

HOUSE BILL NO. 5855

February 24, 2022, Introduced by Reps. Weiss, Kuppa, Sowerby, Stone, Steckloff, Cavanagh, Cherry, Steenland, Neeley, Brabec, Breen, Garza, Liberati, O'Neal, Clemente, Cynthia Johnson, Pohutsky, Rabhi, Bolden, Tyrone Carter, Rogers, Brenda Carter, Koleszar, Young, Haadsma, Aiyash, Thanedar, Ellison, Peterson, Hood, Puri, Camilleri, Jones, Hertel and Whitsett and referred to the Committee on Education.

A bill to amend 1976 PA 451, entitled
"The revised school code,"
by amending sections 503, 507, 523, 528, 553, 561, 1311e, and 1311l
(MCL 380.503, 380.507, 380.523, 380.528, 380.553, 380.561,
380.1311e, and 380.1311l), sections 503, 507, 528, and 561 as
amended by 2018 PA 601, sections 523 and 553 as amended by 2011 PA
277, section 1311e as amended by 2009 PA 205, and section 1311l as
added by 1999 PA 23.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 503. (1) An authorizing body is not required to issue a
2 contract to any person or entity. Subject to subsection (2), public
3 school academy contracts ~~shall~~**must** be issued on a competitive
4 basis. In deciding whether to issue a contract for a proposed
5 public school academy, an authorizing body shall consider all of
6 the following:

7 (a) The resources available for the proposed public school
8 academy.

9 (b) The population to be served by the proposed public school
10 academy.

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

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

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

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

19 (g) The number of schools in the proximity of a proposed
20 location of the proposed public school academy that are on the list
21 under **former** section 1280c(1) or **section** 1280g(3), as applicable,
22 of the public schools in this state determined to be among the
23 lowest achieving public schools in this state.

24 (h) The number of pupils on waiting lists of public school
25 academies in the proximity of a proposed location of the proposed
26 public school academy.

27 (2) An authorizing body may give priority to a proposed public
28 school academy that is intended to replace a public school academy
29 that has been closed pursuant to section ~~507(5)~~, **507(6)**, that will

1 operate all of the same grade levels as the public school academy
2 that has been closed, and that will work toward operating all of
3 grades 9 to 12 within 6 years after it begins operations unless a
4 matriculation agreement has been entered into with another public
5 school that provides grades 9 to 12.

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

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

27 (5) An authorizing body shall adopt a resolution establishing
28 the method of selection, length of term, and number of members of
29 the board of directors of each public school academy subject to its

1 jurisdiction. The resolution ~~shall~~**must** be written or amended as
2 necessary to include a requirement that each member of the board of
3 directors must be a citizen of the United States.

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

6 (a) The educational goals the public school academy is to
7 achieve and the methods by which it will be held accountable. The
8 educational goals ~~shall~~**must** include demonstrated improved pupil
9 academic achievement for all groups of pupils. To the extent
10 applicable, the pupil performance of a public school academy shall
11 be assessed using at least the Michigan student test of educational
12 progress (M-STEP) or the Michigan merit examination under section
13 1279g, as applicable.

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

17 (c) A description of the process for amending the contract
18 during the term of the contract.

19 (d) All of the matters set forth in the application for the
20 contract.

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

24 (f) A description of and address for the proposed physical
25 plant in which the public school academy will be located. An
26 authorizing body may include a provision in the contract allowing
27 the board of directors of the public school academy to operate the
28 same configuration of age or grade levels at more than 1 site if
29 each configuration of age or grade levels and each site identified

1 in the contract are under the direction and control of the board of
2 directors.

3 (g) Requirements and procedures for financial audits. The
4 financial audits ~~shall~~**must** 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~~**must** 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~~**must** identify the
27 specific prohibited relationships consistent with applicable law.

28 (l) A requirement that the board of directors of the public
29 school academy shall make information concerning its operation and

1 management available to the public and to the authorizing body in
2 the same manner as is required by state law for school districts.

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

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

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

18 (iii) Quarterly financial reports submitted to the authorizing
19 body.

20 (iv) A current list of teachers and school administrators
21 working at the public school academy that includes their individual
22 salaries as submitted to the registry of educational personnel;
23 copies of the teaching or school administrator's certificates or
24 permits of current teaching and administrative staff; and evidence
25 of compliance with the criminal background and records checks and
26 unprofessional conduct check required under sections 1230, 1230a,
27 and 1230b for all teachers and administrators working at the public
28 school academy.

29 (v) Curriculum documents and materials given to the

1 authorizing body.

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

3 (vii) Copies of facility leases or deeds, or both, and of any
4 equipment leases.

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

7 (ix) All health and safety reports and certificates, including
8 those relating to fire safety, environmental matters, asbestos
9 inspection, boiler inspection, and food service.

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

12 (xi) Any other information specifically required under this
13 act.

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

20 (o) A requirement that the board of directors of the public
21 school academy shall demonstrate all of the following to the
22 satisfaction of the authorizing body with regard to its pupil
23 admission process:

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

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

29 (p) A requirement that the board of directors of the public

1 school academy shall prohibit any individual from being employed by
2 the public school academy in more than 1 full-time position and
3 simultaneously being compensated at a full-time rate for each of
4 those positions.

5 (q) A requirement that the board of directors of the public
6 school academy shall not contract with an educational management
7 organization that has any business affiliation with a charter
8 school developer, with a person with an ownership interest in or
9 responsible for the overall operation of a charter school
10 developer, or with a relative of a charter school developer, and a
11 requirement that any agreement with an educational management
12 organization must prohibit the educational management organization
13 from doing business with a charter school developer, with a person
14 with an ownership interest in or responsible for the overall
15 operation of a charter school developer, or with a relative of a
16 charter school developer, or with a business entity owned or
17 controlled by a charter school developer, by a person with an
18 ownership interest in or responsible for the overall operation of a
19 charter school developer, or by a relative of a charter school
20 developer. As used in this subdivision:

21 (i) "Educational management organization" means that term as
22 defined in section 503c.

23 (ii) "Charter school developer" means an individual or entity
24 that submitted the application for the contract to organize and
25 operate the public school academy under section 502(3) or that
26 caused the application to be submitted through an agent.

27 (r) A requirement that the public school academy must not
28 enter into or maintain a management agreement with an educational
29 management organization if an owner, member, officer, or employee

1 of the educational management organization has served on the board
2 of directors of a public school academy under this part, urban high
3 school academy under part 6c, school of excellence under part 6e,
4 or strict discipline academy under sections 1311b to 1311m at any
5 time during the immediately preceding 2-year period. As used in
6 this subdivision, "educational management organization" and
7 "management agreement" mean those terms as defined in section 503c.

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

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

11 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to
12 15.246.

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

14 (d) Sections 1134, 1135, 1146, 1153, 1263(3), 1267, and 1274.

15 (e) Laws concerning participation in state assessments, data
16 collection systems, state level student growth models, state
17 accountability and accreditation systems, and other public
18 comparative data collection required for public schools.

