

**SUBSTITUTE FOR
SENATE BILL NO. 393**

A bill to amend 1976 PA 451, entitled
"The revised school code,"
by amending the title and sections 5, 501, 502, 503, 504, 504a,
506, and 507 (MCL 380.5, 380.501, 380.502, 380.503, 380.504,
380.504a, 380.506, and 380.507), the title and sections 501, 502,
503, 504a, and 507 as amended by 1995 PA 289, section 5 as
amended by 1999 PA 23, section 504 as amended by 1994 PA 416, and
section 506 as added by 1993 PA 362, and by adding sections 503b
and 1320 and part 6c.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1

TITLE

2

An act to provide a system of public instruction and

3

elementary and secondary schools; to revise, consolidate, and

4

clarify the laws relating to elementary and secondary education;

5

to provide for the organization, regulation, and maintenance of

1 schools, school districts, public school academies, ~~and~~
 2 intermediate school districts, **and other public school entities**;
 3 to prescribe rights, powers, duties, and privileges of schools,
 4 school districts, public school academies, ~~and~~ intermediate
 5 school districts, **and other public school entities**; to provide
 6 for the regulation of school teachers and certain other school
 7 employees; to provide for school elections and to prescribe
 8 powers and duties with respect thereto; to provide for the levy
 9 and collection of taxes; to provide for the borrowing of money
 10 and issuance of bonds and other evidences of indebtedness; to
 11 establish a fund and provide for expenditures from that fund; to
 12 provide for and prescribe the powers and duties of certain state
 13 departments, the state board of education, and certain other
 14 boards and officials; to provide for licensure of boarding
 15 schools; to prescribe penalties; and to repeal acts and parts of
 16 acts.

17 Sec. 5. (1) "Local act school district" or "special act
 18 school district" means a district governed by a special or local
 19 act or chapter of a local act. "Local school district" and
 20 "local school district board" as used in article 3 include a
 21 local act school district and a local act school district board.

22 (2) "Membership" means the number of full-time equivalent
 23 pupils in a public school as determined by the number of pupils
 24 registered for attendance plus pupils received by transfer and
 25 minus pupils lost as defined by rules promulgated by the state
 26 board.

27 (3) "Nonpublic school" means a private, denominational, or

1 parochial school.

2 (4) "Objectives" means measurable pupil academic skills and
3 knowledge.

4 (5) "Public school" means a public elementary or secondary
5 educational entity or agency that is established under this act,
6 has as its primary mission the teaching and learning of academic
7 and vocational-technical skills and knowledge, and is operated by
8 a school district, local act school district, special act school
9 district, intermediate school district, public school academy
10 corporation, strict discipline academy corporation, **urban high**
11 **school academy corporation**, or by the department or state board.
12 Public school also includes a laboratory school or other
13 elementary or secondary school that is controlled and operated by
14 a state public university described in section 4, 5, or 6 of
15 article VIII of the state constitution of 1963.

16 (6) "Public school academy" means a public school academy
17 established under part 6a and, except as used in part 6a, also
18 includes **an urban high school academy established under part 6c**
19 **and** a strict discipline academy established under sections 1311b
20 to 1311f.

21 (7) "Pupil membership count day" of a school district means
22 that term as defined in section 6 of the state school aid act of
23 1979, MCL 388.1606.

24 (8) "Reorganized intermediate school district" means an
25 intermediate school district formed by consolidation or
26 annexation of 2 or more intermediate school districts under
27 sections 701 and 702.

Senate Bill No. 393 as amended June 19, 2003

(9) "Rule" means a rule promulgated pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

Sec. 501. (1) A public school academy is a public school under section 2 of article VIII of the state constitution of 1963, is a school district for the purposes of section 11 of article IX of the state constitution of 1963 and for the purposes of section 1225 **and section 1351a**, and is subject to the leadership and general supervision of the state board over all public education under section 3 of article VIII of the state constitution of 1963. A public school academy is a body corporate and is a governmental agency. The powers granted to a public school academy under this part constitute the performance of essential public purposes and governmental functions of this state.

(2) As used in this part:

(a) "Authorizing body" means any of the following **governing boards** that ~~issues~~ **issue** a contract as provided in this part:

(i) The board of a school district ~~<<that operates grades K to 12>>~~.

(ii) An intermediate school board.

(iii) The board of a community college.

(iv) The governing board of ~~<<an institution of higher education with statewide jurisdiction>>~~.

(b) "Certificated teacher" means an individual who holds a valid teaching certificate issued by the ~~state board~~ **superintendent of public instruction** under section 1531.

(c) "Community college" means a community college organized

Senate Bill No. 393 as amended June 19, 2003

under the community college act of 1966, ~~Act No. 331 of the~~
~~Public Acts of 1966, being sections 389.1 to 389.195 of the~~
~~Michigan Compiled Laws, 1966 PA 331, MCL 389.1 to 389.195 <<, or a~~
~~federal tribally controlled community college that is recognized~~
~~under the tribally controlled community college assistance act of~~
~~1978, Public Law 95-471, 92 Stat. 1325, and is determined by the~~
~~department to meet the requirements for accreditation by a~~
~~recognized regional accrediting body.>>~~

(d) "Contract" means the executive act taken by an
authorizing body that evidences the authorization of a public
school academy and that establishes, subject to the
constitutional powers of the state board and applicable law, the
written instrument executed by an authorizing body conferring
certain rights, franchises, privileges, and obligations on a
public school academy, as provided by this part, and confirming
the status of a public school academy as a public school in this
state.

(e) "Educational management company" means that term as
defined in section 1320.

(f) ~~—(e)—~~ "Entity" means a partnership, nonprofit or business
corporation, labor organization, or any other association,
corporation, trust, or other legal entity.

~~<<(g) (f) "State public university"~~ "Institution of higher
education with statewide jurisdiction" means a state university
described in section 4, 5, or 6 of article VIII of the state constitution
of 1963 or a federal tribally controlled community college that is
recognized under the tribally controlled community college assistance act
of 1978, Public Law 95-471, 92 Stat. 1325, and is determined by the
department to meet the requirements for accreditation by a recognized
regional accrediting body.>>

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

Senate Bill No. 393 as amended June 19, 2003

1 accordance with this part and with bylaws adopted by the board of
 2 directors. A public school academy corporation shall be
 3 organized under the nonprofit corporation act, ~~Act No. 162 of~~
 4 ~~the Public Acts of 1982, being sections 450.2101 to 450.3192 of~~
 5 ~~the Michigan Compiled Laws 1982 PA 162, MCL 450.2101 to~~
 6 ~~450.3192~~, except that a public school academy corporation is not
 7 required to comply with sections 170 to 177 of ~~Act No. 327 of~~
 8 ~~the Public Acts of 1931, being sections 450.170 to 450.177 of the~~
 9 ~~Michigan Compiled Laws 1931 PA 327, MCL 450.170 to 450.177~~. To
 10 the extent disqualified under the state or federal constitution,
 11 a public school academy shall not be organized by a church or
 12 other religious organization and shall not have any
 13 organizational or contractual affiliation with or constitute a
 14 church or other religious organization.

