

**SUBSTITUTE FOR
SENATE BILL NO. 944**

A bill to amend 1976 PA 451, entitled
"The revised school code,"
by amending sections 503c, 504a, 523c, 525, 553c, 557, and 1311h
(MCL 380.503c, 380.504a, 380.523c, 380.525, 380.553c, 380.557, and
380.1311h), sections 503c, 523c, and 553c as added by 2011 PA 277,
section 504a as amended and section 525 as added by 2003 PA 179,
section 557 as added by 2009 PA 205, and section 1311h as amended
by 2012 PA 620.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 503c. (1) ~~Beginning with management agreements described~~
2 ~~in this section that are entered into or renewed after the~~
3 ~~effective date of this section, if~~ **If** the board of directors of a
4 public school academy enters into or renews a management agreement



1 with an educational management organization to carry out the
2 operations of the public school academy, both of the following
3 apply:

4 (a) The management agreement ~~shall require~~ **must include a**
5 **requirement that** the educational management organization ~~to~~ provide
6 to the board of directors at least annually all of the same
7 information that a school district is required to disclose under
8 section 18(2) of the state school aid act of 1979, MCL 388.1618,
9 for the most recent school fiscal year for which that information
10 is available.

11 (b) Within 30 days after receiving the information under
12 subdivision (a), the board of directors shall make all of the
13 information it receives under subdivision (a) available through a
14 link on the public school academy's website homepage, in a form and
15 manner prescribed by the department.

16 **(2) In addition to the requirements under subsection (1),**
17 **beginning with management agreements described in this section that**
18 **are entered into or renewed after the effective date of the**
19 **amendatory act that added this sentence, if the board of directors**
20 **of a public school academy enters into or renews a management**
21 **agreement with an educational management organization, all of the**
22 **following apply:**

23 (a) The management agreement **must include a requirement that**
24 **the educational management organization provide to the board of**
25 **directors, at least annually, audited financial statements for the**
26 **educational management organization for the immediately preceding**
27 **fiscal year that disclose the specific financial expenditures of**
28 **the money received by the educational management organization under**
29 **the management agreement.**



1 (b) The management agreement must include a requirement that
2 the educational management organization provide to the board of
3 directors, for each employee, officer, or board member of the
4 educational management organization who is involved in the day-to-
5 day operations and staffing at the public school academy,
6 including, but not limited to, the public school academy's
7 leadership team and teachers, whose compensation exceeds
8 \$100,000.00 per year, a list providing a description and cost of
9 each fringe benefit that is included in the individual's
10 compensation package.

11 (c) Within 30 days after receiving the information under
12 subdivisions (a) and (b), the board of directors shall make all of
13 the information it receives under subdivisions (a) and (b) and the
14 management agreement available through a link on the public school
15 academy's website homepage, in a form and manner prescribed by the
16 department.

17 (3) ~~(2)~~—As used in this section:

18 (a) "Educational management organization" means an entity that
19 enters into a management agreement with a public school academy.

20 (b) "Entity" means a partnership, nonprofit or business
21 corporation, or any other association, corporation, trust, or other
22 legal entity.

23 (c) "Management agreement" means an agreement to provide
24 comprehensive educational, administrative, management, or
25 instructional services or staff to a public school academy.

26 (d) "School fiscal year" means the period that begins July 1
27 and ends June 30.

28 Sec. 504a. In addition to other powers set forth in this part,
29 a public school academy may take action to carry out the purposes



1 for which it was incorporated under this part, including, but not
2 limited to, all of the following:

3 (a) To sue and be sued in its name.

4 (b) Subject to section 503b, to acquire, hold, and own in its
5 own name real and personal property, or interests in real or
6 personal property, for educational purposes by purchase, gift,
7 grant, devise, bequest, lease, sublease, installment purchase
8 agreement, land contract, option, or condemnation, and subject to
9 mortgages, security interests, or other liens; and to sell or
10 convey the property as the interests of the public school academy
11 require.

12 (c) To receive, disburse, and pledge funds for lawful
13 purposes.

14 (d) To enter into binding legal agreements with persons or
15 entities as necessary for the operation, management, financing, and
16 maintenance of the public school academy, **if the agreement is in**
17 **compliance with sections 7 and 18 of the state school aid act of**
18 **1979, MCL 388.1607 and 388.1618.**

19 (e) To incur temporary debt in accordance with section 1225.

20 (f) To solicit and accept any grants or gifts for educational
21 purposes and to establish or permit to be established on its behalf
22 1 or more nonprofit corporations the purpose of which is to assist
23 the public school academy in the furtherance of its public
24 purposes.

