

HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 618

(As amended December 14, 2011)

[A bill to amend 1976 PA 451, entitled  
"The revised school code,"  
by amending sections 501, 502, 502a, 503, 504, 505, 507, 522, 523,  
524, 528, 551, 552, 553, 553a, 556, 559, 561, and 1211 (MCL  
380.501, 380.502, 380.502a, 380.503, 380.504, 380.505, 380.507,  
380.522, 380.523, 380.524, 380.528, 380.551, 380.552, 380.553,  
380.553a, 380.556, 380.559, 380.561, and 380.1211), section 501 as  
amended and section 528 as added by 2003 PA 179, sections 502, 503,  
504, 507, 522, 523, and 524 as amended and sections 502a, 551, 552,  
553, 553a, 556, 559, and 561 as added by 2009 PA 205, section 505  
as amended by 1994 PA 416, and section 1211 as amended by 2010 PA  
216, and by adding sections 503c, 523c, 553c, 1277b, and 1280e; and to  
repeal acts and parts of acts.]

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

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

12           (2) As used in this part:

13           (a) "Authorizing body" means any of the following that issues  
14 a contract as provided in this part:

15           (i) The board of a school district that operates grades K to  
16 12.

17           (ii) An intermediate school board.

18           (iii) The board of a community college.

19           (iv) The governing board of a state public university.

20           (v) **TWO OR MORE OF THE PUBLIC AGENCIES DESCRIBED IN**  
21 **SUBPARAGRAPHS (i) TO (iv) EXERCISING POWER, PRIVILEGE, OR AUTHORITY**  
22 **JOINTLY PURSUANT TO AN INTERLOCAL AGREEMENT UNDER THE URBAN**  
23 **COOPERATION ACT OF 1967, 1967 (EX SESS) PA 7, MCL 124.501 TO**  
24 **124.512.**

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

1 (c) "Community college" means a community college organized  
2 under the community college act of 1966, 1966 PA 331, MCL 389.1 to  
3 389.195, or a federal tribally controlled community college that is  
4 recognized under the tribally controlled ~~community college~~ **COLLEGES**  
5 **AND UNIVERSITIES** assistance act of 1978, ~~Public Law 95-471, 92~~  
6 ~~Stat. 1325,~~ **25 USC 1801 TO 1852**, and is determined by the  
7 department to meet the requirements for accreditation by a  
8 recognized regional accrediting body.

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

17 (e) "Entity" means a partnership, nonprofit or business  
18 corporation, labor organization, or any other association,  
19 corporation, trust, or other legal entity.

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

23 Sec. 502. (1) A public school academy shall be organized and  
24 administered under the direction of a board of directors in  
25 accordance with this part and with bylaws adopted by the board of  
26 directors. A public school academy corporation shall be organized  
27 under the nonprofit corporation act, 1982 PA 162, MCL 450.2101 to

1 450.3192, except that a public school academy corporation is not  
2 required to comply with sections 170 to 177 of 1931 PA 327, MCL  
3 450.170 to 450.177. To the extent disqualified under the state or  
4 federal constitution, a public school academy shall not be  
5 organized by a church or other religious organization and shall not  
6 have any organizational or contractual affiliation with or  
7 constitute a church or other religious organization.

8 (2) Any of the following may act as an authorizing body to  
9 issue a contract to organize and operate 1 or more public school  
10 academies under this part:

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

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

23 (c) The board of a community college. However, except as  
24 otherwise provided in this subdivision, the board of a community  
25 college shall not issue a contract for a public school academy to  
26 operate in a school district organized as a school district of the  
27 first class, a public school academy authorized by the board of a

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

17 [(d) The governing board of a state public university. However,  
 18 the combined total number of contracts for public school academies  
 19 issued by all state public universities shall not exceed ~~150~~.  
 20 ~~Further, the total number of contracts issued by any 1 state public~~  
 21 ~~university shall not exceed 50% of the maximum combined total~~  
 22 ~~number that may be issued under this subdivision. 300 THROUGH DECEMBER~~  
**31, 2012 AND SHALL NOT EXCEED 500 THROUGH DECEMBER 31, 2014. AFTER**  
**DECEMBER 31, 2014, THERE IS NO LIMIT ON THE COMBINED TOTAL NUMBER OF**  
**CONTRACTS FOR PUBLIC SCHOOL ACADEMIES THAT MAY BE ISSUED BY ALL STATE**  
**PUBLIC UNIVERSITIES.]**

23 (E) TWO OR MORE OF THE PUBLIC AGENCIES DESCRIBED IN  
 24 SUBDIVISIONS (A) TO (D) EXERCISING POWER, PRIVILEGE, OR AUTHORITY  
 25 JOINTLY PURSUANT TO AN INTERLOCAL AGREEMENT UNDER THE URBAN  
 26 COOPERATION ACT OF 1967, 1967 (EX SESS) PA 7, MCL 124.501 TO  
 27 124.512.

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

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

6           (b) Subject to the resolution adopted by the authorizing body  
7 under section ~~[503(4)]~~ **[503(5)]**, a list of the proposed members of the  
8 board  
9 of directors of the public school academy and a description of the  
10 qualifications and method for appointment or election of members of  
11 the board of directors.

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

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

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

16 This language shall provide that the public school academy is  
17 incorporated pursuant to this part and that the public school  
18 academy corporation is a governmental entity.

19           (iii) The name of the authorizing body.

20           (iv) The proposed time when the articles of incorporation will  
21 be effective.

22           (v) Other matters considered expedient to be in the articles  
23 of incorporation.

24           (d) A copy of the proposed bylaws of the public school  
25 academy.

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

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

1           (ii) A copy of the educational goals of the public school  
2 academy and the curricula to be offered and methods of pupil  
3 assessment to be used by the public school academy. **THE EDUCATIONAL**  
4 **GOALS SHALL INCLUDE DEMONSTRATED IMPROVED PUPIL ACADEMIC**  
5 **ACHIEVEMENT FOR ALL GROUPS OF PUPILS.** To the extent applicable, the  
6 progress of the pupils in the public school academy shall be  
7 assessed using at least a Michigan education assessment program  
8 (MEAP) test or the Michigan merit examination **UNDER SECTION 1279G,**  
9 as applicable.

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

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

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

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

21           (g) For an application to the board of a school district, an  
22 intermediate school board, or board of a community college,  
23 identification of the local and intermediate school districts in  
24 which the public school academy will be located.