19 (8) A public school academy and its incorporators, board
20 members, officers, employees, and volunteers have governmental
21 immunity as provided in section 7 of 1964 PA 170, MCL 691.1407. An
22 authorizing body and its board members, officers, and employees are
23 immune from civil liability, both personally and professionally,
24 for an act or omission in authorizing a public school academy if
25 the authorizing body or the person acted or reasonably believed he
26 or she acted within the authorizing body's or the person's scope of
27 authority.

28 (9) A public school academy is exempt from all taxation on its
29 earnings and property. Instruments of conveyance to or from a

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

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

1 just compensation has been determined and paid.

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

7 Sec. 507. (1) An authorizing body that issues a contract for a
8 public school academy under this part shall do all of the
9 following:

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

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

14 (c) Establish the method of selection, length of term, and
15 number of members of the board of directors of each public school
16 academy that it authorizes. The authorizing body shall ensure that
17 the board of directors includes representation from the local
18 community.

19 (d) Oversee each public school academy operating under a
20 contract issued by the authorizing body. The oversight ~~shall~~**must**
21 be sufficient to ensure that the board of directors is in
22 compliance with the terms of the contract and with applicable law.

23 (e) Develop and implement a process for holding a public
24 school academy accountable for meeting applicable academic
25 performance standards set forth in the contract and for
26 implementing corrective action for a public school academy that
27 does not meet those standards.

28 (f) Take necessary measures to ensure that the board of
29 directors of a public school academy operates independently of any

1 educational management company involved in the operations of the
2 public school academy.

3 (g) Oversee and ensure that the pupil admission process used
4 by the public school academy is operated in a fair and open manner
5 and is in compliance with the contract and this part.

6 (h) Ensure that the board of directors of the public school
7 academy maintains and releases information as necessary to comply
8 with applicable law.

9 (2) An authorizing body may enter into an agreement with 1 or
10 more other authorizing bodies to carry out any function of an
11 authorizing body under this act.

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

25 (4) A contract issued under this part may be revoked by the
26 authorizing body if the authorizing body determines that 1 or more
27 of the following have occurred:

28 (a) Failure of the public school academy to demonstrate
29 improved pupil academic achievement for all groups of pupils or

1 meet the educational goals set forth in the contract.

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

4 (c) Failure of the public school academy to meet generally
5 accepted public sector accounting principles and demonstrate sound
6 fiscal stewardship.

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

9 (5) If an authorizing body determines that a public school
10 academy has failed to comply with a term of its contract that is
11 required under section 503(6)(q) or (r), the authorizing body shall
12 provide written notice to the public school academy of the
13 violation and order the public school academy to comply with that
14 contract term within 30 days after the issuance of the written
15 notice and order. If the public school academy does not comply with
16 that contract term within 30 days after the issuance of the written
17 notice and order, the authorizing body shall revoke the public
18 school academy's contract, effective at the end of the current
19 school year.

20 (6) ~~(5)~~—Except for a public school academy that is an
21 alternative school serving a special student population, if the
22 department determines that a public school academy site that has
23 been operating for at least 4 years is among the lowest achieving
24 public schools in this state for the immediately preceding 3 school
25 years, as determined under **former** section 1280c or **section** 1280g,
26 as applicable, not to include any individualized education plan
27 subgroup, the department shall notify the public school academy's
28 authorizing body. Subject to subsection ~~(6)~~, **(7)**, if an authorizing
29 body receives notice from the department under this subsection, the

1 authorizing body shall notify the public school academy and amend
2 the public school academy's contract to eliminate the public school
3 academy's authority to operate the existing age and grade levels at
4 the site and the public school academy shall cease operating the
5 existing age and grade levels at the site, effective at the end of
6 the current school year. Subject to subsection ~~(6)~~, ~~(7)~~, if the
7 public school academy operates at only 1 site, and the authorizing
8 body receives notice from the department under this subsection, the
9 authorizing body shall notify the public school academy and revoke
10 the public school academy's contract, effective at the end of the
11 current school year.

12 (7) ~~(6)~~—For a public school academy or site that is subject to
13 a notice to its authorizing body under subsection ~~(5)~~, ~~(6)~~, the
14 department shall consider other public school options available to
15 pupils in the grade levels offered by the public school academy or
16 site who reside in the geographic area served by the public school
17 academy or site. If the department determines that closure of the
18 public school academy or site would result in an unreasonable
19 hardship to these pupils because there are insufficient other
20 public school options reasonably available for these pupils, the
21 department may rescind the notice. If the department rescinds a
22 notice subjecting a public school academy or site to closure, the
23 department shall do so before the end of the school year. If the
24 department rescinds a notice subjecting a public school academy or
25 site to closure, the department shall require the public school
26 academy or site to implement a school improvement plan that
27 includes measures to increase pupil growth and improve pupil
28 proficiency, with growth and proficiency measured by performance on
29 state assessments.

1 (8) ~~(7)~~—Except as otherwise provided in section 502 or 503,
2 the decision of an authorizing body to issue, not issue, or
3 reconstitute a contract under this part, or to terminate or revoke
4 a contract under this section, is solely within the discretion of
5 the authorizing body, is final, and is not subject to review by a
6 court or any state agency. An authorizing body that issues, does
7 not issue, or reconstitutes a contract under this part, or that
8 terminates or revokes a contract under this section, is not liable
9 for that action to the public school academy, the public school
10 academy corporation, a pupil of the public school academy, the
11 parent or guardian of a pupil of the public school academy, or any
12 other person.

13 (9) ~~(8)~~—Except as otherwise provided in this section, before
14 an authorizing body revokes a contract, the authorizing body may
15 consider and take corrective measures to avoid revocation. An
16 authorizing body may reconstitute the public school academy in a
17 final attempt to improve student educational performance or to
18 avoid interruption of the educational process. An authorizing body
19 shall include a reconstituting provision in the contract that
20 identifies these corrective measures, including, but not limited
21 to, canceling a contract with an educational management
22 organization, if any, withdrawing approval of a contract under
23 section 506, or appointing a new board of directors or a trustee to
24 take over operation of the public school academy.

25 (10) ~~(9)~~—If an authorizing body revokes a contract, the
26 authorizing body shall work with a school district or another
27 public school, or with a combination of these entities, to ensure a
28 smooth transition for the affected pupils. If the revocation occurs
29 during the school year, the authorizing body, as the fiscal agent

for the public school academy under this part, shall return any school aid funds held by the authorizing body that are attributable to the affected pupils to the state treasurer for deposit into the state school aid fund. The state treasurer shall distribute funds to the public school in which the pupils enroll after the revocation pursuant to a methodology established by the department and the center for educational performance and information.

(11) ~~(10)~~—Not more than 10 days after a public school academy's contract terminates or is revoked, the authorizing body shall notify the superintendent of public instruction in writing of the name of the public school academy whose contract has terminated or been revoked and the date of contract termination or revocation.