15 (2) Any of the following **governing boards** may act as an
 16 authorizing body to issue a contract to organize and operate 1 or
 17 more public school academies under this part:

18 (a) The board of a school district ~~<<that operates grades K to~~
 19 ~~12>>~~. However, the board of a school district shall not issue a
 20 contract for a public school academy to operate outside the
 21 school district's boundaries, and a public school academy
 22 authorized by the board of a school district shall not operate
 23 outside that school district's boundaries. **<<This subdivision does not
 prohibit a public school academy from providing instruction to a pupil
 residing outside the school district's boundaries through distance
 learning and counting the pupil in membership as provided under the state
 school aid act of 1979.>>**

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

1 the board of an intermediate school district shall not operate
2 outside that intermediate school district's boundaries. <<This
subdivision does not prohibit a public school academy from providing
instruction to a pupil residing outside the intermediate school
district's boundaries through distance learning and counting the pupil in
membership as provided under the state school aid act of 1979.>>
3 (c) The board of a community college. However, except as
4 otherwise provided in this subdivision, ~~the board of a community~~
5 ~~college shall not issue a contract for a public school academy to~~
6 ~~operate in a school district organized as a school district of~~
7 ~~the first class, a public school academy authorized by the board~~
8 ~~of a community college shall not operate in a school district~~
9 ~~organized as a school district of the first class,~~ the board of
10 a community college shall not issue a contract for a public
11 school academy to operate outside the boundaries of the community
12 college district ~~—~~ and a public school academy authorized by
13 the board of a community college shall not operate outside the
14 boundaries of the community college district. <<This subdivision does
not prohibit a public school academy from providing instruction to a
pupil residing outside the boundaries of the community college district
through distance learning and counting the pupil in membership as
provided under the state school aid act of 1979.>> The board of a
15 community college also may issue a contract for not more than 1
16 public school academy to operate on the grounds of an active or
17 closed federal military installation located outside the
18 boundaries of the community college district, or may operate a
19 public school academy itself on the grounds of such a federal
20 military installation, if the federal military installation is
21 not located within the boundaries of any community college
22 district and the community college has previously offered courses
23 on the grounds of the federal military installation for at least
24 10 years. <<A contract issued by the board of a federal tribally
controlled community college under this subdivision before the effective
date of the 2003 amendatory act that amended this section shall continue
to be considered to be issued under this subdivision rather than under
subdivision (d).>>

25 (d) ~~The~~ Subject to subsection (3), the governing board of <<~~a~~
26 ~~state public university~~ an institution of higher education with statewide
jurisdiction>>. ~~However, the~~
27 (3) All of the following apply to the number of contracts

Senate Bill No. 393 as amended June 19, 2003

that may be issued by <<institutions of higher education with statewide jurisdiction>> for public school academies:

(a) The combined total number of contracts ~~for public school~~

~~academies~~ issued by all ~~<<state public universities~~ institutions of higher education with statewide jurisdiction>> for public school academies other than high school public school academies

under subdivision (b) shall not exceed ~~85 through 1996, and,~~

~~after the initial evaluation under section 501a, shall not exceed~~

~~100 through 1997, 125 through 1998, or 150 through 2002, <<170~~

~~through 2003, 190 through 2004, 210 through 2005, 230 through 2006,~~

~~250 through 2007, 270 through 2008, 290 through 2009, 310 through 2010,~~

~~330 through 2011, or 350>> thereafter. Further, the~~

~~total number of contracts issued by any 1 state public university~~

~~shall not exceed 50 through 1996, and thereafter shall not exceed~~

~~50% of the maximum combined total number that may be issued under~~

~~this subdivision.~~

(b) <<The>> combined total number of contracts

that may be issued by all <<institutions of higher education with statewide jurisdiction>> for high

school public school academies shall not exceed 5 <<through 2003,

10 through 2004, 15 through 2005, 20 through 2006, or 25 thereafter>>.

For the purposes of this subdivision, all of the following

apply:

(i) Subject to subparagraph (ii), a public school academy is

a high school public school academy if it operates all of grades

9 to 12 or if, under the terms of its contract, it will operate

all of grades 9 to 12 within 3 school years after it begins

operation.

(ii) High school public school academy does not include a

joint high school formed by 1 or more public school academies

1 under section 504.

2 (4) The limitations of subsection (3) do not apply to a
3 reissued or reconstituted contract for a public school academy or
4 to a new contract that is issued by an authorizing body within 1
5 year after revocation of an existing contract, as described in
6 section 507.

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

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

12 (b) Subject to the resolution adopted by the authorizing body
13 under section ~~503(4)~~ **507(1)(c)**, a list of the proposed members
14 of the board of directors of the public school academy and a
15 description of the qualifications and method for appointment or
16 election of members of the board of directors.

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

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

20 (ii) The purposes for the public school academy corporation.

21 This language shall provide that the public school academy is
22 incorporated pursuant to this part and that the public school
23 academy corporation is a governmental entity **and political**
24 **subdivision of this state.**

25 (iii) The name of the authorizing body.

26 (iv) The proposed time when the articles of incorporation
27 will be effective.

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

3 (d) A copy of the proposed bylaws of the public school
4 academy.

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

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

8 (ii) A copy of the educational goals of the public school
9 academy and the curricula to be offered and methods of pupil

10 assessment to be used by the public school academy. To the
11 extent applicable, the progress of the pupils in the public
12 school academy shall be assessed using at least a Michigan
13 education assessment program (MEAP) test or an assessment
14 instrument developed under section 1279. ~~for a state endorsed~~
15 ~~high school diploma.~~

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

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

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

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

27 (g) For an application to the board of a school district, an

1 intermediate school board, or board of a community college,
2 identification of the local and intermediate school districts in
3 which the public school academy will be located.

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

9 (h) ~~—(i)—~~ For a public school academy authorized by a school
10 district, an assurance that employees of the public school
11 academy will be covered by the collective bargaining agreements
12 that apply to other employees of the school district employed in
13 similar classifications in schools that are not public school
14 academies.

15 (i) For a contract issued by an intermediate school district
16 after the effective date of this subdivision for a public school
17 academy that is a conversion of an existing program of the
18 intermediate school district, is a substantially similar program
19 to an existing program of the intermediate school district, or is
20 a program or class managed by the intermediate school district,
21 an assurance that employees of the public school academy will be
22 covered by the collective bargaining agreements that apply to
23 other employees of the intermediate school district employed in
24 similar classifications in schools or programs that are not
25 public school academies.

26 (j) A description of and address for the proposed physical
27 plant in which the public school academy will be located.

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

(6) ~~—(5)—~~ If the state board finds that an authorizing body is not engaging in appropriate continuing oversight of 1 or more public school academies operating under a contract issued by the authorizing body, the state board **by unanimous vote** may suspend the power of the authorizing body to issue new contracts to organize and operate public school academies. A contract issued by the authorizing body during the suspension is void. A contract issued by the authorizing body before the suspension is not affected by the suspension.

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

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

(i) Considering applications and issuing or administering

1 contracts.

2 (ii) Compliance monitoring and oversight of public school
3 academies.

4 (iii) Training for public school academy applicants,
5 administrators, and boards of directors.

6 (iv) Technical assistance to public school academies.

7 (v) Academic support to public school academies or to pupils
8 or graduates of public school academies.

9 (vi) Evaluation of public school academy performance.

10 (vii) Training of teachers, including supervision of teacher
11 interns.

