, MCL 211.1 to 211.155, property occupied by a
24 school of excellence and used exclusively for educational purposes
25 is exempt from real and personal property taxes levied for school
26 operating purposes under section 1211, to the extent exempted under
27 that section, and from real and personal property taxes levied

1 under the state education tax act, 1993 PA 331, MCL 211.901 to
2 211.906. Instruments of conveyance to or from a school of
3 excellence are exempt from all taxation including taxes imposed by
4 1966 PA 134, MCL 207.501 to 207.513. A school of excellence may not
5 levy ad valorem property taxes or another tax for any purpose.
6 However, operation of 1 or more schools of excellence by a school
7 district or intermediate school district does not affect the
8 ability of the school district or intermediate school district to
9 levy ad valorem property taxes or another tax.

10 (9) A school of excellence may acquire by purchase, gift,
11 devise, lease, sublease, installment purchase agreement, land
12 contract, option, or by any other means, hold, and own in its own
13 name buildings and other property for school purposes, and
14 interests therein, and other real and personal property, including,
15 but not limited to, interests in property subject to mortgages,
16 security interests, or other liens, necessary or convenient to
17 fulfill its purposes. For the purposes of condemnation, a school of
18 excellence may proceed under the uniform condemnation procedures
19 act, 1980 PA 87, MCL 213.51 to 213.75, excluding sections 6 to 9 of
20 that act, MCL 213.56 to 213.59, or other applicable statutes, but
21 only with the express, written permission of the authorizing body
22 in each instance of condemnation and only after just compensation
23 has been determined and paid.

24 Sec. 556. (1) A school of excellence may be located in all or
25 part of an existing public school building. A school of excellence,
26 other than a cyber school operated under section 553a, shall not
27 operate at a site other than the site or sites requested for the

1 configuration of age or grade levels that will use the site or
2 sites, as specified in the contract. ~~Under~~ **SUBJECT TO SECTION 552B,**
3 **UNDER** a contract, an authorizing body may permit a school of
4 excellence to operate the same configuration of age or grade levels
5 at more than 1 site, and a school of excellence may operate the
6 same configuration of age or grade levels at more than 1 site, as
7 long as the school of excellence is operating in compliance with
8 its contract and is making measurable progress toward meeting its
9 educational goals. For a contract for a new school of excellence,
10 an authorizing body may permit a school of excellence to operate
11 the same configuration of age or grade levels at more than 1 site,
12 and a school of excellence may operate the same configuration of
13 age or grade levels at more than 1 site, if the applicant for the
14 proposed school of excellence presents documentation to the
15 authorizing body demonstrating that the applicant's proposed
16 educational model has resulted in schools making measurable
17 progress toward meeting their educational goals.

18 (2) A school of excellence shall not charge tuition and shall
19 not discriminate in its pupil admissions policies or practices on
20 the basis of intellectual or athletic ability, measures of
21 achievement or aptitude, status as a student with a disability, or
22 any other basis that would be illegal if used by a school district.
23 However, a school of excellence may limit admission to pupils who
24 are within a particular range of age or grade level or on any other
25 basis that would be legal if used by a school district and may give
26 enrollment priority as provided in subsection (4).

27 (3) Except for a foreign exchange student who is not a United

1 States citizen, a school of excellence shall not enroll a pupil who
2 is not a resident of this state. For a school of excellence
3 authorized by a school district, intermediate school district, or
4 community college, enrollment in the school of excellence may be
5 open to all individuals who reside in this state who meet the
6 admission policy and shall be open to all pupils who reside within
7 the geographic boundaries of that authorizing body who meet the
8 admission policy, except that admission to a school of excellence
9 authorized by the board of a community college to operate, or
10 operated by the board of a community college, on the grounds of a
11 federal military installation, as described in section 552(6)(c),
12 shall be open to all pupils who reside in the county in which the
13 federal military installation is located. For a school of
14 excellence authorized by a state public university, enrollment
15 shall be open to all pupils who reside in this state who meet the
16 admission policy. If there are more applications to enroll in the
17 school of excellence than there are spaces available, pupils shall
18 be selected to attend using a random selection process. A school of
19 excellence shall allow any pupil who was enrolled in the school of
20 excellence in the immediately preceding school year to enroll in
21 the school of excellence in the appropriate grade unless the
22 appropriate grade is not offered at that school of excellence.