Sec. 523. (1) An authorizing body is not required to issue a contract to any entity. Urban high school academy contracts ~~shall~~ **must** be issued on a competitive basis taking into consideration the resources available for the proposed urban high school academy, the population to be served by the proposed urban high school academy, and the educational goals to be achieved by the proposed urban high school academy. In evaluating if an applicant is qualified, the authorizing body shall examine the proposed performance standards, proposed academic program, financial viability of the applicant, and the ability of the proposed board of directors to meet the contract goals and objectives. An authorizing body shall give priority to applicants that demonstrate all of the following:

(a) The proposed school will operate at least all of grades 9 through 12 within 5 years after beginning operation.

(b) The proposed school will occupy a building or buildings that are newly constructed or renovated after January 1, 2003.

(c) The proposed school has a stated goal of increasing high

1 school graduation rates.

2 (d) The proposed school has received commitments for financial
3 and educational support from the entity applying for the contract.

4 (e) The entity that submits the application for a contract has
5 net assets of at least \$50,000,000.00.

6 (2) A contract issued to organize and administer an urban high
7 school academy ~~shall~~**must** contain at least all of the following:

8 (a) The educational goals the urban high school academy is to
9 achieve and the methods by which it will be held accountable. The
10 educational goals ~~shall~~**must** include demonstrated improved pupil
11 academic achievement for all groups of pupils. To the extent
12 applicable, the pupil performance of an urban high school academy
13 ~~shall~~**must** be assessed using at least a Michigan ~~education~~
14 ~~assessment program (MEAP) test~~**student test of educational progress**
15 **(M-STEP)** or the Michigan merit examination developed under section
16 1279g, as applicable.

17 (b) A description of the method to be used to monitor the
18 urban high school academy's compliance with applicable law and its
19 performance in meeting its targeted educational objectives.

20 (c) A description of the process for amending the contract
21 during the term of the contract. An authorizing body may approve
22 amendment of the contract with respect to any provision contained
23 in the contract.

24 (d) A certification, signed by an authorized member of the
25 urban high school academy board of directors, that the urban high
26 school academy will comply with the contract and all applicable
27 law.

28 (e) Procedures for revoking the contract and grounds for
29 revoking the contract.

1 (f) A description of and address for the proposed building or
2 buildings in which the urban high school academy will be located.

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

7 (h) A requirement that the board of directors shall ensure
8 compliance with the requirements of 1968 PA 317, MCL 15.321 to
9 15.330.

10 (i) A requirement that the board of directors shall prohibit
11 specifically identified family relationships between members of the
12 board of directors, individuals who have an ownership interest in
13 or who are officers or employees of an educational management
14 company involved in the operation of the urban high school academy,
15 and employees of the urban high school academy. The contract ~~shall~~
16 **must** identify the specific prohibited relationships consistent with
17 applicable law.

18 (j) A requirement that the board of directors of the urban
19 high school academy shall make information concerning its operation
20 and management available to the public and to the authorizing body
21 in the same manner as is required by state law for school
22 districts.

23 (k) A requirement that the board of directors of the urban
24 high school academy shall collect, maintain, and make available to
25 the public and the authorizing body, in accordance with applicable
26 law and the contract, at least all of the following information
27 concerning the operation and management of the urban high school
28 academy:

29 (i) A copy of the contract issued by the authorizing body for

1 the urban high school academy.

2 (ii) A list of currently serving members of the board of
3 directors of the urban high school academy, including name,
4 address, and term of office; copies of policies approved by the
5 board of directors; board meeting agendas and minutes; copy of the
6 budget approved by the board of directors and of any amendments to
7 the budget; and copies of bills paid for amounts of \$10,000.00 or
8 more as they were submitted to the board of directors.

9 (iii) Quarterly financial reports submitted to the authorizing
10 body.

11 (iv) A current list of teachers working at the urban high
12 school academy that includes their individual salaries as submitted
13 to the registry of educational personnel; copies of the teaching
14 certificates or permits of current teaching staff; and evidence of
15 compliance with the criminal background and records checks and
16 unprofessional conduct check required under sections 1230, 1230a,
17 and 1230b for all teachers and administrators working at the urban
18 high school academy.

19 (v) Curriculum documents and materials given to the
20 authorizing body.

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

22 (vii) Copies of facility leases or deeds, or both, and of any
23 equipment leases.

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

26 (ix) All health and safety reports and certificates, including
27 those relating to fire safety, environmental matters, asbestos
28 inspection, boiler inspection, and food service.

29 (x) Any management letters issued as part of the annual

1 financial audit under subdivision (g).

2 (xi) Any other information specifically required under this
3 act.

4 (l) A requirement that the authorizing body must review and may
5 disapprove any agreement between the board of directors and an
6 educational management company before the agreement is final and
7 valid. An authorizing body may disapprove an agreement described in
8 this subdivision only if the agreement is contrary to the contract
9 or applicable law.

10 (m) A requirement that the board of directors shall
11 demonstrate all of the following to the satisfaction of the
12 authorizing body with regard to its pupil admission process:

13 (i) That the urban high school academy has made a reasonable
14 effort to advertise its enrollment openings.

15 (ii) That the urban high school academy has made the following
16 additional efforts to recruit pupils who are eligible for special
17 education programs and services to apply for admission:

18 (A) Reasonable efforts to advertise all enrollment openings to
19 organizations and media that regularly serve and advocate for
20 individuals with disabilities within the boundaries of the
21 intermediate school district in which the urban high school academy
22 is located.

23 (B) Inclusion in all pupil recruitment materials of a
24 statement that appropriate special education services will be made
25 available to pupils attending the school as required by law.

26 (iii) That the open enrollment period for the urban high school
27 academy is for a duration of at least 2 weeks and that the
28 enrollment times include some evening and weekend times.

29 (n) A requirement that the board of directors shall prohibit

1 any individual from being employed by the urban high school academy
2 in more than 1 full-time position and simultaneously being
3 compensated at a full-time rate for each of those positions.

4 (o) A requirement that, if requested, the board of directors
5 shall report to the authorizing body the total compensation for
6 each individual working at the urban high school academy.

7 (p) 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~~**must** 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 (q) **A requirement that the board of directors of the urban**
14 **high school academy shall not contract with an educational**
15 **management organization that has any business affiliation with a**
16 **charter school developer, with a person with an ownership interest**
17 **in or responsible for the overall operation of a charter school**
18 **developer, or with a relative of a charter school developer, and a**
19 **requirement that any agreement with an educational management**
20 **organization must prohibit the educational management organization**
21 **from doing business with a charter school developer, with a person**
22 **with an ownership interest in or responsible for the overall**
23 **operation of a charter school developer, or with a relative of a**
24 **charter school developer, or with a business entity owned or**
25 **controlled by a charter school developer, by a person with an**
26 **ownership interest in or responsible for the overall operation of a**
27 **charter school developer, or by a relative of a charter school**
28 **developer. As used in this subdivision:**

29 (i) "Educational management organization" means that term as

1 defined in section 523c.