12 (viii) Other purposes that assist the public school academies
13 or traditional public schools in achieving improved academic
14 performance.

15 (b) An authorizing body may provide other services for a
16 public school academy and charge a fee for those services, but
17 shall not require such an arrangement as a condition to issuing
18 the contract authorizing the public school academy.

19 (8) ~~—(7)—~~ A public school academy shall be presumed to be
20 legally organized if it has exercised the franchises and
21 privileges of a public school academy for at least 2 years.

22 (9) If an authorizing body of a public school academy
23 consolidates or otherwise merges with another entity that is
24 eligible to serve as an authorizing body under this part, the
25 contract for the public school academy remains valid and the
26 successor entity shall be considered to be the authorizing body
27 for the public school academy and shall perform all of the duties

1 of the authorizing body under this part.

2 (10) If an authorizing body of a public school academy is
3 dissolved or otherwise ceases to exist, the contract for the
4 public school academy remains valid, and the public school
5 academy may continue to operate, for a period of 90 days. The
6 board of directors of the public school academy may arrange for
7 the contract to be reauthorized during this period by another
8 authorizing body. The superintendent of public instruction may
9 extend this period in his or her discretion if he or she
10 determines that an extension is in the best interests of the
11 pupils of the public school academy. If the contract is not
12 reauthorized within this period, the contract is void. The
13 limitations of subsection (3) on the number of contracts that may
14 be issued do not apply to a contract that is reauthorized under
15 this subsection.

16 Sec. 503. (1) An authorizing body is not required to issue
17 a contract to any person or entity. Public school academy
18 contracts shall be issued on a competitive basis taking into
19 consideration the resources available for the proposed public
20 school academy, the population to be served by the proposed
21 public school academy, and the educational goals to be achieved
22 by the proposed public school academy.

23 (2) If a person or entity applies to the board of a school
24 district for a contract to organize and operate 1 or more public
25 school academies within the boundaries of the school district and
26 the board does not issue the contract, the person or entity may
27 petition the board to place the question of issuing the contract

1 on the ballot to be decided by the school electors of the school
2 district. The petition shall contain all of the information
3 required to be in the ~~contract~~ application under section
4 ~~502(3)~~ **502** and shall be signed by a number of school electors
5 of the school district equal to at least 15% of the total number
6 of school electors of that school district. The petition shall
7 be filed with the secretary of the board. If the board receives
8 a petition meeting the requirements of this subsection, the board
9 shall place the question of issuing the contract on the ballot at
10 its next ~~annual~~ **regular** school election held at least 60 days
11 after receiving the petition. If a majority of the school
12 electors of the school district voting on the question vote to
13 issue the contract, the board shall issue the contract.

14 ~~(3) Within 10 days after issuing a contract for a public~~
15 ~~school academy, the board of the authorizing body shall submit to~~
16 ~~the state board a copy of the contract and of the application~~
17 ~~under section 502.~~

18 ~~—— (4) An authorizing body shall adopt a resolution establishing~~
19 ~~the method of selection, length of term, and number of members of~~
20 ~~the board of directors of each public school academy subject to~~
21 ~~its jurisdiction.~~

22 **(3)** ~~—(5)—~~ A contract issued to organize and administer a
23 public school academy shall contain at least all of the
24 following:

25 (a) The educational goals the public school academy is to
26 achieve and the methods by which it will be held accountable. To
27 the extent applicable, the pupil performance of a public school

1 academy shall be assessed using at least a Michigan education
2 assessment program (MEAP) test or an assessment instrument
3 developed under section 1279. ~~for a state endorsed high school~~
4 ~~diploma.~~

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

8 (c) A description of the process for amending the contract
9 during the term of the contract. **An authorizing body may approve**
10 **amendment of the contract with respect to any provision contained**
11 **in the contract.**

12 (d) ~~All of the matters set forth in the application for the~~
13 ~~contract.~~ **A certification, signed by an authorized member of the**
14 **public school academy board of directors, that the public school**
15 **academy will comply with the contract and all applicable law.**

16 (e) For a public school academy authorized by a school
17 district, an agreement that employees of the public school
18 academy will be covered by the collective bargaining agreements
19 that apply to employees of the school district employed in
20 similar classifications in schools that are not public school
21 academies.

22 (f) **For a contract issued by an intermediate school board**
23 **after the effective date of this subdivision for a public school**
24 **academy that is a conversion of an existing program of the**
25 **intermediate school district, is a substantially similar program**
26 **to an existing program of the intermediate school district, or is**
27 **a program or class managed by the intermediate school district,**

1 an assurance that employees of the public school academy will be
2 covered by the collective bargaining agreements that apply to
3 other employees of the intermediate school district employed in
4 similar classifications in schools or programs that are not
5 public school academies.

6 (g) ~~—(f)—~~ Procedures for revoking the contract and grounds
7 for revoking the contract, including at least the grounds listed
8 in section 507.

9 (h) ~~—(g)—~~ A description of and address for the proposed
10 physical plant in which the public school academy will be
11 located.

12 (i) ~~—(h)—~~ Requirements and procedures for financial audits.
13 The financial audits shall be conducted at least annually by ~~—a~~
14 **an independent** certified public accountant in accordance with
15 generally accepted governmental auditing principles.

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

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

27 (l) **A requirement that the board of directors of the public**

1 school academy shall make information concerning its operation
2 and management available to the public and to the authorizing
3 body in the same manner as is required by state law for school
4 districts.

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

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

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

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

22 (iv) A current list of teachers working at the public school
23 academy that includes their individual salaries; copies of the
24 teaching certificates or permits of current teaching staff; and
25 evidence of compliance with the criminal background and records
26 checks and unprofessional conduct check required under sections
27 1230, 1230a, and 1230b for all teachers and administrators

1 working at the public school academy.

2 (v) Curriculum documents and materials given to the
3 authorizing body.

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

5 (vii) Copies of facility mortgages, leases, or deeds, and of
6 any equipment leases.

7 (viii) Copies of any management contract or services contract
8 approved by the board of directors.

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

12 (x) Any management letters issued as part of the annual
13 financial audit under subdivision (i).

14 (xi) Any other information specifically required under this
15 act.

16 (n) A requirement that, if the board of directors of the
17 public school academy enters into an agreement with an
18 educational management company for operation or management of the
19 public school academy, the agreement between the board of
20 directors and the educational management company must comply with
21 section 1320.

22 (o) A requirement that the authorizing body must review and
23 may disapprove any agreement between the board of directors and
24 an educational management company entered into under section 1320
25 before the agreement is final and valid. An authorizing body may
26 disapprove an agreement described in this subdivision only if the
27 agreement is contrary to the contract or applicable law.

1 (p) A requirement that the board of directors shall
2 demonstrate all of the following to the satisfaction of the
3 authorizing body with regard to its pupil admission process:

4 (i) That the public school academy has made a reasonable
5 effort to advertise its enrollment openings in a newspaper of
6 general circulation in the intermediate school district in which
7 the public school academy is located.

8 (ii) That the public school academy has made the following
9 additional efforts to recruit pupils who are eligible for special
10 education programs and services to apply for admission:

11 (A) Reasonable efforts to advertise all enrollment openings
12 to organizations and media that regularly serve and advocate for
13 individuals with disabilities within the boundaries of the
14 intermediate school district in which the public school academy
15 is located.