25           (h) An agreement that the public school academy will comply  
26 with the provisions of this part and, subject to the provisions of  
27 this part, with all other state law applicable to public bodies and

1 with federal law applicable to public bodies or school districts.  
 2 ~~—— (i) For a public school academy authorized by a school~~  
 3 ~~district, an assurance that employees of the public school academy~~  
 4 ~~will be covered by the collective bargaining agreements that apply~~  
 5 ~~to other employees of the school district employed in similar~~  
 6 ~~classifications in schools that are not public school academies.~~

7 (I) ~~(j)~~ A description of and address for the proposed physical  
 8 plant in which the public school academy will be located. **AN**  
 9 **APPLICANT MAY REQUEST THE AUTHORIZING BODY TO ISSUE A CONTRACT**  
 10 **ALLOWING THE PUBLIC SCHOOL ACADEMY BOARD OF DIRECTORS TO OPERATE**  
 11 **THE SAME CONFIGURATION OF AGE OR GRADE LEVELS AT MORE THAN 1 SITE.**

12 (4) An authorizing body shall oversee, or shall contract with  
 13 an intermediate school district, community college, or state public  
 14 university to oversee, each public school academy operating under a  
 15 contract issued by the authorizing body. ~~The oversight shall be~~  
 16 ~~sufficient to ensure that the authorizing body can certify that the~~  
 17 ~~public school academy is in compliance with statute, rules, and the~~  
 18 ~~terms of the contract.~~ **THE AUTHORIZING BODY IS RESPONSIBLE FOR**  
 19 **OVERSEEING COMPLIANCE BY THE BOARD OF DIRECTORS WITH THE CONTRACT**  
 20 **AND ALL APPLICABLE LAW. THIS SUBSECTION DOES NOT RELIEVE ANY OTHER**  
 21 **GOVERNMENT ENTITY OF ITS ENFORCEMENT OR SUPERVISORY RESPONSIBILITY.**

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



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

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

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

17 (8) **AN AUTHORIZING BODY MAY ENTER INTO AN INTERGOVERNMENTAL**  
18 **AGREEMENT WITH ANOTHER AUTHORIZING BODY TO ISSUE PUBLIC SCHOOL**  
19 **ACADEMY CONTRACTS. AT A MINIMUM, THE AGREEMENT SHALL FURTHER THE**  
20 **PURPOSES SET FORTH IN SECTION 501, DESCRIBE WHICH AUTHORIZING BODY**  
21 **SHALL ISSUE THE CONTRACT, AND SET FORTH WHICH AUTHORIZING BODY WILL**  
22 **BE RESPONSIBLE FOR MONITORING COMPLIANCE BY THE BOARD OF DIRECTORS**  
23 **OF THE PUBLIC SCHOOL ACADEMY WITH THE CONTRACT AND ALL APPLICABLE**  
24 **LAW.**

25 Sec. 502a. If a public school academy operating under this  
26 part meets the requirements of part 6e, with the approval of its  
27 authorizing body, the board of directors of the public school

1 academy may adopt a resolution choosing to convert the public  
2 school academy to a school of excellence under part 6e. If a board  
3 of directors of a public school academy that meets the requirements  
4 of part 6e is issued a contract to operate as a school of  
5 excellence under part 6e, all of the following apply:

6 (a) The public school academy shall cease to operate as a  
7 public school academy under this part and shall operate as a school  
8 of excellence under part 6e upon the issuance of the contract under  
9 part 6e or at another time as determined by the authorizing body.

10 (b) The public school academy shall be considered to be a  
11 school of excellence for all purposes upon the issuance of the  
12 contract under part 6e or at another time as determined by the  
13 authorizing body, but shall retain its corporate identity.

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

19 (d) The contract issued to the public school academy under  
20 this part shall automatically terminate upon the issuance of a  
21 contract under part 6e or at another time as determined by the  
22 authorizing body.

23 (e) If the authorizing body of the public school academy is  
24 the governing board of a state university, then all of the  
25 following apply to issuance of a new contract for a public school  
26 academy under this part after the conversion:

27 (i) For a period of 12 months after the contract is issued

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1 under part 6e, that authorizing body is the only authorizing body  
 2 that may issue a new contract for a new public school academy to  
 3 fill the availability under section ~~502(d)~~ **502(2)(D)** that is  
 4 created by the conversion of the public school academy to a school  
 5 of excellence.

6 (ii) If the board of directors of the public school academy  
 7 that is issued a contract to fill the availability under section  
 8 ~~502(d)~~ **502(2)(D)** that is created by the conversion chooses to enter  
 9 into an agreement with an educational management organization to  
 10 manage or operate the public school academy, the board of directors  
 11 may give preference to an educational management organization that  
 12 has previously operated a school that met the criteria described in  
 13 section 552(4).

14 ~~—— (iii) At the time the contract is issued, the public school~~  
 15 ~~academy shall not be located in a school district that has a~~  
 16 ~~graduation rate of over 75.5%, on average, for the most recent 3~~  
 17 ~~school years for which the data are available, as determined by the~~  
 18 ~~department.~~

19 Sec. 503. [(1) An authorizing body is not required to issue a  
 20 contract to any person or entity. ~~Public~~ **SUBJECT TO SUBSECTION (2),**  
 21 **PUBLIC** school academy contracts shall be issued on a competitive basis.  
 22 ~~taking into consideration the~~ **IN DECIDING WHETHER TO ISSUE A CONTRACT**  
 23 **FOR A PROPOSED PUBLIC SCHOOL ACADEMY, AN AUTHORIZING BODY SHALL CONSIDER**  
 24 **ALL OF THE FOLLOWING:**

25 (A) **THE** resources available for the proposed public school academy.  
 26 ~~—the~~

27 (B) **THE** population to be served by the proposed public school

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 1 academy. ~~the~~

2 (C) **THE** educational goals to be achieved by the proposed public  
 3 school academy. ~~and the~~

4 (D) **THE** applicant's track record, if any, in ~~operating~~ **ORGANIZING**  
 5 public school academies or other public schools. ~~However, an~~

6 (E) **THE GRADUATION RATE OF A SCHOOL DISTRICT IN WHICH THE PROPOSED**  
 7 **PUBLIC SCHOOL ACADEMY IS PROPOSED TO BE LOCATED.**

(F) **THE POPULATION OF A COUNTY IN WHICH THE PROPOSED PUBLIC SCHOOL**  
**ACADEMY IS PROPOSED TO BE LOCATED.**

(G) **THE NUMBER OF SCHOOLS IN THE PROXIMITY OF A PROPOSED LOCATION**  
**OF THE PROPOSED PUBLIC SCHOOL ACADEMY THAT ARE ON THE LIST UNDER SECTION**  
**1280C(1) OF THE PUBLIC SCHOOLS IN THIS STATE THAT THE DEPARTMENT HAS**  
**DETERMINED TO BE AMONG THE LOWEST ACHIEVING 5% OF ALL PUBLIC SCHOOLS IN**  
**THIS STATE.**

(H) **THE NUMBER OF PUPILS ON WAITING LISTS OF PUBLIC SCHOOL**  
**ACADEMIES IN THE PROXIMITY OF A PROPOSED LOCATION OF THE PROPOSED PUBLIC**  
**SCHOOL ACADEMY.**

(2) **AN** authorizing body may give priority to a **PROPOSED** public  
 school academy that is intended to replace a public school academy that  
 has been closed pursuant to section ~~507(2)~~, **507(5)**, that will operate all  
 of the same grade levels as the public school academy that has been  
 closed, and that will work toward operating all of grades 9 to 12 within  
 6 years after it begins operations unless a matriculation agreement has  
 been entered into with another public school that provides grades 9 to  
 12.