2 (ii) "Charter school developer" means an individual or entity
3 that submitted the application for the contract to organize and
4 operate the urban high school academy under section 522(4) or that
5 caused the application to be submitted through an agent.

6 (r) A requirement that the urban high school academy must not
7 enter into or maintain a management agreement with an educational
8 management organization if an owner, member, officer, or employee
9 of the educational management organization has served on the board
10 of directors of a public school academy under part 6a, urban high
11 school academy under this part, school of excellence under part 6e,
12 or strict discipline academy under sections 1311b to 1311m at any
13 time during the immediately preceding 2-year period. As used in
14 this subdivision, "educational management organization" and
15 "management agreement" mean those terms as defined in section 523c.

16 (3) An urban high school academy shall comply with all
17 applicable law, including all of the following:

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

19 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to
20 15.246.

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

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

23 ~~(d) (e) 1978 PA 566, MCL 15.181 to 15.185.~~

24 ~~(e) (f) 1968 PA 317, MCL 15.321 to 15.330.~~

25 ~~(f) (g) The uniform budgeting and accounting act, 1968 PA 2,~~
26 MCL 141.421 to 141.440a.

27 ~~(g) (h) The revised municipal finance act, 2001 PA 34, MCL~~
28 141.2101 to 141.2821.

29 ~~(h) (i) The federal no child left behind act of 2001, Public~~

1 Law 107-110. , ~~115 Stat. 1425.~~

2 (i) ~~(j)~~ Sections 1134, 1135, 1146, 1153, 1263(3), 1267, 1274,
3 and 1280.

4 (j) ~~(k)~~ Laws concerning participation in state assessments,
5 data collection systems, state level student growth models, state
6 accountability and accreditation systems, and other public
7 comparative data collection required for public schools.

8 (4) An urban high school academy and its incorporators, board
9 members, officers, employees, and volunteers have governmental
10 immunity as provided in section 7 of 1964 PA 170, MCL 691.1407. An
11 authorizing body and its board members, officers, and employees are
12 immune from civil liability, both personally and professionally,
13 for any acts or omissions in authorizing or oversight of an urban
14 high school academy if the authorizing body or the person acted or
15 reasonably believed he or she acted within the authorizing body's
16 or the person's scope of authority.

17 (5) An urban high school academy is exempt from all taxation
18 on its earnings and property. Unless the property is already fully
19 exempt from real and personal property taxes under the general
20 property tax act, 1893 PA 206, MCL 211.1 to 211.155, property
21 occupied by an urban high school academy and used exclusively for
22 educational purposes is exempt from real and personal property
23 taxes levied for school operating purposes under section 1211, to
24 the extent exempted under that section, and from real and personal
25 property taxes levied under the state education tax act, 1993 PA
26 331, MCL 211.901 to 211.906. Instruments of conveyance to or from
27 an urban high school academy are exempt from all taxation,
28 including taxes imposed by 1966 PA 134, MCL 207.501 to 207.513. An
29 urban high school academy may not levy ad valorem property taxes or

1 any other tax for any purpose.

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

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

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

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

24 (c) Adopt a resolution establishing the method of selection,
25 length of term, and number of members of the board of directors of
26 each urban high school academy that it authorizes. The resolution
27 ~~shall~~ **must** be written or amended as necessary to include a
28 requirement that each member of the board of directors must be a
29 citizen of the United States.

1 (d) Oversee the operations of each urban high school academy
2 operating under a contract issued by the authorizing body. The
3 oversight ~~shall~~**must** be sufficient to ensure that the urban high
4 school academy is in compliance with the terms of the contract and
5 with applicable law. An authorizing body may enter into an
6 agreement with 1 or more other authorizing bodies to oversee an
7 urban high school academy operating under a contract issued by the
8 authorizing body.

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

14 (f) Take necessary measures to ensure that an urban high
15 school academy board of directors operates independently of any
16 educational management company involved in the operations of the
17 urban high school academy.

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

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

24 (2) An authorizing body may enter into an agreement with 1 or
25 more other authorizing bodies to carry out any function of an
26 authorizing body under this act.

27 (3) The authorizing body for an urban high school academy is
28 the fiscal agent for the urban high school academy. A state school
29 aid payment for an urban high school academy ~~shall~~**must** be paid to

1 the authorizing body that is the fiscal agent for that urban high
2 school academy, which shall then forward the payment to the urban
3 high school academy. Within 30 days after a contract is submitted
4 to the department by an authorizing body under subsection (1), the
5 department shall issue a district code to the urban high school
6 academy for which the contract was issued. If the department does
7 not issue a district code within 30 days after a contract is filed,
8 the state treasurer shall assign a temporary district code in order
9 for the urban high school academy to receive funding under the
10 state school aid act of 1979.

11 (4) A contract issued under this part may be revoked by the
12 authorizing body that issued the contract if the authorizing body
13 determines that 1 or more of the following have occurred:

14 (a) Failure of the urban high school academy to demonstrate
15 improved pupil academic achievement for all groups of pupils or
16 meet the educational goals set forth in the contract.

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

19 (c) Failure of the urban high school academy to meet generally
20 accepted public sector accounting principles and demonstrate sound
21 fiscal stewardship.

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

24 **(5) If an authorizing body determines that an urban high**
25 **school academy has failed to comply with a term of its contract**
26 **that is required under section 523(2)(q) or (r), the authorizing**
27 **body shall provide written notice to the urban high school academy**
28 **of the violation and order the urban high school academy to comply**
29 **with that contract term within 30 days after the issuance of the**

1 written notice and order. If the urban high school academy does not
2 comply with that contract term within 30 days after the issuance of
3 the written notice and order, the authorizing body shall revoke the
4 urban high school academy's contract, effective at the end of the
5 current school year.

6 (6) ~~(5)~~—Except for an urban high school academy that is an
7 alternative school serving a special student population, if the
8 department determines that an urban high school academy site that
9 has been operating for at least 4 years is among the lowest
10 achieving public schools in this state for the immediately
11 preceding 3 school years, as determined under **former** section 1280c
12 or **section** 1280g, as applicable, not to include any individualized
13 education plan subgroup, the department shall notify the urban high
14 school academy's authorizing body. Subject to subsection ~~(6)~~, ~~(7)~~,
15 if an authorizing body receives notice from the department under
16 this subsection, the authorizing body shall notify the urban high
17 school academy and amend the urban high school academy's contract
18 to eliminate the urban high school academy's authority to operate
19 the existing age and grade levels at the site and the urban high
20 school academy shall cease operating the existing age and grade
21 levels at the site, effective at the end of the current school
22 year. Subject to subsection ~~(6)~~, ~~(7)~~, if the urban high school
23 academy operates at only 1 site, and the authorizing body receives
24 notice from the department under this subsection, the authorizing
25 body shall notify the urban high school academy and revoke the
26 urban high school academy's contract, effective at the end of the
27 current school year.