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

20 (iii) That the open enrollment period for the public school
21 academy is for a duration of at least 2 weeks, and that the
22 enrollment times include some evening and weekend times.

23 (q) A requirement that the board of directors shall prohibit
24 any individual from being employed by the public school academy
25 in more than 1 full-time position and simultaneously being
26 compensated at a full-time rate for each of those positions.

27 (r) A requirement that, if requested, the board of directors

1 shall report to the authorizing body the total compensation for
2 each individual working at the public school academy.

3 (4) ~~—(6)—~~ A public school academy shall comply with all
4 applicable law, including all of the following:

5 (a) The open meetings act, ~~—Act No. 267 of the Public Acts of~~
6 ~~1976, being sections 15.261 to 15.275 of the Michigan Compiled~~
7 ~~Laws—~~ 1976 PA 267, MCL 15.261 to 15.275.

8 (b) The freedom of information act, ~~—Act No. 442 of the~~
9 ~~Public Acts of 1976, being sections 15.231 to 15.246 of the~~
10 ~~Michigan Compiled Laws—~~ 1976 PA 442, MCL 15.231 to 15.246.

11 (c) ~~—Act No. 336 of the Public Acts of 1947, being~~
12 ~~sections 423.201 to 423.217 of the Michigan Compiled Laws—~~ 1947
13 PA 336, MCL 423.201 to 423.217.

14 (d) ~~—Act No. 166 of the Public Acts of 1965, being~~
15 ~~sections 408.551 to 408.558 of the Michigan Compiled Laws—~~ 1965
16 PA 166, MCL 408.551 to 408.558.

17 (e) 1978 PA 566, MCL 15.181 to 15.185.

18 (f) 1968 PA 317, MCL 15.321 to 15.330.

19 (g) The uniform budgeting and accounting act, 1968 PA 2, MCL
20 141.421 to 141.440a.

21 (h) The revised municipal finance act, 2001 PA 34, MCL
22 141.2101 to 141.2821.

23 (i) The federal no child left behind act of 2001, Public Law
24 107-110, 115 Stat. 1425.

25 (j) ~~—(e)—~~ Sections 1134, 1135, 1146, 1153, 1263(3), 1267,
26 ~~—and—~~ 1274, and 1280.

27 (5) ~~—(7)—~~ A public school academy and its incorporators,

1 board members, officers, employees, and volunteers have
2 governmental immunity as provided in section 7 of ~~Act No. 170 of~~
3 ~~the Public Acts of 1964, being section 691.1407 of the Michigan~~
4 ~~Compiled Laws~~ **1964 PA 170, MCL 691.1407**. An authorizing body
5 and its board members, officers, and employees are immune from
6 civil liability, both personally and professionally, for any acts
7 or omissions in authorizing **or oversight of** a public school
8 academy if the authorizing body or the person acted or reasonably
9 believed he or she acted within the authorizing body's or the
10 person's scope of authority.

11 **(6) —(8)—** A public school academy is exempt from all taxation
12 on its earnings and property. Instruments of conveyance to or
13 from a public school academy are exempt from all taxation
14 including taxes imposed by ~~Act No. 134 of the Public Acts of~~
15 ~~1966, being sections 207.501 to 207.513 of the Michigan Compiled~~
16 ~~Laws~~ **1966 PA 134, MCL 207.501 to 207.513**. A public school
17 academy may not levy ad valorem property taxes or any other tax
18 for any purpose. However, operation of 1 or more public school
19 academies by a school district or intermediate school district
20 does not affect the ability of the school district or
21 intermediate school district to levy ad valorem property taxes or
22 any other tax.

23 **(7) —(9)—** A public school academy may acquire by purchase,
24 gift, devise, lease, sublease, installment purchase agreement,
25 land contract, option, or by any other means, hold and own in its
26 own name buildings and other property for school purposes, and
27 interests therein, and other real and personal property,

1 including, but not limited to, interests in property subject to
2 mortgages, security interests, or other liens, necessary or
3 convenient to fulfill its purposes. For the purposes of
4 condemnation, a public school academy may proceed under the
5 uniform condemnation procedures act, ~~Act No. 87 of the Public~~
6 ~~Acts of 1980, being sections 213.51 to 213.77 of the Michigan~~
7 ~~Compiled Laws 1980 PA 87, MCL 213.51 to 213.75~~, excluding
8 sections 6 to 9 of that act, ~~being sections 213.56 to 213.59 of~~
9 ~~the Michigan Compiled Laws MCL 213.56 to 213.59~~, or other
10 applicable statutes, but only with the express, written
11 permission of the authorizing body in each instance of
12 condemnation and only after just compensation has been determined
13 and paid.

14 Sec. 503b. (1) An agreement, mortgage, loan, or other
15 instrument of indebtedness entered into by a public school
16 academy and a third party does not constitute an obligation,
17 either general, special, or moral, of this state or an
18 authorizing body. The full faith and credit or the taxing power
19 of this state or any agency of this state, or the full faith and
20 credit of an authorizing body, may not be pledged for the payment
21 of any public school academy bond, note, agreement, mortgage,
22 loan, or other instrument of indebtedness.

23 (2) This part does not impose any liability on this state or
24 on an authorizing body for any debt incurred by a public school
25 academy.

26 Sec. 504. (1) A public school academy may be located in all
27 or part of an existing public school building. A public school

1 academy shall not operate at a site other than the single site
2 requested for the configuration of grades that will use the site,
3 as specified ~~in the application required under section 502 and~~
4 in the contract.

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

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

Senate Bill No. 393 as amended June 19, 2003

1 county in which the federal military installation is located.
2 For a public school academy authorized by ~~<a state public~~
3 ~~university an institution of higher education with statewide~~
4 ~~jurisdiction>>~~, enrollment shall be open to all pupils who reside in
5 this state who meet the admission policy. ~~If~~ Subject to
6 subsection (4), if there are more applications to enroll in the
7 public school academy than there are spaces available, pupils
8 shall be selected to attend using a random selection process.
9 ~~However, a public school academy may give enrollment priority to~~
10 ~~a sibling of a pupil enrolled in the public school academy. A~~
11 public school academy shall allow any pupil who was enrolled in
12 the public school academy in the immediately preceding school
13 year to enroll in the public school academy in the appropriate
14 grade unless the appropriate grade is not offered at that public
15 school academy.

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

18 (a) A sibling of a pupil enrolled in the public school
19 academy.

20 (b) A child of a person who is employed by or at the public
21 school academy or who is on the board of directors of the public
22 school academy. As used in this subdivision, "child" includes an
23 adopted child or a legal ward.

24 (c) A pupil who applies for admission to a joint high school
25 described in subsection (6) if the pupil has attended 1 or more
26 of the public school academies that are members of the consortium
27 formed to establish and operate the joint high school and has
completed the grade levels offered by those public school

1 academies.