8 ~~(2)-(3)]~~ If a person or entity applies to the board of a school  
 9 district for a contract to organize and operate 1 or more public  
 10 school academies within the boundaries of the school district and  
 11 the board does not issue the contract, the person or entity may  
 12 petition the board to place the question of issuing the contract on  
 13 the ballot to be decided by the school electors of the school  
 14 district. The petition shall contain all of the information  
 15 required to be in the contract application under section 502 and  
 16 shall be signed by a number of school electors of the school  
 17 district equal to at least ~~15%~~ **5%** of the total number of school  
 18 electors of that school district. The petition shall be filed with  
 19 the school district filing official. If the board receives a  
 20 petition meeting the requirements of this subsection, the board

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21 shall have the question of issuing the contract placed on the  
22 ballot at its next regular school election held at least 60 days  
23 after receiving the petition. If a majority of the school electors  
24 of the school district voting on the question vote to issue the  
25 contract, the board shall issue the contract.

26 [~~(3)~~-(4)] Within 10 days after issuing a contract for a public  
27 school academy, the authorizing body shall submit to the

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1 superintendent of public instruction a copy of the contract. ~~and of~~  
2 ~~the application under section 502.~~

3 ~~[(4)–(5)]~~ An authorizing body shall adopt a resolution establishing  
4 the method of selection, length of term, and number of members of  
5 the board of directors of each public school academy subject to its  
6 jurisdiction. **THE RESOLUTION SHALL BE WRITTEN OR AMENDED AS**  
7 **NECESSARY TO INCLUDE A REQUIREMENT THAT EACH MEMBER OF THE BOARD OF**  
8 **DIRECTORS MUST BE A CITIZEN OF THE UNITED STATES.**

9 ~~[(5)–(6)]~~ A contract issued to organize and administer a public  
10 school academy shall contain at least all of the following:

11 (a) The educational goals the public school academy is to  
12 achieve and the methods by which it will be held accountable. **THE**  
13 **EDUCATIONAL GOALS SHALL INCLUDE DEMONSTRATED IMPROVED PUPIL**  
14 **ACADEMIC ACHIEVEMENT FOR ALL GROUPS OF PUPILS.** To the extent  
15 applicable, the pupil performance of a public school academy shall  
16 be assessed using at least a Michigan education assessment program  
17 (MEAP) test or the Michigan merit examination **UNDER SECTION 1279G,**  
18 as applicable.

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

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

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

26 ~~—(e) For a public school academy authorized by a school~~  
27 ~~district, an agreement that employees of the public school academy~~

1 ~~will be covered by the collective bargaining agreements that apply~~  
2 ~~to employees of the school district employed in similar~~  
3 ~~classifications in schools that are not public school academies.~~

4 (E) ~~(f)~~ Procedures for revoking the contract and grounds for  
5 revoking the contract, including at least the grounds listed in  
6 section 507.

7 (F) ~~(g)~~ A description of and address for the proposed physical  
8 plant in which the public school academy will be located. ~~At the~~  
9 ~~time the contract is issued for a public school academy under~~  
10 ~~section 502a, the public school academy shall not be located in a~~  
11 ~~school district that has a graduation rate of over 75.5%, on~~  
12 ~~average, for the most recent 3 school years for which the data are~~  
13 ~~available, as determined by the department.~~ **AN AUTHORIZING BODY MAY**  
14 **INCLUDE A PROVISION IN THE CONTRACT ALLOWING THE BOARD OF DIRECTORS**  
15 **OF THE PUBLIC SCHOOL ACADEMY TO OPERATE THE SAME CONFIGURATION OF**  
16 **AGE OR GRADE LEVELS AT MORE THAN 1 SITE IF EACH CONFIGURATION OF**  
17 **AGE OR GRADE LEVELS AND EACH SITE IDENTIFIED IN THE CONTRACT ARE**  
18 **UNDER THE DIRECTION AND CONTROL OF THE BOARD OF DIRECTORS.**

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

23 (H) ~~(i)~~ The term of the contract and a description of the  
24 process and standards for renewal of the contract at the end of the  
25 term. The standards for renewal shall include ~~student growth~~  
26 **INCREASES IN ACADEMIC ACHIEVEMENT FOR ALL GROUPS OF PUPILS** as  
27 measured by assessments and other objective criteria as a

1 ~~significant~~ THE MOST IMPORTANT factor in the decision of whether or  
2 not to renew the contract.

3 (I) A CERTIFICATION, SIGNED BY AN AUTHORIZED MEMBER OF THE  
4 BOARD OF DIRECTORS OF THE PUBLIC SCHOOL ACADEMY, THAT THE PUBLIC  
5 SCHOOL ACADEMY WILL COMPLY WITH THE CONTRACT AND ALL APPLICABLE  
6 LAW.

7 (J) A REQUIREMENT THAT THE BOARD OF DIRECTORS OF THE PUBLIC  
8 SCHOOL ACADEMY SHALL ENSURE COMPLIANCE WITH THE REQUIREMENTS OF  
9 1968 PA 317, MCL 15.321 TO 15.330.

10 (K) A REQUIREMENT THAT THE BOARD OF DIRECTORS OF THE PUBLIC  
11 SCHOOL ACADEMY SHALL PROHIBIT SPECIFICALLY IDENTIFIED FAMILY  
12 RELATIONSHIPS BETWEEN MEMBERS OF THE BOARD OF DIRECTORS,  
13 INDIVIDUALS WHO HAVE AN OWNERSHIP INTEREST IN OR WHO ARE OFFICERS  
14 OR EMPLOYEES OF AN EDUCATIONAL MANAGEMENT ORGANIZATION INVOLVED IN  
15 THE OPERATION OF THE PUBLIC SCHOOL ACADEMY, AND EMPLOYEES OF THE  
16 PUBLIC SCHOOL ACADEMY. THE CONTRACT SHALL IDENTIFY THE SPECIFIC  
17 PROHIBITED RELATIONSHIPS CONSISTENT WITH APPLICABLE LAW.

18 (L) A REQUIREMENT THAT THE BOARD OF DIRECTORS OF THE PUBLIC  
19 SCHOOL ACADEMY SHALL MAKE INFORMATION CONCERNING ITS OPERATION AND  
20 MANAGEMENT AVAILABLE TO THE PUBLIC AND TO THE AUTHORIZING BODY IN  
21 THE SAME MANNER AS IS REQUIRED BY STATE LAW FOR SCHOOL DISTRICTS.