28 (7) ~~(6)~~—For an urban high school academy or site that is
29 subject to a notice to its authorizing body under subsection ~~(5)~~,

1 (6), the department shall consider other public school options
2 available to pupils in the grade levels offered by the urban high
3 school academy or site who reside in the geographic area served by
4 the urban high school academy or site. If the department determines
5 that closure of the urban high school academy or site would result
6 in an unreasonable hardship to these pupils because there are
7 insufficient other public school options reasonably available for
8 these pupils, the department may rescind the notice. If the
9 department rescinds a notice subjecting an urban high school
10 academy or site to closure, the department shall do so before the
11 end of the school year. If the department rescinds a notice
12 subjecting an urban high school academy or site to closure, the
13 department shall require the urban high school academy or site to
14 implement a school improvement plan that includes measures to
15 increase pupil growth and improve pupil proficiency, with growth
16 and proficiency measured by performance on state assessments.

17 (8) ~~(7)~~—Except as otherwise provided in section 522, the
18 decision of an authorizing body to issue, not issue, or
19 reconstitute a contract under this part, or to terminate or revoke
20 a contract under this section, is solely within the discretion of
21 the authorizing body, is final, and is not subject to review by a
22 court or any state agency. An authorizing body that issues, does
23 not issue, or reconstitutes a contract under this part, or that
24 terminates or revokes a contract under this section, is not liable
25 for that action to the urban high school academy, the urban high
26 school academy corporation, a pupil of the urban high school
27 academy, the parent or guardian of a pupil of the urban high school
28 academy, or any other person.

29 (9) ~~(8)~~—Except as otherwise provided in this section, before

1 an authorizing body revokes a contract, the authorizing body may
2 consider and take corrective measures to avoid revocation. An
3 authorizing body may reconstitute the urban high school academy in
4 a final attempt to improve student educational performance or to
5 avoid interruption of the educational process. An authorizing body
6 shall include a reconstituting provision in the contract that
7 identifies these corrective measures, including, but not limited
8 to, removing 1 or more members of the board of directors,
9 withdrawing approval to contract under section 527, or appointing a
10 new board of directors or a trustee to take over operation of the
11 urban high school academy.

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

24 (11) ~~(10)~~—Not more than 10 days after an urban high school
25 academy's contract terminates or is revoked, the authorizing body
26 shall notify the superintendent of public instruction in writing of
27 the name of the urban high school academy whose contract has
28 terminated or been revoked and the date of contract termination or
29 revocation.

1 (12) ~~(11)~~ If an urban high school academy's contract
2 terminates or is revoked, title to all real and personal property,
3 interest in real or personal property, and other assets owned by
4 the urban high school academy shall revert to the state. This
5 property ~~shall~~ **must** be distributed in accordance with the
6 following:

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

13 (b) The urban high school academy shall file a certificate of
14 dissolution with the department of licensing and regulatory affairs
15 within 10 business days following board approval.

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

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

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

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

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

26 Sec. 553. (1) An authorizing body is not required to issue a
27 contract to any person or entity. Schools of excellence contracts
28 ~~shall~~ **must** be issued on a competitive basis taking into
29 consideration the resources available for the proposed school of

1 excellence, the population to be served by the proposed school of
2 excellence, the educational goals to be achieved by the proposed
3 school of excellence, and the applicant's track record, if any, in
4 operating public school academies or other public schools.

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

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

26 (4) An authorizing body shall adopt a resolution establishing
27 the method of selection, length of term, and number of members of
28 the board of directors of each school of excellence subject to its
29 jurisdiction. The resolution ~~shall~~**must** be written or amended as

1 necessary to include a requirement that each member of the board of
2 directors must be a citizen of the United States.

3 (5) A contract issued to organize and administer a school of
4 excellence ~~shall~~**must** contain at least all of the following:

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

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

17 (c) A description of the process for amending the contract
18 during the term of the contract.

19 (d) All of the matters set forth in the application for the
20 contract.

21 (e) Procedures for revoking the contract and grounds for
22 revoking the contract, including at least the grounds listed in
23 section 561.

24 (f) A description of and address for the proposed physical
25 plant in which the school of excellence will be located. An
26 authorizing body may include a provision in the contract allowing
27 the board of directors of the school of excellence to operate the
28 same configuration of age or grade levels at more than 1 site if
29 each configuration of age or grade levels and each site identified

1 in the contract are under the direction and control of the board of
2 directors.

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

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

10 (i) A requirement that the board of directors shall ensure
11 compliance with the requirements of 1968 PA 317, MCL 15.321 to
12 15.330.

13 (j) A requirement that the board of directors shall prohibit
14 specifically identified family relationships between members of the
15 board of directors, individuals who have an ownership interest in
16 or who are officers or employees of an educational management
17 organization involved in the operation of the school of excellence,
18 and employees of the school of excellence. The contract ~~shall~~**must**
19 identify the specific prohibited relationships consistent with
20 applicable law.

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

25 (l) A requirement that the board of directors of the school of
26 excellence shall collect, maintain, and make available to the
27 public and the authorizing body, in accordance with applicable law
28 and the contract, at least all of the following information
29 concerning the operation and management of the school of

1 excellence:

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

4 (ii) A list of currently serving members of the board of
5 directors of the school of excellence, including name, address, and
6 term of office; copies of policies approved by the board of
7 directors; board meeting agendas and minutes; copy of the budget
8 approved by the board of directors and of any amendments to the
9 budget; and copies of bills paid for amounts of \$10,000.00 or more
10 as they were submitted to the board of directors.

11 (iii) Quarterly financial reports submitted to the authorizing
12 body.

13 (iv) A current list of teachers and school administrators
14 working at the school of excellence that includes their individual
15 salaries as submitted to the registry of educational personnel;
16 copies of the teaching or school administrator's certificates or
17 permits of current teaching and administrative staff; and evidence
18 of compliance with the criminal background and records checks and
19 unprofessional conduct check required under sections 1230, 1230a,
20 and 1230b for all teachers and administrators working at the school
21 of excellence.

22 (v) Curriculum documents and materials given to the
23 authorizing body.

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

25 (vii) Copies of facility leases or deeds, or both, and of any
26 equipment leases.

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

29 (ix) All health and safety reports and certificates, including

1 those relating to fire safety, environmental matters, asbestos
2 inspection, boiler inspection, and food service.

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

5 (xi) Any other information specifically required under this
6 act.

7 (m) A requirement that the authorizing body must review and
8 may disapprove any agreement between the board of directors and an
9 educational management organization before the agreement is final
10 and valid. An authorizing body may disapprove an agreement
11 described in this subdivision only if the agreement is contrary to
12 contract or applicable law.

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

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

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

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

27 (B) Inclusion in all pupil recruitment materials of a
28 statement that appropriate special education services and English
29 as a second language services will be made available to pupils

1 attending the school as required by law.