2 (5) ~~—(4)—~~ **A Subject to the terms of the contract authorizing**
3 **the public school academy, a public school academy may include**
4 any grade up to grade 12 or any configuration of those grades,
5 including kindergarten and early childhood education, as
6 specified in its contract. If specified in its contract, a
7 public school academy may also operate an adult basic education
8 program, adult high school completion program, or general
9 education development testing preparation program. ~~The~~
10 ~~authorizing body may approve amendment of a contract with respect~~
11 ~~to ages of pupils or grades offered.~~ **Authorizing bodies are**
12 **encouraged to issue contracts for public school academies for**
13 **students who have dropped out of school or otherwise have failed**
14 **to complete high school.**

15 (6) Subject to the terms of the contract authorizing the
16 public school academy, a public school academy may join with 1 or
17 more other public school academies to form a consortium for the
18 purpose of establishing and operating a joint high school. A
19 copy of the consortium agreement shall be incorporated into the
20 contract of each participating public school academy. This
21 subsection does not prohibit a public school academy that does
22 not currently operate grades 9 to 12, or any combination of those
23 grades, from offering some or all of those grades under an
24 existing contract with an authorizing body.

25 Sec. 504a. In addition to other powers set forth in this
26 part, a public school academy may take action to carry out the
27 purposes for which it was incorporated under this part,

1 including, but not limited to, all of the following:

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

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

11 (c) To receive, ~~and~~ disburse, **and pledge** funds for lawful
12 purposes.

13 (d) To enter into binding legal agreements with persons or
14 entities as necessary for the operation, management, **financing**,
15 and maintenance of the public school academy.

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

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

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

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

6 Sec. 506. A public school academy, with the approval of the
7 authorizing body, may employ or contract with personnel, **or enter**
8 **into a contract with another party to furnish teachers or other**
9 **personnel**, as necessary for the operation of the public school
10 academy, prescribe their duties, and fix their compensation.

11 Sec. 507. (1) An authorizing body that issues a contract
12 for a public school academy under this part shall do all of the
13 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) Adopt a resolution establishing the method of selection,
19 length of term, and number of members of the board of directors
20 of each public school academy it authorizes.

21 (d) Oversee the operations of each public school academy
22 operating under a contract issued by the authorizing body. The
23 oversight shall be sufficient to ensure that the public school
24 academy is in compliance with the terms of the contract and with
25 applicable law. An authorizing body may enter into an agreement
26 with 1 or more other authorizing bodies to oversee a public
27 school academy operating under a contract issued by the

Senate Bill No. 393 as amended June 19, 2003

1 authorizing body.

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

7 (f) Take necessary measures to ensure that a public school
8 academy board of directors operates independently of any
9 educational management company involved in the operation of the
10 public school academy.

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

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

17 (i) If the authorizing body is <<the governing board of an
18 institution of higher education with statewide jurisdiction that is>> a
federal tribally controlled
community college, comply with section 1475.

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

22 (3) ~~-(1)-~~ The authorizing body for a public school academy is
23 the fiscal agent for the public school academy. A state school
24 aid payment for a public school academy shall be paid to the
25 authorizing body that is the fiscal agent for that public school
26 academy, which shall then forward the payment to the public
27 school academy. ~~An authorizing body has the responsibility to~~

1 ~~oversee a public school academy's compliance with the contract~~
2 ~~and all applicable law.~~ Within 30 days after a contract is
3 submitted to the department by an authorizing body under
4 subsection (1), the department shall issue a district code to the
5 public school academy for which the contract was issued. If the
6 department does not issue a district code within 30 days after a
7 contract is filed, the state treasurer shall assign a temporary
8 district code in order for the public school academy to receive
9 funding under the state school aid act of 1979.

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

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

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

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

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

21 (5) ~~—(2)—~~ The decision of an authorizing body to **issue,**
22 **reissue, or reconstitute a contract under this part, or to** revoke
23 a contract under this section, is solely within the discretion of
24 the authorizing body, is final, and is not subject to review by a
25 court or any state agency. An authorizing body that **does not**
26 **issue, reissue, or reconstitute a contract under this part, or**
27 **that** revokes a contract under this section, is not liable for

1 that action to the public school academy, public school academy
2 corporation, a pupil of the public school academy, the parent or
3 guardian of a pupil of the public school academy, or any other
4 person.

5 (6) Before an authorizing body revokes a contract, the
6 authorizing body shall consider and take corrective measures to
7 avoid revocation. An authorizing body shall reconstitute the
8 public school academy in a final attempt to improve student
9 educational performance or to avoid interruption of the
10 educational process. An authorizing body shall include a
11 reconstituting provision in the contract that identifies these
12 corrective measures, including, but not limited to, removing 1 or
13 more members of the board of directors, withdrawing approval to
14 contract under section 506 for an agreement described in section
15 1320, or appointing a new board of directors or a trustee to take
16 over operation of the public school academy.

17 (7) If an authorizing body revokes a contract, the
18 authorizing body shall work with a school district or another
19 public school academy, or with a combination of these entities,
20 to ensure a smooth transition for the affected pupils. If the
21 revocation occurs during the school year, the authorizing body,
22 as the fiscal agent for the public school academy under this
23 section, shall return any school aid funds received by the
24 authorizing body that are attributable to the affected pupils to
25 the state treasurer for deposit into the state school aid fund.
26 The state treasurer shall distribute funds to the school district
27 or public school academy in which the pupils enroll after the

1 revocation pursuant to a methodology established by the
2 department and the center for educational performance and
3 information.

4 (8) If an authorizing body revokes a contract, the
5 authorizing body may issue a new contract within the 1-year
6 period following the revocation without the limitations of
7 section 502(3) applying to that new contract.

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

14 (10) If a public school academy's contract terminates or is
15 revoked, title to all real and personal property, interests in
16 real or personal property, and other assets owned by the public
17 school academy revert to this state. This property shall be
18 distributed in accordance with the following:

19 (a) Within 30 days following the termination or revocation,
20 the board of directors of the public school academy shall hold a
21 public meeting to adopt a plan of distribution of assets and to
22 approve the dissolution of the public school academy corporation,
23 in accordance with chapter 8 of the nonprofit corporation act,
24 1982 PA 162, MCL 450.2801 to 450.2864.

25 (b) The public school academy shall file a certificate of
26 dissolution with the department of consumer and industry services
27 within 10 business days following board of directors' approval.

1 (c) Simultaneous with the filing of the certificate of
2 dissolution under subdivision (b), the public school academy's
3 board of directors shall provide a copy of the board of
4 directors' plan of distribution of assets to the state treasurer
5 for approval. Within 30 days, the state treasurer, or his or her
6 designee, shall review and approve the board of directors' plan
7 of distribution of assets. If the proposed plan of distribution
8 of assets is not approved within 30 days, the state treasurer, or
9 his or her designee, shall provide the board of directors with an
10 acceptable plan of distribution of assets.

11 (d) The state treasurer, or his or her designee, shall
12 monitor the public school academy's winding up of the dissolved
13 corporation in accordance with the plan of distribution of assets
14 approved or provided under subdivision (c).

15 (e) As part of the plan of distribution of assets, the public
16 school academy board of directors shall designate the director of
17 the department of management and budget, or his or her designee,
18 to dispose of all real property of the public school academy
19 corporation in accordance with the directives developed for
20 disposition of surplus land and facilities under section 251 of
21 the management and budget act, 1984 PA 431, MCL 18.1251.

22 (f) If the board of directors of a public school academy
23 fails to take any necessary action under this section, the state
24 treasurer, or his or her designee, may suspend the public school
25 academy board of directors and appoint a trustee to carry out the
26 plan of distribution of assets. Upon appointment, the trustee
27 shall have all the rights, powers, and privileges under law that

1 the public school academy board of directors had before being
2 suspended.