22 (M) A REQUIREMENT THAT THE BOARD OF DIRECTORS OF THE PUBLIC  
23 SCHOOL ACADEMY SHALL COLLECT, MAINTAIN, AND MAKE AVAILABLE TO THE  
24 PUBLIC AND THE AUTHORIZING BODY, IN ACCORDANCE WITH APPLICABLE LAW  
25 AND THE CONTRACT, AT LEAST ALL OF THE FOLLOWING INFORMATION  
26 CONCERNING THE OPERATION AND MANAGEMENT OF THE PUBLIC SCHOOL  
27 ACADEMY:



1           (i) A COPY OF THE CONTRACT ISSUED BY THE AUTHORIZING BODY FOR  
2 THE PUBLIC SCHOOL ACADEMY.

3           (ii) A LIST OF CURRENTLY SERVING MEMBERS OF THE BOARD OF  
4 DIRECTORS OF THE PUBLIC SCHOOL ACADEMY, INCLUDING NAME, ADDRESS,  
5 AND TERM OF OFFICE; COPIES OF POLICIES APPROVED BY THE BOARD OF  
6 DIRECTORS; BOARD MEETING AGENDAS AND MINUTES; A COPY OF THE BUDGET  
7 APPROVED BY THE BOARD OF DIRECTORS AND OF ANY AMENDMENTS TO THE  
8 BUDGET; AND COPIES OF BILLS PAID FOR AMOUNTS OF \$10,000.00 OR MORE  
9 AS THEY WERE SUBMITTED TO THE BOARD OF DIRECTORS.

10           (iii) QUARTERLY FINANCIAL REPORTS SUBMITTED TO THE AUTHORIZING  
11 BODY.

12           (iv) A CURRENT LIST OF TEACHERS AND SCHOOL ADMINISTRATORS  
13 WORKING AT THE PUBLIC SCHOOL ACADEMY THAT INCLUDES THEIR INDIVIDUAL  
14 SALARIES AS SUBMITTED TO THE REGISTRY OF EDUCATIONAL PERSONNEL;  
15 COPIES OF THE TEACHING OR SCHOOL ADMINISTRATOR'S CERTIFICATES OR  
16 PERMITS OF CURRENT TEACHING AND ADMINISTRATIVE STAFF; AND EVIDENCE  
17 OF COMPLIANCE WITH THE CRIMINAL BACKGROUND AND RECORDS CHECKS AND  
18 UNPROFESSIONAL CONDUCT CHECK REQUIRED UNDER SECTIONS 1230, 1230A,  
19 AND 1230B FOR ALL TEACHERS AND ADMINISTRATORS WORKING AT THE PUBLIC  
20 SCHOOL ACADEMY.

21           (v) CURRICULUM DOCUMENTS AND MATERIALS GIVEN TO THE  
22 AUTHORIZING BODY.

23           (vi) PROOF OF INSURANCE AS REQUIRED BY THE CONTRACT.

24           (vii) COPIES OF FACILITY LEASES OR DEEDS, OR BOTH, AND OF ANY  
25 EQUIPMENT LEASES.

26           (viii) COPIES OF ANY MANAGEMENT CONTRACTS OR SERVICES CONTRACTS  
27 APPROVED BY THE BOARD OF DIRECTORS.

1           (ix) ALL HEALTH AND SAFETY REPORTS AND CERTIFICATES, INCLUDING  
2 THOSE RELATING TO FIRE SAFETY, ENVIRONMENTAL MATTERS, ASBESTOS  
3 INSPECTION, BOILER INSPECTION, AND FOOD SERVICE.

4           (x) ANY MANAGEMENT LETTERS ISSUED AS PART OF THE ANNUAL  
5 FINANCIAL AUDIT UNDER SUBDIVISION (G).

6           (xi) ANY OTHER INFORMATION SPECIFICALLY REQUIRED UNDER THIS  
7 ACT.

8           (N) A REQUIREMENT THAT THE AUTHORIZING BODY MUST REVIEW AND  
9 MAY DISAPPROVE ANY AGREEMENT BETWEEN THE BOARD OF DIRECTORS OF THE  
10 PUBLIC SCHOOL ACADEMY AND AN EDUCATIONAL MANAGEMENT ORGANIZATION  
11 BEFORE THE AGREEMENT IS FINAL AND VALID. AN AUTHORIZING BODY MAY  
12 DISAPPROVE AN AGREEMENT DESCRIBED IN THIS SUBDIVISION ONLY IF THE  
13 AGREEMENT IS CONTRARY TO THE CONTRACT OR APPLICABLE LAW.

14           (O) A REQUIREMENT THAT THE BOARD OF DIRECTORS OF THE PUBLIC  
15 SCHOOL ACADEMY SHALL DEMONSTRATE ALL OF THE FOLLOWING TO THE  
16 SATISFACTION OF THE AUTHORIZING BODY WITH REGARD TO ITS PUPIL  
17 ADMISSION PROCESS:

18           (i) THAT THE PUBLIC SCHOOL ACADEMY HAS MADE A REASONABLE EFFORT  
19 TO ADVERTISE ITS ENROLLMENT OPENINGS.

20           (ii) 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           (P) A REQUIREMENT THAT THE BOARD OF DIRECTORS OF THE PUBLIC  
24 SCHOOL ACADEMY SHALL PROHIBIT ANY INDIVIDUAL FROM BEING EMPLOYED BY  
25 THE PUBLIC SCHOOL ACADEMY IN MORE THAN 1 FULL-TIME POSITION AND  
26 SIMULTANEOUSLY BEING COMPENSATED AT A FULL-TIME RATE FOR EACH OF  
27 THOSE POSITIONS.

Senate Bill No. 618 (H-4) as amended December 14, 2011

1       ~~[(6)–(7)]~~ A public school academy shall comply with all applicable  
2 law, including all of the following:

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

4           (b) The freedom of information act, 1976 PA 442, MCL 15.231 to  
5 15.246.

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

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

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

9           **(F) LAWS CONCERNING PARTICIPATION IN STATE ASSESSMENTS, DATA**  
10 **COLLECTION SYSTEMS, STATE LEVEL STUDENT GROWTH MODELS, STATE**  
11 **ACCOUNTABILITY AND ACCREDITATION SYSTEMS, AND OTHER PUBLIC**  
12 **COMPARATIVE DATA COLLECTION REQUIRED FOR PUBLIC SCHOOLS.**

13       ~~[(7)–(8)]~~ A public school academy and its incorporators, board  
14 members, officers, employees, and volunteers have governmental  
15 immunity as provided in section 7 of 1964 PA 170, MCL 691.1407. An  
16 authorizing body and its board members, officers, and employees are  
17 immune from civil liability, both personally and professionally,  
18 for an act or omission in authorizing a public school academy if  
19 the authorizing body or the person acted or reasonably believed he  
20 or she acted within the authorizing body's or the person's scope of  
21 authority.