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

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

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

12 (q) A requirement that the board of directors of the school of
13 excellence shall not contract with an educational management
14 organization that has any business affiliation with a charter
15 school developer, with a person with an ownership interest in or
16 responsible for the overall operation of a charter school
17 developer, or with a relative of a charter school developer, and a
18 requirement that any agreement with an educational management
19 organization must prohibit the educational management organization
20 from doing business with a charter school developer, with a person
21 with an ownership interest in or responsible for the overall
22 operation of a charter school developer, or with a relative of a
23 charter school developer, or with a business entity owned or
24 controlled by a charter school developer, by a person with an
25 ownership interest in or responsible for the overall operation of a
26 charter school developer, or by a relative of a charter school
27 developer. As used in this subdivision:

28 (i) "Educational management organization" means that term as
29 defined in section 553c.

(ii) "Charter school developer" means an individual or entity that submitted the application for the contract to organize and operate the school of excellence under section 552(7) or that caused the application to be submitted through an agent.

(r) A requirement that the school of excellence must not enter into or maintain a management agreement with an educational management organization if an owner, member, officer, or employee of the educational management organization has served on the board of directors of a public school academy under part 6a, urban high school academy under part 6c, school of excellence under this part, or strict discipline academy under sections 1311b to 1311m at any time during the immediately preceding 2-year period. As used in this subdivision, "educational management organization" and "management agreement" mean those terms as defined in section 553c.

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

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

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

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

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

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

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

(7) A school of excellence and its incorporators, board members, officers, employees, and volunteers have governmental

1 immunity as provided in section 7 of 1964 PA 170, MCL 691.1407. An
2 authorizing body and its board members, officers, and employees are
3 immune from civil liability, both personally and professionally,
4 for an act or omission in authorizing a school of excellence if the
5 authorizing body or the person acted or reasonably believed he or
6 she acted within the authorizing body's or the person's scope of
7 authority.

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

25 (9) A school of excellence may acquire by purchase, gift,
26 devise, lease, sublease, installment purchase agreement, land
27 contract, option, or by any other means, hold, and own in its own
28 name buildings and other property for school purposes, and
29 interests therein, and other real and personal property, including,

1 but not limited to, interests in property subject to mortgages,
2 security interests, or other liens, necessary or convenient to
3 fulfill its purposes. For the purposes of condemnation, a school of
4 excellence may proceed under the uniform condemnation procedures
5 act, 1980 PA 87, MCL 213.51 to 213.75, excluding sections 6 to 9 of
6 ~~that act,~~ **the uniform condemnation procedures act, 1980 PA 87**, MCL
7 213.56 to 213.59, or other applicable statutes, but only with the
8 express, written permission of the authorizing body in each
9 instance of condemnation and only after just compensation has been
10 determined and paid.

11 Sec. 561. (1) If an authorizing body issues a contract for a
12 school of excellence under this part, the authorizing body shall do
13 all of the following:

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

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

18 (c) Establish the method of selection, length of term, and
19 number of members of the board of directors of each school of
20 excellence that it authorizes. The authorizing body shall ensure
21 that the board of directors includes representation from the local
22 community.

23 (d) Oversee the operations of each school of excellence
24 operating under a contract issued by the authorizing body. The
25 oversight ~~shall~~ **must** be sufficient to ensure that the school of
26 excellence is in compliance with the terms of the contract and with
27 applicable law. This subdivision does not relieve any other
28 governmental entity of its enforcement or supervisory
29 responsibility.

1 (e) Develop and implement a process for holding a school of
2 excellence board of directors accountable for meeting applicable
3 academic performance standards set forth in the contract and for
4 implementing corrective action for a school of excellence that does
5 not meet those standards.

6 (f) Take necessary measures to ensure that a school of
7 excellence board of directors operates independently of any
8 educational management organization involved in the operations of
9 the school of excellence.

10 (g) Oversee and ensure that the pupil admission process used
11 by the school of excellence is operated in a fair and open manner
12 and is in compliance with the contract and this part.

13 (h) Ensure that the board of directors of the school of
14 excellence maintains and releases information as necessary to
15 comply with applicable law.

16 (2) The authorizing body may enter into an agreement with 1 or
17 more authorizing bodies, as defined under part 6a, to carry out any
18 function of the authorizing body under subsection (1)(a) to (h).

19 (3) The authorizing body for a school of excellence is the
20 fiscal agent for the school of excellence. A state school aid
21 payment for a school of excellence shall be paid to the authorizing
22 body as the fiscal agent for that school of excellence, and the
23 authorizing body shall then forward the payment to the school of
24 excellence. Within 30 days after a contract is submitted to the
25 department by the authorizing body under subsection (1), the
26 department shall issue a district code to the school of excellence
27 for which the contract was issued. If the department does not issue
28 a district code within 30 days after a contract is filed, the state
29 treasurer shall assign a temporary district code in order for the

1 school of excellence to receive funding under the state school aid
2 act of 1979.

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

6 (a) Failure of the school of excellence to demonstrate
7 improved pupil academic achievement for all groups of pupils or
8 meet the educational goals set forth in the contract.

9 (b) Failure of the school of excellence to comply with all
10 applicable law.

11 (c) Failure of the school of excellence to meet generally
12 accepted public sector accounting principles and demonstrate sound
13 fiscal stewardship.

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

16 **(5) If an authorizing body determines that a school of**
17 **excellence has failed to comply with a term of its contract that is**
18 **required under section 553(5)(q) or (r), the authorizing body shall**
19 **provide written notice to the school of excellence of the violation**
20 **and order the school of excellence to comply with that contract**
21 **term within 30 days after the issuance of the written notice and**
22 **order. If the school of excellence does not comply with that**
23 **contract term within 30 days after the issuance of the written**
24 **notice and order, the authorizing body shall revoke the school of**
25 **excellence's contract, effective at the end of the current school**
26 **year.**

27 **(6)** ~~(5)~~ Except for a school of excellence that is an
28 alternative school serving a special student population, if the
29 department determines that a school of excellence site that has

1 been operating for at least 4 years is among the lowest achieving
2 public schools in this state for the immediately preceding 3 school
3 years, as determined under **former** section 1280c or **section** 1280g,
4 as applicable, not to include any individualized education plan
5 subgroup, the department shall notify the school of excellence's
6 authorizing body. Subject to subsection ~~(6)~~, ~~(7)~~, if an authorizing
7 body receives notice from the department under this subsection, the
8 authorizing body shall notify the school of excellence and amend
9 the school of excellence's contract to eliminate the school of
10 excellence's authority to operate the existing age and grade levels
11 at the site and the school of excellence shall cease operating the
12 existing age and grade levels at the site, effective at the end of
13 the current school year. Subject to subsection ~~(6)~~, ~~(7)~~, if the
14 school of excellence operates at only 1 site or is a cyber school,
15 and the authorizing body receives notice from the department under
16 this subsection, the authorizing body shall notify the school of
17 excellence and revoke the school of excellence's contract,
18 effective at the end of the current school year.