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

11 PART 6C

12 URBAN HIGH SCHOOL ACADEMIES

13 Sec. 521. (1) An urban high school academy is a public
14 school under section 2 of article VIII of the state constitution
15 of 1963, is a school district for the purposes of section 11 of
16 article IX of the state constitution of 1963 and for the purposes
17 of sections 1225 and 1351a, and is subject to the leadership and
18 general supervision of the state board over all public education
19 under section 3 of article VIII of the state constitution of
20 1963. An urban high school academy is a body corporate and is a
21 governmental agency. The powers granted to an urban high school
22 academy under this part constitute the performance of essential
23 public purposes and governmental functions of this state.

24 (2) As used in this part:

25 (a) "Authorizing body" means the governing board of a state
26 public university that issues a contract as provided in this
27 part.

1 (b) "Certificated teacher" means an individual who holds a
2 valid teaching certificate issued by the superintendent of public
3 instruction under section 1531.

4 (c) "Contract" means the executive act taken by an
5 authorizing body that evidences the authorization of an urban
6 high school academy and that establishes, subject to the
7 constitutional powers of the state board and applicable law, the
8 written instrument executed by an authorizing body conferring
9 certain rights, franchises, privileges, and obligations on an
10 urban high school academy, as provided by this part, and
11 confirming the status of an urban high school academy as a public
12 school in this state.

13 (d) "Educational management company" means that term as
14 defined in section 1320.

15 (e) "Entity" means a nonprofit corporation that is organized
16 under the nonprofit corporation act, 1982 PA 162, MCL 450.2101 to
17 450.3192, and that has been granted tax-exempt status under
18 section 509(a) of the internal revenue code of 1986.

19 (f) "State public university" means a university described in
20 section 4, 5, or 6 of article VIII of the state constitution of
21 1963.

22 Sec. 522. (1) An urban high school academy shall be
23 organized and administered under the direction of a board of
24 directors in accordance with this part and with bylaws adopted by
25 the board of directors. An urban high school academy corporation
26 shall be organized under the nonprofit corporation act, 1982 PA
27 162, MCL 450.2101 to 450.3192, except that an urban high school

1 academy corporation is not required to comply with sections 170
2 to 177 of 1931 PA 327, MCL 450.170 to 450.177. To the extent
3 disqualified under the state or federal constitution, an urban
4 high school academy shall not be organized by a church or other
5 religious organization and shall not have any organizational or
6 contractual affiliation with or constitute a church or other
7 religious organization.

8 (2) The governing board of a state public university may act
9 as an authorizing body to issue a contract for the organization
10 and operation of an urban high school academy under this part.
11 Subject to section 524(1), not more than 15 contracts may be
12 issued under this part. A contract issued under this part shall
13 be for an urban high school academy that will be located in a
14 school district of the first class. An urban high school academy
15 authorized under this part shall not operate outside the
16 boundaries of a school district of the first class.

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

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

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

2 (b) Subject to the resolution adopted by the authorizing body
3 under section 528, a list of the proposed members of the board of
4 directors of the urban high school academy and a description of
5 the qualifications and method for appointment or election of
6 members of the board of directors.

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

9 (i) The name of the proposed urban high school academy to
10 which the contract will be issued.

11 (ii) The purposes for the urban high school academy
12 corporation. This language shall provide that the urban high
13 school academy is incorporated pursuant to this part and that the
14 urban high school academy corporation is a governmental entity
15 and political subdivision of this state.

16 (iii) The name of the authorizing body.

17 (iv) The proposed time when the articles of incorporation
18 will be effective.

19 (v) Other matters considered expedient to be in the articles
20 of incorporation.

21 (d) A copy of the proposed bylaws of the urban high school
22 academy.

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

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

27 (ii) A copy of the educational goals of the urban high school

1 academy and the curricula to be offered and methods of pupil
2 assessment to be used by the urban high school academy. To the
3 extent applicable, the progress of the pupils in the urban high
4 school academy shall be assessed using at least a Michigan
5 education assessment program (MEAP) test or an assessment
6 instrument developed under section 1279.

7 (iii) The admission policy and criteria to be maintained by
8 the urban high school academy. The admission policy and criteria
9 shall comply with section 524. This part of the application also
10 shall include a description of how the applicant will provide to
11 the general public adequate notice that an urban high school
12 academy is being created and adequate information on the
13 admission policy, criteria, and process.

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

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

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

18 (g) A description of and address for the proposed building or
19 buildings in which the urban high school academy will be located,
20 and a financial commitment by the entity applying for the
21 contract to construct or renovate the building or buildings that
22 will be occupied by the urban high school academy that is issued
23 the contract.

24 (5) If a particular state public university issues a contract
25 that allows an urban high school academy to operate the same
26 configuration of grades at more than 1 site, as provided in
27 section 524(1), each of those sites shall be under the direction

1 of the board of directors that is a party to the contract.

2 (6) If the state board finds that an authorizing body is not
3 engaging in appropriate continuing oversight of 1 or more urban
4 high school academies operating under a contract issued by the
5 authorizing body, the state board by unanimous vote may suspend
6 the power of the authorizing body to issue new contracts to
7 organize and operate urban high school academies. A contract
8 issued by the authorizing body during the suspension is void. A
9 contract issued by the authorizing body before the suspension is
10 not affected by the suspension.

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

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

21 (i) Considering applications and issuing or administering
22 contracts.

23 (ii) Compliance monitoring and oversight of urban high school
24 academies.

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

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

1 (v) Academic support to urban high school academies or to
2 pupils or graduates of urban high school academies.

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

4 (vii) Training of teachers, including supervision of teacher
5 interns.

6 (viii) Other purposes that assist the urban high school
7 academies or traditional public schools in achieving improved
8 academic performance.

9 (b) An authorizing body may provide other services for an
10 urban high school academy and charge a fee for those services,
11 but shall not require such an arrangement as a condition to
12 issuing the contract authorizing the urban high school academy.

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

16 Sec. 523. (1) An authorizing body is not required to issue
17 a contract to any entity. Urban high school academy contracts
18 shall be issued on a competitive basis taking into consideration
19 the resources available for the proposed urban high school
20 academy, the population to be served by the proposed urban high
21 school academy, and the educational goals to be achieved by the
22 proposed urban high school academy. In evaluating if an
23 applicant is qualified, the authorizing body shall examine the
24 proposed performance standards, proposed academic program,
25 financial viability of the applicant, and the ability of the
26 proposed board of directors to meet the contract goals and
27 objectives. An authorizing body shall give priority to

1 applicants that demonstrate all of the following:

2 (a) The proposed school will operate at least all of grades 9
3 through 12 within 3 years after beginning operation.

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

6 (c) The proposed school has a stated goal of increasing high
7 school graduation rates.

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

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

13 (2) A contract issued to organize and administer an urban
14 high school academy shall contain at least all of the following:

15 (a) The educational goals the urban high school academy is to
16 achieve and the methods by which it will be held accountable. To
17 the extent applicable, the pupil performance of an urban high
18 school academy shall be assessed using at least a Michigan
19 education assessment program (MEAP) test or an assessment
20 instrument developed under section 1279.