22       ~~[(8)–(9)]~~ A public school academy is exempt from all taxation on  
23 its  
24 earnings and property. Instruments of conveyance to or from a  
25 public school academy are exempt from all taxation including taxes  
26 imposed by 1966 PA 134, MCL 207.501 to 207.513. **[UNLESS THE PROPERTY IS**  
**ALREADY FULLY EXEMPT FROM REAL AND PERSONAL PROPERTY TAXES UNDER THE**  
**GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.1 TO 211.155,] PROPERTY**  
**OCCUPIED**

27 **BY A PUBLIC SCHOOL ACADEMY AND USED EXCLUSIVELY FOR EDUCATIONAL**  
28 **PURPOSES IS EXEMPT FROM REAL AND PERSONAL PROPERTY TAXES LEVIED FOR**

Senate Bill No. 618 (H-4) as amended December 14, 2011

1 SCHOOL OPERATING PURPOSES UNDER SECTION 1211, TO THE EXTENT  
2 EXEMPTED UNDER THAT SECTION, AND FROM REAL AND PERSONAL PROPERTY  
3 TAXES LEVIED UNDER THE STATE EDUCATION TAX ACT, 1993 PA 331, MCL  
4 211.901 TO 211.906. A public school academy may not levy ad valorem  
5 property taxes or another tax for any purpose. However, operation  
6 of 1 or more public school academies by a school district or  
7 intermediate school district does not affect the ability of the  
8 school district or intermediate school district to levy ad valorem  
9 property taxes or another tax.

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

24 **[(11)] A MEMBER OF THE BOARD OF DIRECTORS OF A PUBLIC SCHOOL**  
25 **ACADEMY IS A PUBLIC OFFICER AND SHALL, BEFORE ENTERING UPON THE**  
26 **DUTIES OF THE OFFICE, TAKE THE CONSTITUTIONAL OATH OF OFFICE FOR**  
27 **PUBLIC OFFICERS UNDER SECTION 1 OF ARTICLE XI OF THE STATE**

1 CONSTITUTION OF 1963.

2 SEC. 503C. (1) BEGINNING WITH MANAGEMENT AGREEMENTS DESCRIBED  
3 IN THIS SECTION THAT ARE ENTERED INTO OR RENEWED AFTER THE  
4 EFFECTIVE DATE OF THIS SECTION, IF THE BOARD OF DIRECTORS OF A  
5 PUBLIC SCHOOL ACADEMY ENTERS INTO OR RENEWS A MANAGEMENT AGREEMENT  
6 WITH AN EDUCATIONAL MANAGEMENT ORGANIZATION TO CARRY OUT THE  
7 OPERATIONS OF THE PUBLIC SCHOOL ACADEMY, BOTH OF THE FOLLOWING  
8 APPLY:

9 (A) THE MANAGEMENT AGREEMENT SHALL REQUIRE THE EDUCATIONAL  
10 MANAGEMENT ORGANIZATION TO PROVIDE TO THE BOARD OF DIRECTORS AT  
11 LEAST ANNUALLY ALL OF THE SAME INFORMATION THAT A SCHOOL DISTRICT  
12 IS REQUIRED TO DISCLOSE UNDER SECTION 18(2) OF THE STATE SCHOOL AID  
13 ACT OF 1979, MCL 388.1618, FOR THE MOST RECENT SCHOOL FISCAL YEAR  
14 FOR WHICH THAT INFORMATION IS AVAILABLE.

15 (B) WITHIN 30 DAYS AFTER RECEIVING THE INFORMATION UNDER  
16 SUBDIVISION (A), THE BOARD OF DIRECTORS SHALL MAKE ALL OF THE  
17 INFORMATION IT RECEIVES UNDER SUBDIVISION (A) AVAILABLE THROUGH A  
18 LINK ON THE PUBLIC SCHOOL ACADEMY'S WEBSITE HOMEPAGE, IN A FORM AND  
19 MANNER PRESCRIBED BY THE DEPARTMENT.

20 (2) AS USED IN THIS SECTION:

21 (A) "EDUCATIONAL MANAGEMENT ORGANIZATION" MEANS AN ENTITY THAT  
22 ENTERS INTO A MANAGEMENT AGREEMENT WITH A PUBLIC SCHOOL ACADEMY.

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

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

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1 INSTRUCTIONAL SERVICES OR STAFF TO A PUBLIC SCHOOL ACADEMY.

2 (D) "SCHOOL FISCAL YEAR" MEANS THE PERIOD THAT BEGINS JULY 1  
3 AND ENDS JUNE 30.

4 Sec. 504. [(1) A public school academy may be located in all or  
5 part of an existing public school building. A public school academy  
6 shall not operate at a site other than the ~~single-site~~ OR SITES  
7 requested for the configuration of ~~grades~~ AGE OR GRADE LEVELS that will  
8 use the site OR SITES, as specified in the ~~application required under~~  
9 ~~section 502 and in the~~ contract. UNDER A CONTRACT, AN AUTHORIZING BODY  
10 MAY PERMIT A PUBLIC SCHOOL ACADEMY TO OPERATE THE SAME CONFIGURATION OF  
11 AGE OR GRADE LEVELS AT MORE THAN 1 SITE, AND A PUBLIC SCHOOL ACADEMY MAY  
12 OPERATE THE SAME CONFIGURATION OF AGE OR GRADE LEVELS AT MORE THAN 1  
13 SITE, AS LONG AS THE PUBLIC SCHOOL ACADEMY IS OPERATING IN COMPLIANCE  
14 WITH ITS CONTRACT AND IS MAKING MEASURABLE PROGRESS TOWARD MEETING ITS  
EDUCATIONAL GOALS. FOR A CONTRACT FOR A NEW PUBLIC SCHOOL ACADEMY, AN  
AUTHORIZING BODY MAY PERMIT A PUBLIC SCHOOL ACADEMY TO OPERATE THE SAME  
CONFIGURATION OF AGE OR GRADE LEVELS AT MORE THAN 1 SITE, AND A PUBLIC  
SCHOOL ACADEMY MAY OPERATE THE SAME CONFIGURATION OF AGE OR GRADE LEVELS  
AT MORE THAN 1 SITE, IF THE APPLICANT FOR THE PROPOSED PUBLIC SCHOOL  
ACADEMY PRESENTS DOCUMENTATION TO THE AUTHORIZING BODY DEMONSTRATING  
THAT THE APPLICANT'S PROPOSED EDUCATIONAL MODEL HAS RESULTED IN SCHOOLS  
MAKING MEASURABLE PROGRESS TOWARD MEETING THEIR EDUCATIONAL GOALS.]