19 (7) ~~(6)~~—For a school of excellence or site that is subject to
20 a notice to its authorizing body under subsection ~~(5)~~, ~~(6)~~, the
21 department shall consider other public school options available to
22 pupils in the grade levels offered by the school of excellence or
23 site who reside in the geographic area served by the school of
24 excellence or site. If the department determines that closure of
25 the school of excellence or site would result in an unreasonable
26 hardship to these pupils because there are insufficient other
27 public school options reasonably available for these pupils, the
28 department may rescind the notice. If the department rescinds a
29 notice subjecting a school of excellence or site to closure, the

1 department shall do so before the end of the school year. If the
2 department rescinds a notice subjecting a school of excellence or
3 site to closure, the department shall require the school of
4 excellence or site to implement a school improvement plan that
5 includes measures to increase pupil growth and improve pupil
6 proficiency, with growth and proficiency measured by performance on
7 state assessments.

8 **(8)** ~~(7)~~—Except for a contract issued by a school district
9 pursuant to a vote by the school electors on a ballot question
10 under section 553(2), and except as otherwise provided in section
11 552, the decision of the authorizing body to issue, not issue, or
12 reconstitute a contract under this part, or to terminate or revoke
13 a contract under this section, is solely within the discretion of
14 the authorizing body, is final, and is not subject to review by a
15 court or any other state agency. If the authorizing body issues,
16 does not issue, or reconstitutes a contract under this part, or
17 terminates or revokes a contract under this section, the
18 authorizing body is not liable for that action to the school of
19 excellence, the school of excellence corporation, a pupil of the
20 school of excellence, the parent or guardian of a pupil of the
21 school of excellence, or any other person.

22 **(9)** ~~(8)~~—Except as otherwise provided in this section, before
23 the authorizing body revokes a contract, the authorizing body may
24 consider and take corrective measures to avoid revocation. The
25 authorizing body may reconstitute the school of excellence in a
26 final attempt to improve student educational performance or to
27 avoid interruption of the educational process. The authorizing body
28 shall include a reconstituting provision in the contract that
29 identifies these corrective measures, including, but not limited

1 to, canceling a contract with an educational management
 2 organization, if any, withdrawing approval to contract under
 3 section 560, or appointing a new board of directors or a trustee to
 4 take over operation of the school of excellence.

5 (10) ~~(9)~~ If the authorizing body revokes a contract, the
 6 authorizing body shall work with a school district or another
 7 public school, or with a combination of these entities, to ensure a
 8 smooth transition for the affected pupils. If the revocation occurs
 9 during the school year, the authorizing body, as the fiscal agent
 10 for the school of excellence under this part, shall return any
 11 school aid funds held by the authorizing body that are attributable
 12 to the affected pupils to the state treasurer for deposit into the
 13 state school aid fund. The state treasurer shall distribute funds
 14 to the public school in which the pupils enroll after the
 15 revocation pursuant to a methodology established by the department
 16 and the center for educational performance and information.

17 (11) ~~(10)~~ Not more than 10 days after a school of excellence's
 18 contract terminates or is revoked, the authorizing body shall
 19 notify the superintendent of public instruction in writing of the
 20 name of the school of excellence whose contract has terminated or
 21 been revoked and the date of contract termination or revocation.

22 (12) ~~(11)~~ If a school of excellence's contract terminates or
 23 is revoked, title to all real and personal property, interest in
 24 real or personal property, and other assets owned by the school of
 25 excellence shall revert to the state. This property ~~shall~~ **must** be
 26 distributed in accordance with the following:

27 (a) Within 30 days following the termination or revocation,
 28 the board of directors of a school of excellence shall hold a
 29 public meeting to adopt a plan of distribution of assets and to

1 approve the dissolution of the school of excellence corporation,
2 all in accordance with chapter 8 of the nonprofit corporation act,
3 1982 PA 162, MCL 450.2801 to 450.2864.

4 (b) The school of excellence shall file a certificate of
5 dissolution with the department of licensing and regulatory affairs
6 within 10 business days following board approval.

7 (c) Simultaneously with the filing of the certificate of
8 dissolution under subdivision (b), the school of excellence board
9 of directors shall provide a copy of the board of directors' plan
10 of distribution of assets to the state treasurer for approval.
11 Within 30 days, the state treasurer, or his or her designee, shall
12 review and approve the board of directors' plan of distribution of
13 assets. If the proposed plan of distribution of assets is not
14 approved within 30 days, the state treasurer, or his or her
15 designee, shall provide the board of directors with an acceptable
16 plan of distribution of assets.

17 (d) The state treasurer, or his or her designee, shall monitor
18 the school of excellence's winding up of the dissolved corporation
19 in accordance with the plan of distribution of assets approved or
20 provided under subdivision (c).

21 (e) As part of the plan of distribution of assets, the school
22 of excellence board of directors shall designate the director of
23 the department of technology, management, and budget, or his or her
24 designee, to dispose of all real property of the school of
25 excellence corporation in accordance with the directives developed
26 for disposition of surplus land and facilities under section 251 of
27 the management and budget act, 1984 PA 431, MCL 18.1251.

28 (f) If the board of directors of a school of excellence fails
29 to take any necessary action under this section, the state

1 treasurer, or his or her designee, may suspend the school of
2 excellence board of directors and appoint a trustee to carry out
3 the board's plan of distribution of assets. Upon appointment, the
4 trustee shall have all the rights, powers, and privileges under law
5 that the school of excellence board of directors had before being
6 suspended.

7 (g) Following the sale of the real or personal property or
8 interests in the real or personal property, and after payment of
9 any school of excellence debt secured by the property or interest
10 in property, whether real or personal, the school of excellence
11 board of directors, or a trustee appointed under this section,
12 shall forward any remaining money to the state treasurer. Following
13 receipt, the state treasurer, or his or her designee, shall deposit
14 this remaining money in the state school aid fund.

15 Sec. 1311e. (1) An authorizing body is not required to issue a
16 contract to any person or entity. Contracts for strict discipline
17 academies ~~shall~~**must** be issued on a competitive basis taking into
18 consideration the resources available for the proposed strict
19 discipline academy, the population to be served by the proposed
20 strict discipline academy, and the educational goals to be achieved
21 by the proposed strict discipline academy.

22 (2) If a person or entity applies to the board of a school
23 district for a contract to organize and operate 1 or more strict
24 discipline academies within the boundaries of the school district
25 and the board does not issue the contract, the person or entity may
26 petition the board to place the question of issuing the contract on
27 the ballot to be decided by the school electors of the school
28 district. The petition ~~shall~~**must** contain all of the information
29 required to be in the contract application under section 1311d and

1 ~~shall~~**must** be signed by a number of school electors of the school
 2 district equal to at least 15% of the total number of school
 3 electors of that school district. The petition ~~shall~~**must** be filed
 4 with the secretary of the board. If the board receives a petition
 5 meeting the requirements of this subsection, the board shall place
 6 the question of issuing the contract on the ballot at its next
 7 annual school election held at least 60 days after receiving the
 8 petition. If a majority of the school electors of the school
 9 district voting on the question vote to issue the contract, the
 10 board shall issue the contract.