23 (4) A school of excellence may give enrollment priority to 1
24 or more of the following:

25 (a) A sibling of a pupil enrolled in the school of excellence.

26 (b) A pupil who transfers to the school of excellence from
27 another public school pursuant to a matriculation agreement between

1 the school of excellence and another public school that provides
2 for this enrollment priority, if all of the following requirements
3 are met:

4 (i) Each school of excellence or other public school that
5 enters into the matriculation agreement remains a separate and
6 independent public school.

7 (ii) The school of excellence that gives the enrollment
8 priority selects at least 5% of its pupils for enrollment using a
9 random selection process.

10 (iii) The matriculation agreement allows any pupil who was
11 enrolled at any time during elementary school in a public school
12 that is party to the matriculation agreement and who was not
13 expelled from the public school to enroll in the school of
14 excellence giving enrollment priority under the matriculation
15 agreement.

16 (c) A child of a person who is employed by or at the school of
17 excellence or who is on the board of directors of the school of
18 excellence. As used in this subdivision, "child" includes an
19 adopted child or a legal ward.

20 (5) Subject to subsection (6), a school of excellence may
21 include any grade up to grade 12 or any configuration of those
22 grades, including kindergarten and early childhood education, as
23 specified in its contract. If specified in its contract, a school
24 of excellence may also operate an adult basic education program,
25 adult high school completion program, or general education
26 development testing preparation program. The authorizing body may
27 approve amendment of a contract with respect to ages of pupils or

1 grades offered.

2 (6) In addition to any other grade levels it operates, a
3 school of excellence shall work toward operating all of grades 9 to
4 12 within 6 years after it begins operations, unless a
5 matriculation agreement has been reached with another public school
6 that provides grades 9 to 12.

7 (7) If a school of excellence is a cyber school and its
8 authorizing body is a school district or intermediate school
9 district, the school of excellence shall give enrollment priority
10 to pupils who reside in the school district or intermediate school
11 district that is the authorizing body.

12 Sec. 1311d. (1) A strict discipline academy shall be organized
13 and administered under the direction of a board of directors in
14 accordance with sections 1311b to 1311/ and with bylaws adopted by
15 the board of directors. A strict discipline academy corporation
16 created to operate a strict discipline academy shall be organized
17 under the nonprofit corporation act, 1982 PA 162, MCL 450.2101 to
18 450.3192, except that the strict discipline academy corporation is
19 not required to comply with sections 170 to 177 of 1931 PA 327, MCL
20 450.170 to 450.177. To the extent disqualified under the state or
21 federal constitution, a strict discipline academy shall not be
22 organized by a church or other religious organization and shall not
23 have any organizational or contractual affiliation with or
24 constitute a church or other religious organization.

25 (2) ~~Any~~ **SUBJECT TO SECTION 1311N, ANY** of the following may act
26 as an authorizing body to issue a contract to organize and operate
27 1 or more strict discipline academies under sections 1311b to 1311/:

1 (a) The board of a school district that operates grades K to
2 12. However, the board of a school district shall not issue a
3 contract for a strict discipline academy to operate outside the
4 school district's boundaries, and a strict discipline academy
5 authorized by the board of a school district shall not operate
6 outside that school district's boundaries.

7 (b) An intermediate school board. However, the board of an
8 intermediate school district shall not issue a contract for a
9 strict discipline academy to operate outside the intermediate
10 school district's boundaries, and a strict discipline academy
11 authorized by the board of an intermediate school district shall
12 not operate outside that intermediate school district's boundaries.

13 (c) The board of a community college. However, except as
14 otherwise provided in this subdivision, the board of a community
15 college shall not issue a contract for a strict discipline academy
16 to operate in a school district organized as a school district of
17 the first class, a strict discipline academy authorized by the
18 board of a community college shall not operate in a school district
19 organized as a school district of the first class, the board of a
20 community college shall not issue a contract for a strict
21 discipline academy to operate outside the boundaries of the
22 community college district, and a strict discipline academy
23 authorized by the board of a community college shall not operate
24 outside the boundaries of the community college district. The board
25 of a community college also may issue a contract for not more than
26 1 strict discipline academy to operate on the grounds of an active
27 or closed federal military installation located outside the

1 boundaries of the community college district, or may operate a
2 strict discipline academy itself on the grounds of such a federal
3 military installation, if the federal military installation is not
4 located within the boundaries of any community college district and
5 the community college has previously offered courses on the grounds
6 of the federal military installation for at least 10 years.