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

24 (3) Except for a foreign exchange student who is not a United  
25 States citizen, a public school academy shall not enroll a pupil  
26 who is not a resident of this state. ~~Enrollment~~ FOR A PUBLIC SCHOOL

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27 ACADEMY AUTHORIZED BY A SCHOOL DISTRICT, INTERMEDIATE SCHOOL

1 **DISTRICT, OR COMMUNITY COLLEGE, ENROLLMENT** in the public school  
2 academy may be open to all individuals who reside in this state who  
3 meet the admission policy and shall be open to all pupils who  
4 reside within the geographic boundaries ~~, if any, of the~~ **THAT**  
5 ~~authorizing body as described in section 502(2)(a) to (c)~~ who meet  
6 the admission policy, except that admission to a public school  
7 academy authorized by the board of a community college to operate,  
8 or operated by the board of a community college, on the grounds of  
9 a federal military installation, as described in section 502(2)(c),  
10 shall be open to all pupils who reside in the county in which the  
11 federal military installation is located. For a public school  
12 academy authorized by a state public university, enrollment shall  
13 be open to all pupils who reside in this state who meet the  
14 admission policy. Subject to subsection (4), if there are more  
15 applications to enroll in the public school academy than there are  
16 spaces available, pupils shall be selected to enroll using a random  
17 selection process. A public school academy shall allow any pupil  
18 who was enrolled in the public school academy in the immediately  
19 preceding school year to enroll in the public school academy in the  
20 appropriate grade unless the appropriate grade is not offered at  
21 that public school academy.

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

24 (a) A sibling of a pupil enrolled in the public school  
25 academy.

26 (b) A pupil who transfers to the public school academy from  
27 another public school ~~academy~~ pursuant to a matriculation agreement



1 between the public school ~~academies~~ **ACADEMY AND OTHER PUBLIC SCHOOL**  
2 that provides for this enrollment priority, if all of the following  
3 requirements are met:

4 (i) Each public school ~~academy~~ that enters into the  
5 matriculation agreement remains a separate and independent public  
6 school. ~~academy~~.

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

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

16 **(C) A CHILD OF A PERSON WHO IS EMPLOYED BY OR AT THE PUBLIC**  
17 **SCHOOL ACADEMY OR WHO IS ON THE BOARD OF DIRECTORS OF THE PUBLIC**  
18 **SCHOOL ACADEMY. AS USED IN THIS SUBDIVISION, "CHILD" INCLUDES AN**  
19 **ADOPTED CHILD OR A LEGAL WARD.**

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

1           Sec. 505. (1) Except as otherwise provided by law, a public  
2 school academy shall use certificated teachers according to state  
3 board rule.

4           (2) A public school academy ~~operated~~**AUTHORIZED** by a state  
5 public university or community college may use noncertificated  
6 individuals to teach as follows:

7           (a) If the public school academy is ~~operated~~**AUTHORIZED** by a  
8 state public university, the public school academy may use as a  
9 classroom teacher in any grade a faculty member who is employed  
10 full-time by the state public university and who has been granted  
11 institutional tenure, or has been designated as being on tenure  
12 track, by the state public university.

13           (b) For a public school academy ~~operated~~**AUTHORIZED** by a  
14 community college, the public school academy may use as a classroom  
15 teacher a full-time member of the community college faculty who has  
16 at least 5 years' experience at that community college in teaching  
17 the subject matter that he or she is teaching at the public school  
18 academy.

19           (c) In any other situation in which a school district is  
20 permitted under this act to use noncertificated teachers.

21           (3) A public school academy may develop and implement new  
22 teaching techniques or methods or significant revisions to known  
23 teaching techniques or methods, and shall report those to the  
24 authorizing body and state board to be made available to the  
25 public. A public school academy may use any instructional technique  
26 or delivery method that may be used by a school district.

27           Sec. 507. (1) ~~The authorizing body for a public school academy~~

1 ~~is the fiscal agent for the public school academy. A state school~~  
2 ~~aid payment for a public school academy shall be paid to the~~  
3 ~~authorizing body that is the fiscal agent for that public school~~  
4 ~~academy, which shall then forward the payment to the public school~~  
5 ~~academy. An authorizing body has the responsibility to oversee a~~  
6 ~~public school academy's compliance with the contract and all~~  
7 ~~applicable law. A contract issued under this part may be revoked by~~  
8 ~~the authorizing body that issued the contract if the authorizing~~  
9 ~~body determines that 1 or more of the following has occurred:~~

10 ~~—— (a) Failure of the public school academy to abide by and meet~~  
11 ~~the educational goals set forth in the contract.~~

12 ~~—— (b) Failure of the public school academy to comply with all~~  
13 ~~applicable law.~~

14 ~~—— (c) Failure of the public school academy to meet generally~~  
15 ~~accepted public sector accounting principles.~~

16 ~~—— (d) The existence of 1 or more other grounds for revocation as~~  
17 ~~specified in the contract.~~

18 ~~—— (2) Except for a public school academy that is an alternative~~  
19 ~~school serving a special student population, if the superintendent~~  
20 ~~of public instruction determines that a public school academy that~~  
21 ~~has been operating for at least 4 years is among the lowest~~  
22 ~~achieving 5% of all public schools in this state, as defined for~~  
23 ~~the purposes of the federal incentive grant program created under~~  
24 ~~sections 14005 and 14006 of title XIV of the American recovery and~~  
25 ~~reinvestment act of 2009, Public Law 111-5, and is in year 2 of~~  
26 ~~restructuring sanctions under the no child left behind act of 2001,~~  
27 ~~Public Law 107-110, not to include the individualized education~~

1 ~~plan subgroup, the superintendent of public instruction shall~~  
 2 ~~notify the public school academy's authorizing body. If an~~  
 3 ~~authorizing body receives notice from the superintendent of public~~  
 4 ~~instruction under this subsection, the authorizing body shall~~  
 5 ~~revoke the public school academy's contract and the public school~~  
 6 ~~academy shall be closed, effective at the end of the current school~~  
 7 ~~year.~~

8 ~~—— (3) Except for a contract issued by a school district pursuant~~  
 9 ~~to a vote by the school electors on a ballot question under section~~  
 10 ~~503(2), the decision of an authorizing body to revoke a contract~~  
 11 ~~under this section is solely within the discretion of the~~  
 12 ~~authorizing body, is final, and is not subject to review by a court~~  
 13 ~~or any state agency.~~

14 ~~—— (4) An authorizing body that revokes a contract under this~~  
 15 ~~section is not liable for that action to the public school academy,~~  
 16 ~~public school academy corporation, a pupil of the public school~~  
 17 ~~academy, the parent or guardian of a pupil of the public school~~  
 18 ~~academy, or any other person.~~

19 **AN AUTHORIZING BODY THAT ISSUES A**  
 20 **CONTRACT FOR A PUBLIC SCHOOL ACADEMY UNDER THIS PART SHALL DO ALL**  
 21 **OF THE FOLLOWING:**

22 **(A) ENSURE THAT THE CONTRACT AND THE APPLICATION FOR THE**  
 23 **CONTRACT COMPLY WITH THE REQUIREMENTS OF THIS PART.**