11 (3) Within 10 days after issuing a contract for a strict
 12 discipline academy, the board of the authorizing body shall submit
 13 to the state board a copy of the contract and of the application
 14 under section 1311d.

15 (4) An authorizing body shall adopt a resolution establishing
 16 the method of selection, length of term, and number of members of
 17 the board of directors of each strict discipline academy subject to
 18 its jurisdiction.

19 (5) A contract issued to organize and administer a strict
 20 discipline academy shall contain at least all of the following:

21 (a) The educational goals the strict discipline academy is to
 22 achieve and the methods by which it will be held accountable. To
 23 the extent applicable, the pupil performance of a strict discipline
 24 academy shall be assessed using at least a Michigan ~~education~~
 25 ~~assessment program (MEAP) test~~**student test of educational progress**
 26 **(M-STEP)** or the Michigan merit examination developed under section
 27 1279g, as applicable.

28 (b) A description of the method to be used to monitor the
 29 strict discipline academy's compliance with applicable law and its

1 performance in meeting its targeted educational objectives.

2 (c) A description of the process for amending the contract
3 during the term of the contract.

4 (d) All of the matters set forth in the application for the
5 contract.

6 (e) For a strict discipline academy authorized by a school
7 district, an agreement that employees of the strict discipline
8 academy will be covered by the collective bargaining agreements
9 that apply to employees of the school district employed in similar
10 classifications in schools that are not strict discipline
11 academies.

12 (f) Procedures for revoking the contract and grounds for
13 revoking the contract, including at least the grounds listed in
14 section ~~1311f~~.1311m.

15 (g) A description of and address for the proposed physical
16 plant in which the strict discipline academy will be located.

17 (h) Requirements and procedures for financial audits. The
18 financial audits ~~shall~~**must** be conducted at least annually by a
19 certified public accountant in accordance with generally accepted
20 governmental auditing principles.

21 (i) The term of the contract and a description of the process
22 and standards for renewal of the contract at the end of the term.
23 The standards for renewal ~~shall~~**must** include student growth as
24 measured by assessments and other objective criteria as a
25 significant factor in the decision of whether or not to renew the
26 contract.

27 (j) **A requirement that the board of directors of the strict**
28 **discipline academy shall not contract with an educational**
29 **management organization that has any business affiliation with a**

1 charter school developer, with a person with an ownership interest
2 in or responsible for the overall operation of a charter school
3 developer, or with a relative of a charter school developer, and a
4 requirement that any agreement with an educational management
5 organization must prohibit the educational management organization
6 from doing business with a charter school developer, with a person
7 with an ownership interest in or responsible for the overall
8 operation of a charter school developer, or with a relative of a
9 charter school developer, or with a business entity owned or
10 controlled by a charter school developer, by a person with an
11 ownership interest in or responsible for the overall operation of a
12 charter school developer, or by a relative of a charter school
13 developer. As used in this subdivision:

14 (i) "Educational management organization" means an entity that
15 enters into a management agreement with a strict discipline
16 academy.

17 (ii) "Charter school developer" means an individual or entity
18 that submitted the application for the contract to organize and
19 operate the public school academy under section 1311d(3) or that
20 caused the application to be submitted through an agent.

21 (k) A requirement that the strict discipline academy must not
22 enter into or maintain a management agreement with an educational
23 management organization if an owner, member, officer, or employee
24 of the educational management organization has served on the board
25 of directors of a public school academy under part 6a, urban high
26 school academy under part 6c, school of excellence under part 6e,
27 or strict discipline academy under sections 1311b to 1311m at any
28 time during the immediately preceding 2-year period. As used in
29 this subdivision:

1 (i) "Educational management organization" means an entity that
2 enters into a management agreement with a strict discipline
3 academy.

4 (ii) "Management agreement" means an agreement to provide
5 comprehensive educational, administrative, management, or
6 instructional services or staff to a strict discipline academy.

7 (6) A strict discipline academy shall comply with all
8 applicable law, including all of the following:

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

10 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to
11 15.246.

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

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

14 ~~(d) (e)~~ Sections 1134, 1135, 1146, 1153, 1263(3), 1267, and
15 1274.

16 ~~(e) (f)~~ Except for part 6a, all provisions of this act that
17 explicitly apply to public school academies established under part
18 6a.

19 (7) A strict discipline academy and its incorporators, board
20 members, officers, employees, and volunteers have governmental
21 immunity as provided in section 7 of 1964 PA 170, MCL 691.1407. An
22 authorizing body and its board members, officers, and employees are
23 immune from civil liability, both personally and professionally,
24 for any acts or omissions in authorizing a strict discipline
25 academy if the authorizing body or the person acted or reasonably
26 believed he or she acted within the authorizing body's or the
27 person's scope of authority.

28 (8) A strict discipline academy is exempt from all taxation on
29 its earnings and property. Instruments of conveyance to or from a

1 strict discipline academy are exempt from all taxation including
2 taxes imposed by 1966 PA 134, MCL 207.501 to 207.513. A strict
3 discipline academy may not levy ad valorem property taxes or any
4 other tax for any purpose. However, operation of 1 or more strict
5 discipline academies by a school district or intermediate school
6 district does not affect the ability of the school district or
7 intermediate school district to levy ad valorem property taxes or
8 any other tax.

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

23 Sec. 1311l. (1) The authorizing body for a strict discipline
24 academy is the fiscal agent for the strict discipline academy. A
25 state school aid payment for a strict discipline academy ~~shall~~**must**
26 be paid to the authorizing body that is the fiscal agent for that
27 strict discipline academy, which shall then forward the payment to
28 the strict discipline academy. An authorizing body has the
29 responsibility to oversee a strict discipline academy's compliance

1 with the contract and all applicable law. A contract issued under
2 sections 1311b to ~~1311f~~**1311m** may be revoked by the authorizing body
3 that issued the contract if the authorizing body determines that 1
4 or more of the following has occurred:

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

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

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

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

13 **(2) If an authorizing body determines that a strict discipline**
14 **academy has failed to comply with a term of its contract that is**
15 **required under section 1311e(5)(j) or (k), the authorizing body**
16 **shall provide written notice to the strict discipline academy of**
17 **the violation and order the strict discipline academy to comply**
18 **with that contract term within 30 days after the issuance of the**
19 **written notice and order. If the strict discipline academy does not**
20 **comply with that contract term within 30 days after the issuance of**
21 **the written notice and order, the authorizing body shall revoke the**
22 **strict discipline academy's contract, effective at the end of the**
23 **current school year.**

24 **(3) ~~(2)~~—**The decision of an authorizing body to revoke a
25 contract under this section is solely within the discretion of the
26 authorizing body, is final, and is not subject to review by a court
27 or any state agency. An authorizing body that revokes a contract
28 under this section is not liable for that action to the strict
29 discipline academy, strict discipline academy corporation, a pupil

1 of the strict discipline academy, the parent or guardian of a pupil
2 of the strict discipline academy, or any other person.

3 Enacting section 1. This amendatory act takes effect 90 days
4 after the date it is enacted into law.