25 (g) To borrow money and issue bonds in accordance with section
26 1351a and in accordance with part VI of the revised municipal
27 finance act, 2001 PA 34, MCL 141.2601 to 141.2613, except that the
28 borrowing of money and issuance of bonds by a public school academy
29 is not subject to section 1351a(4) or section 1351(2) to (4). Bonds



1 issued under this section ~~shall~~**must** be full faith and credit
2 obligations of the public school academy, pledging the general
3 funds or any other money available for such a purpose. Bonds issued
4 under this section are subject to the revised municipal finance
5 act, 2001 PA 34, MCL 141.2101 to 141.2821.

6 Sec. 523c. (1) ~~Beginning with management agreements described~~
7 ~~in this section that are entered into or renewed after the~~
8 ~~effective date of this section, if~~**If** the board of directors of an
9 urban high school academy enters into or renews a management
10 agreement with an educational management organization to carry out
11 the operations of the urban high school academy, both of the
12 following apply:

13 (a) The management agreement ~~shall require~~**must include a**
14 **requirement that** the educational management organization ~~to~~ provide
15 to the board of directors at least annually all of the same
16 information that a school district is required to disclose under
17 section 18(2) of the state school aid act of 1979, MCL 388.1618,
18 for the most recent school fiscal year for which that information
19 is available.

20 (b) Within 30 days after receiving the information under
21 subdivision (a), the board of directors shall make all of the
22 information it receives under subdivision (a) available through a
23 link on the urban high school academy's website homepage, in a form
24 and manner prescribed by the department.

25 **(2) In addition to the requirements under subsection (1),**
26 **beginning with management agreements described in this section that**
27 **are entered into or renewed after the effective date of the**
28 **amendatory act that added this sentence, if the board of directors**
29 **of an urban high school academy enters into or renews a management**



1 agreement with an educational management organization, all of the
2 following apply:

3 (a) The management agreement must include a requirement that
4 the educational management organization provide to the board of
5 directors, at least annually, audited financial statements for the
6 educational management organization for the immediately preceding
7 fiscal year that disclose the specific financial expenditures of
8 the money received by the educational management organization under
9 the management agreement.

10 (b) The management agreement must include a requirement that
11 the educational management organization provide to the board of
12 directors, for each employee, officer, or board member of the
13 educational management organization who is involved in the day-to-
14 day operations and staffing at the urban high school academy,
15 including, but not limited to, the urban high school academy's
16 leadership team and teachers, whose compensation exceeds
17 \$100,000.00 per year, a list providing a description and cost of
18 each fringe benefit that is included in the individual's
19 compensation package.

20 (c) Within 30 days after receiving the information under
21 subdivisions (a) and (b), the board of directors shall make all of
22 the information it receives under subdivisions (a) and (b) and the
23 management agreement available through a link on the urban high
24 school academy's website homepage, in a form and manner prescribed
25 by the department.

26 (3) ~~(2)~~—As used in this section:

27 (a) "Educational management organization" means an entity that
28 enters into a management agreement with an urban high school
29 academy.



1 (b) "Entity" means a partnership, nonprofit or business
2 corporation, or any other association, corporation, trust, or other
3 legal entity.

4 (c) "Management agreement" means an agreement to provide
5 comprehensive educational, administrative, management, or
6 instructional services or staff to an urban high school academy.

7 (d) "School fiscal year" means the period that begins July 1
8 and ends June 30.

9 Sec. 525. In addition to other powers set forth in this part,
10 an urban high school academy may take action to carry out the
11 purposes for which it was incorporated under this part, including,
12 but not limited to, all of the following:

13 (a) To sue and be sued in its name.

14 (b) Subject to section 523a, to acquire, hold, and own in its
15 own name real and personal property, or interests in real or
16 personal property, for educational purposes by purchase, gift,
17 grant, devise, bequest, lease, sublease, installment purchase
18 agreement, land contract, option, or condemnation, and subject to
19 mortgages, security interests, or other liens; and to sell or
20 convey the property as the interests of the urban high school
21 academy require.

22 (c) To receive, disburse, and pledge funds for lawful
23 purposes.

24 (d) To enter into binding legal agreements with persons or
25 entities as necessary for the operation, management, financing, and
26 maintenance of the urban high school academy, **if the agreement is**
27 **in compliance with sections 7 and 18 of the state school aid act of**
28 **1979, MCL 388.1607 and 388.1618.**

29 (e) To incur temporary debt in accordance with section 1225.



1 (f) To solicit and accept any grants or gifts for educational
 2 purposes and to establish or permit to be established on its behalf
 3 1 or more nonprofit corporations the purpose of which is to assist
 4 the urban high school academy in the furtherance of its public
 5 purposes.