24 **(B) WITHIN 10 DAYS AFTER ISSUING THE CONTRACT, SUBMIT TO THE**  
 25 **DEPARTMENT A COPY OF THE CONTRACT.**

26 **(C) ESTABLISH THE METHOD OF SELECTION, LENGTH OF TERM, AND**  
 27 **NUMBER OF MEMBERS OF THE BOARD OF DIRECTORS OF EACH PUBLIC SCHOOL**  
**ACADEMY THAT IT AUTHORIZES. THE AUTHORIZING BODY SHALL ENSURE THAT**

1 THE BOARD OF DIRECTORS INCLUDES REPRESENTATION FROM THE LOCAL  
2 COMMUNITY.

3 (D) OVERSEE EACH PUBLIC SCHOOL ACADEMY OPERATING UNDER A  
4 CONTRACT ISSUED BY THE AUTHORIZING BODY. THE OVERSIGHT SHALL BE  
5 SUFFICIENT TO ENSURE THAT THE BOARD OF DIRECTORS IS IN COMPLIANCE  
6 WITH THE TERMS OF THE CONTRACT AND WITH APPLICABLE LAW.

7 (E) DEVELOP AND IMPLEMENT A PROCESS FOR HOLDING A PUBLIC  
8 SCHOOL ACADEMY ACCOUNTABLE FOR MEETING APPLICABLE ACADEMIC  
9 PERFORMANCE STANDARDS SET FORTH IN THE CONTRACT AND FOR  
10 IMPLEMENTING CORRECTIVE ACTION FOR A PUBLIC SCHOOL ACADEMY THAT  
11 DOES NOT MEET THOSE STANDARDS.

12 (F) TAKE NECESSARY MEASURES TO ENSURE THAT THE BOARD OF  
13 DIRECTORS OF A PUBLIC SCHOOL ACADEMY OPERATES INDEPENDENTLY OF ANY  
14 EDUCATIONAL MANAGEMENT COMPANY INVOLVED IN THE OPERATIONS OF THE  
15 PUBLIC SCHOOL ACADEMY.

16 (G) OVERSEE AND ENSURE THAT THE PUPIL ADMISSION PROCESS USED  
17 BY THE PUBLIC SCHOOL ACADEMY IS OPERATED IN A FAIR AND OPEN MANNER  
18 AND IS IN COMPLIANCE WITH THE CONTRACT AND THIS PART.

19 (H) ENSURE THAT THE BOARD OF DIRECTORS OF THE PUBLIC SCHOOL  
20 ACADEMY MAINTAINS AND RELEASES INFORMATION AS NECESSARY TO COMPLY  
21 WITH APPLICABLE LAW.

22 (2) AN AUTHORIZING BODY MAY ENTER INTO AN AGREEMENT WITH 1 OR  
23 MORE OTHER AUTHORIZING BODIES TO CARRY OUT ANY FUNCTION OF AN  
24 AUTHORIZING BODY UNDER THIS ACT.

25 (3) THE AUTHORIZING BODY FOR A PUBLIC SCHOOL ACADEMY IS THE  
26 FISCAL AGENT FOR THE PUBLIC SCHOOL ACADEMY. A STATE SCHOOL AID  
27 PAYMENT FOR A PUBLIC SCHOOL ACADEMY SHALL BE PAID TO THE

1 AUTHORIZING BODY THAT IS THE FISCAL AGENT FOR THAT PUBLIC SCHOOL  
2 ACADEMY, AND THE AUTHORIZING BODY SHALL THEN FORWARD THE PAYMENT TO  
3 THE PUBLIC SCHOOL ACADEMY. WITHIN 30 DAYS AFTER A CONTRACT IS  
4 SUBMITTED TO THE DEPARTMENT BY AN AUTHORIZING BODY UNDER SUBSECTION  
5 (1), THE DEPARTMENT SHALL ISSUE A DISTRICT CODE TO THE PUBLIC  
6 SCHOOL ACADEMY FOR WHICH THE CONTRACT WAS ISSUED. IF THE DEPARTMENT  
7 DOES NOT ISSUE A DISTRICT CODE WITHIN 30 DAYS AFTER A CONTRACT IS  
8 FILED, THE STATE TREASURER SHALL ASSIGN A TEMPORARY DISTRICT CODE  
9 IN ORDER FOR THE PUBLIC SCHOOL ACADEMY TO RECEIVE FUNDING UNDER THE  
10 STATE SCHOOL AID ACT OF 1979.

11 (4) A CONTRACT ISSUED UNDER THIS PART MAY BE REVOKED BY THE  
12 AUTHORIZING BODY IF THE AUTHORIZING BODY DETERMINES THAT 1 OR MORE  
13 OF THE FOLLOWING HAVE OCCURRED:

14 (A) FAILURE OF THE PUBLIC SCHOOL ACADEMY TO DEMONSTRATE  
15 IMPROVED PUPIL ACADEMIC ACHIEVEMENT FOR ALL GROUPS OF PUPILS OR  
16 MEET THE EDUCATIONAL GOALS SET FORTH IN THE CONTRACT.

17 (B) FAILURE OF THE PUBLIC SCHOOL ACADEMY TO COMPLY WITH ALL  
18 APPLICABLE LAW.

19 (C) FAILURE OF THE PUBLIC SCHOOL ACADEMY TO MEET GENERALLY  
20 ACCEPTED PUBLIC SECTOR ACCOUNTING PRINCIPLES AND DEMONSTRATE SOUND  
21 FISCAL STEWARDSHIP.

22 (D) THE EXISTENCE OF 1 OR MORE OTHER GROUNDS FOR REVOCATION AS  
23 SPECIFIED IN THE CONTRACT.

24 (5) EXCEPT FOR A PUBLIC SCHOOL ACADEMY THAT IS AN ALTERNATIVE  
25 SCHOOL SERVING A SPECIAL STUDENT POPULATION, IF THE SUPERINTENDENT  
26 OF PUBLIC INSTRUCTION DETERMINES THAT A PUBLIC SCHOOL ACADEMY SITE  
27 THAT HAS BEEN OPERATING FOR AT LEAST 4 YEARS IS AMONG THE LOWEST