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

24 (c) A description of the process for amending the contract
25 during the term of the contract. An authorizing body may approve
26 amendment of the contract with respect to any provision contained
27 in the contract.

1 (d) A certification, signed by an authorized member of the
2 urban high school academy board of directors, that the urban high
3 school academy will comply with the contract and all applicable
4 law.

5 (e) Procedures for revoking the contract and grounds for
6 revoking the contract.

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

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

14 (h) A requirement that the board of directors shall ensure
15 compliance with the requirements of 1968 PA 317, MCL 15.321 to
16 15.330.

17 (i) A requirement that the board of directors shall prohibit
18 specifically identified family relationships between members of
19 the board of directors, individuals who have an ownership
20 interest in or who are officers or employees of an educational
21 management company involved in the operation of the urban high
22 school academy, and employees of the urban high school academy.
23 The contract shall identify the specific prohibited relationships
24 consistent with applicable law.

25 (j) A requirement that the board of directors of the urban
26 high school academy shall make information concerning its
27 operation and management available to the public and to the

1 authorizing body in the same manner as is required by state law
2 for school districts.

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

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

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

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

21 (iv) A current list of teachers working at the urban high
22 school academy that includes their individual salaries; copies of
23 the teaching certificates or permits of current teaching staff;
24 and evidence of compliance with the criminal background and
25 records checks and unprofessional conduct check required under
26 sections 1230, 1230a, and 1230b for all teachers and
27 administrators working at the urban high school academy.

1 (v) Curriculum documents and materials given to the
2 authorizing body.

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

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

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

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

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

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

15 (l) A requirement that, if the board of directors of the
16 urban high school academy enters into an agreement with an
17 educational management company for operation or management of the
18 urban high school academy, the agreement between the board of
19 directors and the educational management company must comply with
20 section 1320.

21 (m) A requirement that the authorizing body must review and
22 may disapprove any agreement between the board of directors and
23 an educational management company entered into under section 1320
24 before the agreement is final and valid. An authorizing body may
25 disapprove an agreement described in this subdivision only if the
26 agreement is contrary to the contract or applicable law.

27 (n) A requirement that the board of directors shall

1 demonstrate all of the following to the satisfaction of the
2 authorizing body with regard to its pupil admission process:

3 (i) That the urban high school academy has made a reasonable
4 effort to advertise its enrollment openings in a newspaper of
5 general circulation in the intermediate school district in which
6 the urban high school academy is located.

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

11 (A) Reasonable efforts to advertise all enrollment openings
12 to organizations and media that regularly serve and advocate for
13 individuals with disabilities within the boundaries of the
14 intermediate school district in which the urban high school
15 academy is located.

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

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

23 (o) A requirement that the board of directors shall prohibit
24 any individual from being employed by the urban high school
25 academy in more than 1 full-time position and simultaneously
26 being compensated at a full-time rate for each of those
27 positions.

1 (p) A requirement that, if requested, the board of directors
2 shall report to the authorizing body the total compensation for
3 each individual working at the urban high school academy.

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

6 (a) The open meetings act, 1976 PA 267, MCL 15.261 to
7 15.275.

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

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

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

12 (e) 1978 PA 566, MCL 15.181 to 15.185.

13 (f) 1968 PA 317, MCL 15.321 to 15.330.

14 (g) The uniform budgeting and accounting act, 1968 PA 2, MCL
15 141.421 to 141.440a.

16 (h) The revised municipal finance act, 2001 PA 34, MCL
17 141.2101 to 141.2821.

18 (i) The federal no child left behind act of 2001, Public Law
19 107-110, 115 Stat. 1425.

20 (j) Sections 1134, 1135, 1146, 1153, 1263(3), 1267, 1274, and
21 1280.

22 (4) An urban high school academy and its incorporators, board
23 members, officers, employees, and volunteers have governmental
24 immunity as provided in section 7 of 1964 PA 170, MCL 691.1407.
25 An authorizing body and its board members, officers, and
26 employees are immune from civil liability, both personally and
27 professionally, for any acts or omissions in authorizing or

1 oversight of an urban high school academy if the authorizing body
2 or the person acted or reasonably believed he or she acted within
3 the authorizing body's or the person's scope of authority.

4 (5) An urban high school academy is exempt from all taxation
5 on its earnings and property. Instruments of conveyance to or
6 from an urban high school academy are exempt from all taxation,
7 including taxes imposed by 1966 PA 134, MCL 207.501 to 207.513.
8 An urban high school academy may not levy ad valorem property
9 taxes or any other tax for any purpose.

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

25 Sec. 523a. (1) An agreement, mortgage, loan, or other
26 instrument of indebtedness entered into by an urban high school
27 academy and a third party does not constitute an obligation,

1 either general, special, or moral, of this state or an
2 authorizing body. The full faith and credit or the taxing power
3 of this state or any agency of this state, or the full faith and
4 credit of an authorizing body, may not be pledged for the payment
5 of any urban high school academy bond, note, agreement, mortgage,
6 loan, or other instrument of indebtedness.

7 (2) This part does not impose any liability on this state or
8 on an authorizing body for any debt incurred by an urban high
9 school academy.

10 Sec. 524. (1) An urban high school academy may be located
11 in all or part of an existing public school building. Except as
12 otherwise provided in this subsection, an urban high school
13 academy shall not operate at a site other than the single site
14 requested for the configuration of grades that will use the site,
15 as specified in the contract. However, an authorizing body may
16 include a provision in the contract allowing an urban high school
17 academy to operate the same configuration of grades at more than
18 1 site. If an urban high school academy operates the same
19 configuration of grades at more than 1 site, each of those sites
20 shall be considered to be operated under a separate contract, and
21 the operation shall be equivalent to the issuance of a contract,
22 for the purposes of the limitation in section 522(2) on the
23 number of contracts that may be issued under this part. For the
24 purposes of this subsection, if an urban high school academy
25 operates classes at more than 1 location, the urban high school
26 academy shall be considered to be operating at a single site if
27 all of the locations are within a 1-mile radius of the urban high

1 school academy's central administrative office and if the total
2 number of pupils enrolled in any particular grade at all of the
3 locations does not exceed 125.

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

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

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

3 (a) A sibling of a pupil enrolled in the urban high school
4 academy.

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

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

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

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

24 (b) Subject to section 523a, to acquire, hold, and own in its
25 own name real and personal property, or interests in real or
26 personal property, for educational purposes by purchase, gift,
27 grant, devise, bequest, lease, sublease, installment purchase

1 agreement, land contract, option, or condemnation, and subject to
2 mortgages, security interests, or other liens; and to sell or
3 convey the property as the interests of the urban high school
4 academy require.

5 (c) To receive, disburse, and pledge funds for lawful
6 purposes.

7 (d) To enter into binding legal agreements with persons or
8 entities as necessary for the operation, management, financing,
9 and maintenance of the urban high school academy.

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

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

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

27 Sec. 526. (1) Except as otherwise provided by law, an urban

1 high school academy shall use certificated teachers according to
2 state board rule.

3 (2) An urban high school academy may use noncertificated
4 individuals to teach as follows:

5 (a) The urban high school academy may use as a classroom
6 teacher in any grade a faculty member who is employed full-time
7 by the state public university that is the authorizing body and
8 who has been granted institutional tenure, or has been designated
9 as being on tenure track, by that state public university.