6 (g) To borrow money and issue bonds in accordance with section
 7 1351a and in accordance with part VI of the revised municipal
 8 finance act, 2001 PA 34, MCL 141.2601 to 141.2613, except that the
 9 borrowing of money and issuance of bonds by an urban high school
 10 academy are not subject to section 1351a(4) or section 1351(2) to
 11 (4). Bonds issued under this section ~~shall~~**must** be full faith and
 12 credit obligations of the urban high school academy, pledging the
 13 general funds or any other money available for such a purpose.
 14 Bonds issued under this section are subject to the revised
 15 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

16 Sec. 553c. (1) ~~Beginning with management agreements described~~
 17 ~~in this section that are entered into or renewed after the~~
 18 ~~effective date of this section, if~~ **If** the board of directors of a
 19 school of excellence enters into or renews a management agreement
 20 with an educational management organization to carry out the
 21 operations of the school of excellence, both of the following
 22 apply:

23 (a) The management agreement ~~shall require~~**must include a**
 24 **requirement that** the educational management organization ~~to~~ provide
 25 to the board of directors at least annually all the same
 26 information that a school district is required to disclose under
 27 section 18(2) of the state school aid act of 1979, MCL 388.1618,
 28 for the most recent school fiscal year for which that information
 29 is available.



1 (b) Within 30 days after receiving the information under
2 subdivision (a), the board of directors shall make all of the
3 information it receives under subdivision (a) available through a
4 link on the school of excellence's website homepage, in a form and
5 manner prescribed by the department.

6 (2) In addition to the requirements under subsection (1),
7 beginning with management agreements described in this section that
8 are entered into or renewed after the effective date of the
9 amendatory act that added this sentence, if the board of directors
10 of a school of excellence enters into or renews a management
11 agreement with an educational management organization, all of the
12 following apply:

13 (a) The management agreement must include a requirement that
14 the educational management organization provide to the board of
15 directors, at least annually, audited financial statements for the
16 educational management organization for the immediately preceding
17 fiscal year that disclose the specific financial expenditures of
18 the money received by the educational management organization under
19 the management agreement.

20 (b) The management agreement must include a requirement that
21 the educational management organization provide to the board of
22 directors, for each employee, officer, or board member of the
23 educational management organization who is involved in the day-to-
24 day operations and staffing at the school of excellence, including,
25 but not limited to, the school of excellence's leadership team and
26 teachers, whose compensation exceeds \$100,000.00 per year, a list
27 providing a description and cost of each fringe benefit that is
28 included in the individual's compensation package.

29 (c) Within 30 days after receiving the information under



1 subdivisions (a) and (b), the board of directors shall make all of
 2 the information it receives under subdivisions (a) and (b) and the
 3 management agreement available through a link on the school of
 4 excellence's website homepage, in a form and manner prescribed by
 5 the department.

6 (3) ~~(2)~~—As used in this section:

7 (a) "Educational management organization" means an entity that
 8 enters into a management agreement with a school of excellence.

9 (b) "Entity" means a partnership, nonprofit or business
 10 corporation, or any other association, corporation, trust, or other
 11 legal entity.

12 (c) "Management agreement" means an agreement to provide
 13 comprehensive educational, administrative, management, or
 14 instructional services or staff to a school of excellence.

15 (d) "School fiscal year" means the period that begins July 1
 16 and ends June 30.

17 Sec. 557. In addition to other powers set forth in this part,
 18 a school of excellence may take action to carry out the purposes
 19 for which it was incorporated under this part, including, but not
 20 limited to, all of the following:

21 (a) To sue and be sued in its name.

22 (b) Subject to section 555, to acquire, hold, and own in its
 23 own name real and personal property, or interests in real or
 24 personal property, for educational purposes by purchase, gift,
 25 grant, devise, bequest, lease, sublease, installment purchase
 26 agreement, land contract, option, or condemnation, and subject to
 27 mortgages, security interests, or other liens; and to sell or
 28 convey the property as the interests of the school of excellence
 29 require.



1 (c) To receive, disburse, and pledge funds for lawful
2 purposes.

3 (d) To enter into binding legal agreements with persons or
4 entities as necessary for the operation, management, financing, and
5 maintenance of the school of excellence, **if the agreement is in**
6 **compliance with sections 7 and 18 of the state school aid act of**
7 **1979, MCL 388.1607 and 388.1618.**

8 (e) To incur temporary debt in accordance with section 1225.

9 (f) To solicit and accept any grants or gifts for educational
10 purposes and to establish or permit to be established on its behalf
11 1 or more nonprofit corporations the purpose of which is to assist
12 the school of excellence in the furtherance of its public purposes.