7 (d) The governing board of a state public university.

8 (3) To obtain a contract to organize and operate 1 or more
9 strict discipline academies, 1 or more persons or an entity may
10 apply to an authorizing body described in subsection (2). The
11 application shall include at least all of the following:

12 (a) Identification of the applicant for the contract.

13 (b) Subject to the resolution adopted by the authorizing body
14 under section 1311e, a list of the proposed members of the board of
15 directors of the strict discipline academy and a description of the
16 qualifications and method for appointment or election of members of
17 the board of directors.

18 (c) The proposed articles of incorporation, which shall
19 include at least all of the following:

20 (i) The name of the proposed strict discipline academy.

21 (ii) The purposes for the strict discipline academy corporation
22 that will operate the strict discipline academy. This language
23 shall provide that the strict discipline academy is established
24 pursuant to sections 1311b to 1311f and that the strict discipline
25 academy corporation is a governmental entity.

26 (iii) The name of the authorizing body.

27 (iv) The proposed time when the articles of incorporation will

1 be effective.

2 (v) Other matters considered expedient to be in the articles
3 of incorporation.

4 (d) A copy of the proposed bylaws of the strict discipline
5 academy.

6 (e) Documentation meeting the application requirements of the
7 authorizing body, including at least all of the following:

8 (i) The governance structure of the strict discipline academy.

9 (ii) A copy of the educational goals of the strict discipline
10 academy and the curricula to be offered and methods of pupil
11 assessment to be used by the strict discipline academy. To the
12 extent applicable, the progress of the pupils in the strict
13 discipline academy shall be assessed using at least a Michigan
14 education assessment program (MEAP) test or an assessment
15 instrument developed under section 1279 for a state-endorsed high
16 school diploma.

17 (iii) The admission policy and criteria to be maintained by the
18 strict discipline academy. The admission policy and criteria shall
19 comply with section 1311g. This part of the application also shall
20 include a description of how the applicant will provide to the
21 general public adequate notice that a strict discipline academy is
22 being created and adequate information on the admission policy,
23 criteria, and process.

24 (iv) The school calendar and school day schedule.

25 (v) The age or grade range of pupils to be enrolled.

26 (vi) The type of pupils to be enrolled in the strict discipline
27 academy, as described in section 1311g(3) and (4).

1 (f) Descriptions of staff responsibilities and of the strict
2 discipline academy's governance structure.

3 (g) For an application to the board of a school district, an
4 intermediate school board, or board of a community college,
5 identification of the local and intermediate school districts in
6 which the strict discipline academy will be located.

7 (h) An agreement that the strict discipline academy will
8 comply with the provisions of sections 1311b to 1311l and, subject
9 to the provisions of these sections, with all other state law
10 applicable to public bodies and with federal law applicable to
11 public bodies or school districts.

12 (i) For a strict discipline academy authorized by a school
13 district, an assurance that employees of the strict discipline
14 academy will be covered by the collective bargaining agreements
15 that apply to other employees of the school district employed in
16 similar classifications in schools that are not strict discipline
17 academies.

18 (j) A description of and address for the proposed physical
19 plant in which the strict discipline academy will be located.

20 (4) An authorizing body shall oversee, or shall contract with
21 an intermediate school district, community college, or state public
22 university to oversee, each strict discipline academy operating
23 under a contract issued by the authorizing body. The oversight
24 shall be sufficient to ensure that the authorizing body can certify
25 that the strict discipline academy is in compliance with statute,
26 rules, and the terms of the contract.

27 (5) If the state board finds that an authorizing body is not

1 engaging in appropriate continuing oversight of 1 or more strict
2 discipline academies operating under a contract issued by the
3 authorizing body, the state board may suspend the power of the
4 authorizing body to issue new contracts to organize and operate
5 strict discipline academies. A contract issued by the authorizing
6 body during the suspension is void. A contract issued by the
7 authorizing body before the suspension is not affected by the
8 suspension.