10 (b) In any other situation in which a school district is
11 permitted under this act to use noncertificated teachers.

12 (3) An urban high school academy may develop and implement
13 new teaching techniques or methods or significant revisions to
14 known teaching techniques or methods and shall report those to
15 the authorizing body and state board to be made available to the
16 public. An urban high school academy may use any instructional
17 technique or delivery method that may be used by a school
18 district.

19 Sec. 527. An urban high school academy, with the approval
20 of the authorizing body, may employ or contract with personnel,
21 or enter into a contract with another party to furnish teachers
22 or other personnel, as necessary for the operation of the urban
23 high school academy, prescribe their duties, and fix their
24 compensation.

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

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

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

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

8 (d) Oversee the operations of each urban high school academy
9 operating under a contract issued by the authorizing body. The
10 oversight shall be sufficient to ensure that the urban high
11 school academy is in compliance with the terms of the contract
12 and with applicable law. An authorizing body may enter into an
13 agreement with 1 or more other authorizing bodies to oversee an
14 urban high school academy operating under a contract issued by
15 the authorizing body.

16 (e) Develop and implement a process for holding an urban high
17 school academy board of directors accountable for meeting
18 applicable academic performance standards set forth in the
19 contract and for implementing corrective action for an urban high
20 school academy that does not meet those standards.

21 (f) Take necessary measures to ensure that an urban high
22 school academy board of directors operates independently of any
23 educational management company involved in the operations of the
24 urban high school academy.

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

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

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

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

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

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

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

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

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

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

16 (6) Before an authorizing body revokes a contract, the
17 authorizing body shall consider and take corrective measures to
18 avoid revocation. An authorizing body shall reconstitute the
19 urban high school academy in a final attempt to improve student
20 educational performance or to avoid interruption of the
21 educational process. An authorizing body shall include a
22 reconstituting provision in the contract that identifies these
23 corrective measures, including, but not limited to, removing 1 or
24 more members of the board of directors, withdrawing approval to
25 contract under section 525 for an agreement described in section
26 1320, or appointing a new board of directors or a trustee to take
27 over operation of the urban high school academy.

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

14 (8) If an authorizing body revokes a contract issued under
15 this part, the authorizing body may issue a new contract within
16 the 1-year period following the revocation without the new
17 contract counting toward the maximum number of contracts that may
18 be issued under this part.

19 (9) Not more than 10 days after an urban high school
20 academy's contract terminates or is revoked, the authorizing body
21 shall notify the superintendent of public instruction in writing
22 of the name of the urban high school academy whose contract has
23 terminated or been revoked and the date of contract termination
24 or revocation.

25 (10) If an urban high school academy's contract terminates or
26 is revoked, title to all real and personal property, interest in
27 real or personal property, and other assets owned by the urban

1 high school academy shall revert to the state. This property
2 shall be distributed in accordance with the following:

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

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

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

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

26 (e) As part of the plan of distribution of assets, the urban
27 high school academy board of directors shall designate the

1 director of the department of management and budget, or his or
2 her designee, to dispose of all real property of the urban high
3 school academy corporation in accordance with the directives
4 developed for disposition of surplus land and facilities under
5 section 251 of the management and budget act, 1984 PA 431, MCL
6 18.1251.

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

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

24 Sec. 529. (1) An authorizing body and urban high school
25 academy may include provisions in the contract that permit the
26 entity that applied for the contract to do any of the following:

27 (a) Participate in the recruiting, interviewing, and

1 nominating process for urban high school academy board members.

2 (b) Conduct an independent educational review, on a periodic
3 basis, to determine whether the urban high school academy is
4 successful in implementing the educational goals set forth in the
5 contract.

6 (c) Serve as contract administrator between the urban high
7 school academy board of directors and any educational management
8 company contracted to operate the urban high school academy.

9 (d) Make recommendations to the authorizing body and urban
10 high school academy on how to improve the urban high school
11 academy's operation.

12 (2) If an entity that applies for a contract to establish an
13 urban high school academy contracts with that urban high school
14 academy to provide educational management services, then the
15 entity shall comply with section 1320.

16 Sec. 1320. (1) Beginning with contracts described in this
17 section that are entered into after the effective date of this
18 section, if the governing board of a public school enters into a
19 contract with an educational management company to carry out the
20 operations of a public school under this act, the governing board
21 shall ensure all of the following:

22 (a) That the governing board has conducted sufficient due
23 diligence to conclude that the educational management company has
24 sufficient educational expertise and management experience to
25 provide the agreed services.

26 (b) That the governing board will obtain independent legal
27 counsel in all negotiations with the educational management

1 company.

2 (c) If the governing board is the board of directors of a
3 public school academy, that, pursuant to the contract between the
4 board of directors and the educational management company, the
5 educational management company will provide to the board of
6 directors all financial and other information required to comply
7 with the requirements concerning reporting that are contained in
8 the contract between the board of directors and its authorizing
9 body under section 503 or 523, as applicable.

10 (2) Beginning with contracts described in this section that
11 are entered into after the effective date of this section, if the
12 governing board of a public school enters into a contract with an
13 educational management company to carry out the operations of a
14 public school under this act, the contract between the governing
15 board and the educational management company shall contain at
16 least all of the following provisions:

17 (a) A provision requiring the educational management company
18 to provide to the governing board information regarding any
19 teachers, administrators, and support staff employed by the
20 educational management company and assigned to work at the public
21 school, including at least all of the following personal
22 information:

23 (i) Name.

24 (ii) Education, including highest degree attained.

25 (iii) Salary.

26 (iv) Copy of teaching certificate or other required permit or
27 credential, if required for the position.

1 (v) Description of relevant experience.

2 (vi) Employment record.

3 (b) A provision requiring the educational management company
4 to provide to the governing board information regarding the
5 business operations of the public school, including at least all
6 of the following:

7 (i) Financial records and information concerning the
8 operation of the school, including, but not limited to, budgets
9 and detailed records of funds received from this state and other
10 entities, expenditure of those funds, investment of those funds,
11 carryover, and contractual arrangements or agreements entered
12 into by the educational management company as an agent of the
13 governing board.

14 (ii) Financial records and information concerning leases to
15 which the governing board is a party, including, but not limited
16 to, leases for equipment, physical facility space, or
17 institutional and educational materials.

18 (iii) Financial records and information concerning mortgages
19 and loans to which the governing board is a party.

20 (c) If the governing board is the board of directors of a
21 public school academy, a provision requiring the educational
22 management company to make information available to the board of
23 directors concerning the operation and management of the public
24 school academy, including at least all of the information
25 necessary to comply with the requirements concerning reporting
26 that are contained in the contract between the board of directors
27 and its authorizing body under section 503 or 523, as

1 applicable.

2 (3) This section does not apply to a contract to furnish
3 substitute teachers entered into under section 1236a.

4 (4) As used in this section:

5 (a) "Educational management company" means an entity that
6 enters into an agreement with the governing board of a public
7 school to provide comprehensive educational, administrative,
8 management, or instructional services or staff to the public
9 school.

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

13 Enacting section 1. This amendatory act shall be known and
14 may be referred to as the "charter school oversight and
15 accountability act".