13 (g) To borrow money and issue bonds in accordance with section
14 1351a and in accordance with part VI of the revised municipal
15 finance act, 2001 PA 34, MCL 141.2601 to 141.2613, except that the
16 borrowing of money and issuance of bonds by a school of excellence
17 is not subject to section 1351a(4) or section 1351(2) to (4). Bonds
18 issued under this section ~~shall~~**must** be full faith and credit
19 obligations of the school of excellence, pledging the general funds
20 or any other money available for such a purpose. Bonds issued under
21 this section are subject to the revised municipal finance act, 2001
22 PA 34, MCL 141.2101 to 141.2821.

23 Sec. 1311h. **(1)** In addition to other powers set forth in
24 sections 1311b to ~~1311l~~, **1311m**, a strict discipline academy may take
25 action to carry out the purposes for which it was incorporated
26 under sections 1311b to ~~1311l~~, **1311m**, including, but not limited to,
27 all of the following:

28 (a) To sue and be sued in its name.

29 (b) To acquire, hold, and own in its own name real and



1 personal property, or interests in real or personal property, for
 2 educational purposes by purchase, gift, grant, devise, bequest,
 3 lease, sublease, installment purchase agreement, land contract,
 4 option, or condemnation, and subject to mortgages, security
 5 interests, or other liens; and to sell or convey the property as
 6 the interests of the strict discipline academy require.

7 (c) To receive and disburse funds for lawful purposes.

8 (d) ~~To~~ **Subject to subsection (2),** to enter into binding legal
 9 agreements with persons or entities as necessary for the operation,
 10 management, financing, and maintenance of the strict discipline
 11 academy, **if the agreement is in compliance with sections 7 and 18**
 12 **of the state school aid act of 1979, MCL 388.1607 and 388.1618.**

13 (e) To incur temporary debt in accordance with section 1225.

14 (f) To solicit and accept any grants or gifts for educational
 15 purposes and to establish or permit to be established on its behalf
 16 1 or more nonprofit corporations the purpose of which is to assist
 17 the strict discipline academy in the furtherance of its public
 18 purposes.

19 (g) To borrow money and issue bonds in accordance with section
 20 1351a and in accordance with part VI of the revised municipal
 21 finance act, 2001 PA 34, MCL 141.2601 to 141.2613, except that the
 22 borrowing of money and issuance of bonds by a strict discipline
 23 academy is not subject to section 1351a(4) or section 1351(2) to
 24 (4). Bonds issued under this section ~~shall~~ **must** be full faith and
 25 credit obligations of the strict discipline academy, pledging the
 26 general funds or any other money available for such a purpose.
 27 Bonds issued under this section are subject to the revised
 28 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

29 **(2) Beginning with management agreements that are entered into**



1 or renewed after the effective date of the amendatory act that
2 added this sentence, if the board of directors of a strict
3 discipline academy enters into or renews a management agreement
4 with an educational management organization, all of the following
5 apply:

6 (a) The management agreement must include a requirement that
7 the educational management organization provide to the board of
8 directors at least annually all the same information that a school
9 district is required to disclose under section 18(2) of the state
10 school aid act of 1979, MCL 388.1618, for the most recent school
11 fiscal year for which that information is available.

12 (b) The management agreement must include a requirement that
13 the educational management organization provide to the board of
14 directors, at least annually, audited financial statements for the
15 educational management organization for the immediately preceding
16 fiscal year that disclose the specific financial expenditures of
17 the money received by the educational management organization under
18 the management agreement.

19 (c) The management agreement must include a requirement that
20 the educational management organization provide to the board of
21 directors, for each employee, officer, or board member of the
22 educational management organization who is involved in the day-to-
23 day operations and staffing at the strict discipline academy,
24 including, but not limited to, the strict discipline academy's
25 leadership team and teachers, whose compensation exceeds
26 \$100,000.00 per year, a list providing a description and cost of
27 each fringe benefit that is included in the individual's
28 compensation package.

29 (d) Within 30 days after receiving the information under



1 subdivisions (a), (b), and (c), the board of directors shall make
2 all of the information it receives under subdivisions (a), (b), and
3 (c) and the management agreement available through a link on the
4 strict discipline academy's website homepage, in a form and manner
5 prescribed by the department.

6 (3) As used in this section:

7 (a) "Educational management organization" means an entity that
8 enters into a management agreement with a strict discipline
9 academy.

10 (b) "Entity" means a partnership, nonprofit or business
11 corporation, or any other association, corporation, trust, or other
12 legal entity.

13 (c) "Management agreement" means an agreement to provide
14 comprehensive educational, administrative, management, or
15 instructional services or staff to a strict discipline academy.

16 (d) "School fiscal year" means the period that begins July 1
17 and ends June 30.

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