9 (6) An authorizing body shall not charge a fee, or require
10 reimbursement of expenses, for considering an application for a
11 contract, for issuing a contract, or for providing oversight of a
12 contract for a strict discipline academy in an amount that exceeds
13 a combined total of 3% of the total state school aid received by
14 the strict discipline academy in the school year in which the fees
15 or expenses are charged. An authorizing body may provide other
16 services for a strict discipline academy and charge a fee for those
17 services, but shall not require such an arrangement as a condition
18 to issuing the contract authorizing the strict discipline academy.

19 (7) A strict discipline academy shall be presumed to be
20 legally organized if it has exercised the franchises and privileges
21 of a strict discipline academy for at least 2 years.

22 **SEC. 1311N. (1) BEGINNING ON THE EFFECTIVE DATE OF THIS**
23 **SECTION, AN AUTHORIZING BODY SHALL NOT ISSUE A NEW CONTRACT FOR THE**
24 **ORGANIZATION AND OPERATION OF A NEW STRICT DISCIPLINE ACADEMY UNDER**
25 **THIS PART AND SHALL NOT AMEND OR MODIFY A CONTRACT TO ALLOW A**
26 **STRICT DISCIPLINE ACADEMY TO ENROLL AN ADDITIONAL AGE OR GRADE**
27 **RANGE OF PUPILS. A CONTRACT ISSUED, AMENDED, OR MODIFIED IN**

1 VIOLATION OF THIS SECTION IS VOID.

2 (2) IT IS THE INTENT OF THE LEGISLATURE TO ENACT LEGISLATION
3 TO REMOVE THE RESTRICTIONS UNDER SUBSECTION (1) AFTER LEGISLATION
4 HAS BEEN ENACTED AND APPROPRIATE RULES HAVE BEEN PROMULGATED THAT
5 PROVIDE FOR ALL OF THE FOLLOWING:

6 (A) COMPLETE TRANSPARENCY, INCLUDING FULL FINANCIAL DISCLOSURE
7 BY AUTHORIZING BODIES, STRICT DISCIPLINE ACADEMIES, AND EDUCATIONAL
8 MANAGEMENT ORGANIZATIONS AND THEIR SUBCONTRACTORS.

9 (B) PENALTIES FOR FAILING TO COMPLY WITH THE TRANSPARENCY AND
10 FINANCIAL DISCLOSURE REQUIREMENTS DESCRIBED IN SUBDIVISION (A).

11 (C) COMPREHENSIVE ETHICS AND CONFLICT OF INTEREST STANDARDS
12 FOR STRICT DISCIPLINE ACADEMIES, EDUCATIONAL MANAGEMENT
13 ORGANIZATIONS, MEMBERS OF STRICT DISCIPLINE ACADEMY BOARDS OF
14 DIRECTORS, AND AUTHORIZING BODIES.

15 (D) ASSURANCE OF HIGH-QUALITY EDUCATIONAL STANDARDS AND
16 OUTCOMES FOR PUPILS THROUGH A MORE RIGOROUS STRICT DISCIPLINE
17 ACADEMY AUTHORIZING PROCESS AND STRICT OVERSIGHT OF EXISTING STRICT
18 DISCIPLINE ACADEMIES.

19 (3) AS USED IN THIS SECTION:

20 (A) "EDUCATIONAL MANAGEMENT ORGANIZATION" MEANS AN ENTITY THAT
21 ENTERS INTO A MANAGEMENT AGREEMENT WITH A STRICT DISCIPLINE
22 ACADEMY.

23 (B) "ENTITY" MEANS A PARTNERSHIP, NONPROFIT OR BUSINESS
24 CORPORATION, OR ANY OTHER ASSOCIATION, CORPORATION, TRUST, OR OTHER
25 LEGAL ENTITY.

26 (C) "MANAGEMENT AGREEMENT" MEANS AN AGREEMENT TO PROVIDE
27 COMPREHENSIVE EDUCATIONAL, ADMINISTRATIVE, MANAGEMENT, OR

1 INSTRUCTIONAL SERVICES OR STAFF TO A STRICT DISCIPLINE ACADEMY.