1 ACHIEVING 5% OF ALL PUBLIC SCHOOLS IN THIS STATE, AS DEFINED FOR  
2 THE PURPOSES OF THE FEDERAL INCENTIVE GRANT PROGRAM CREATED UNDER  
3 SECTIONS 14005 AND 14006 OF TITLE XIV OF THE AMERICAN RECOVERY AND  
4 REINVESTMENT ACT OF 2009, PUBLIC LAW 111-5, IS IN YEAR 2 OF  
5 RESTRUCTURING SANCTIONS UNDER THE NO CHILD LEFT BEHIND ACT OF 2001,  
6 PUBLIC LAW 107-110, NOT TO INCLUDE THE INDIVIDUALIZED EDUCATION  
7 PLAN SUBGROUP, AND IS NOT CURRENTLY UNDERGOING RECONSTITUTION UNDER  
8 THIS SECTION, THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL NOTIFY  
9 THE PUBLIC SCHOOL ACADEMY'S AUTHORIZING BODY. IF AN AUTHORIZING  
10 BODY RECEIVES NOTICE FROM THE SUPERINTENDENT OF PUBLIC INSTRUCTION  
11 UNDER THIS SUBSECTION, THE AUTHORIZING BODY SHALL AMEND THE PUBLIC  
12 SCHOOL ACADEMY'S CONTRACT TO ELIMINATE THE PUBLIC SCHOOL ACADEMY'S  
13 AUTHORITY TO OPERATE THE EXISTING AGE AND GRADE LEVELS AT THE SITE  
14 AND THE PUBLIC SCHOOL ACADEMY SHALL CEASE OPERATING THE EXISTING  
15 AGE AND GRADE LEVELS AT THE SITE, EFFECTIVE AT THE END OF THE  
16 CURRENT SCHOOL YEAR. IF THE PUBLIC SCHOOL ACADEMY OPERATES AT ONLY  
17 1 SITE, AND THE AUTHORIZING BODY RECEIVES NOTICE FROM THE  
18 SUPERINTENDENT OF PUBLIC INSTRUCTION UNDER THIS SUBSECTION, THE  
19 AUTHORIZING BODY SHALL REVOKE THE PUBLIC SCHOOL ACADEMY'S CONTRACT,  
20 EFFECTIVE AT THE END OF THE CURRENT SCHOOL YEAR.

21 (6) THE DECISION OF AN AUTHORIZING BODY TO ISSUE, NOT ISSUE,  
22 OR RECONSTITUTE A CONTRACT UNDER THIS PART, OR TO TERMINATE OR  
23 REVOKE A CONTRACT UNDER THIS SECTION, IS SOLELY WITHIN THE  
24 DISCRETION OF THE AUTHORIZING BODY, IS FINAL, AND IS NOT SUBJECT TO  
25 REVIEW BY A COURT OR ANY STATE AGENCY. AN AUTHORIZING BODY THAT  
26 ISSUES, DOES NOT ISSUE, OR RECONSTITUTES A CONTRACT UNDER THIS  
27 PART, OR THAT TERMINATES OR REVOKES A CONTRACT UNDER THIS SECTION,

1 IS NOT LIABLE FOR THAT ACTION TO THE PUBLIC SCHOOL ACADEMY, THE  
2 PUBLIC SCHOOL ACADEMY CORPORATION, A PUPIL OF THE PUBLIC SCHOOL  
3 ACADEMY, THE PARENT OR GUARDIAN OF A PUPIL OF THE PUBLIC SCHOOL  
4 ACADEMY, OR ANY OTHER PERSON.

5 (7) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (5), BEFORE AN  
6 AUTHORIZING BODY REVOKES A CONTRACT, THE AUTHORIZING BODY MAY  
7 CONSIDER AND TAKE CORRECTIVE MEASURES TO AVOID REVOCATION. AN  
8 AUTHORIZING BODY MAY RECONSTITUTE THE PUBLIC SCHOOL ACADEMY IN A  
9 FINAL ATTEMPT TO IMPROVE STUDENT EDUCATIONAL PERFORMANCE OR TO  
10 AVOID INTERRUPTION OF THE EDUCATIONAL PROCESS. AN AUTHORIZING BODY  
11 SHALL INCLUDE A RECONSTITUTING PROVISION IN THE CONTRACT THAT  
12 IDENTIFIES THESE CORRECTIVE MEASURES, INCLUDING, BUT NOT LIMITED  
13 TO, CANCELING A CONTRACT WITH AN EDUCATIONAL MANAGEMENT  
14 ORGANIZATION, IF ANY, WITHDRAWING APPROVAL OF A CONTRACT UNDER  
15 SECTION 506, OR APPOINTING A NEW BOARD OF DIRECTORS OR A TRUSTEE TO  
16 TAKE OVER OPERATION OF THE PUBLIC SCHOOL ACADEMY.

17 (8) IF AN AUTHORIZING BODY REVOKES A CONTRACT, THE AUTHORIZING  
18 BODY SHALL WORK WITH A SCHOOL DISTRICT OR ANOTHER PUBLIC SCHOOL, OR  
19 WITH A COMBINATION OF THESE ENTITIES, TO ENSURE A SMOOTH TRANSITION  
20 FOR THE AFFECTED PUPILS. IF THE REVOCATION OCCURS DURING THE SCHOOL  
21 YEAR, THE AUTHORIZING BODY, AS THE FISCAL AGENT FOR THE PUBLIC  
22 SCHOOL ACADEMY UNDER THIS PART, SHALL RETURN ANY SCHOOL AID FUNDS  
23 HELD BY THE AUTHORIZING BODY THAT ARE ATTRIBUTABLE TO THE AFFECTED  
24 PUPILS TO THE STATE TREASURER FOR DEPOSIT INTO THE STATE SCHOOL AID  
25 FUND. THE STATE TREASURER SHALL DISTRIBUTE FUNDS TO THE PUBLIC  
26 SCHOOL IN WHICH THE PUPILS ENROLL AFTER THE REVOCATION PURSUANT TO  
27 A METHODOLOGY ESTABLISHED BY THE DEPARTMENT AND THE CENTER FOR



## 1 EDUCATIONAL PERFORMANCE AND INFORMATION.

2 (9) NOT MORE THAN 10 DAYS AFTER A PUBLIC SCHOOL ACADEMY'S  
3 CONTRACT TERMINATES OR IS REVOKED, THE AUTHORIZING BODY SHALL  
4 NOTIFY THE SUPERINTENDENT OF PUBLIC INSTRUCTION IN WRITING OF THE  
5 NAME OF THE PUBLIC SCHOOL ACADEMY WHOSE CONTRACT HAS TERMINATED OR  
6 BEEN REVOKED AND THE DATE OF CONTRACT TERMINATION OR REVOCATION.

7 Sec. 522. (1) An urban high school academy shall be organized  
8 and administered under the direction of a board of directors in  
9 accordance with this part and with bylaws adopted by the board of  
10 directors. An urban high school academy corporation shall be  
11 organized under the nonprofit corporation act, 1982 PA 162, MCL  
12 450.2101 to 450.3192, except that an urban high school academy  
13 corporation is not required to comply with sections 170 to 177 of  
14 1931 PA 327, MCL 450.170 to 450.177. To the extent disqualified  
15 under the state or federal constitution, an urban high school  
16 academy shall not be organized by a church or other religious  
17 organization and shall not have any organizational or contractual  
18 affiliation with or constitute a church or other religious  
19 organization.

20 (2) The governing board of a state public university may act  
21 as an authorizing body to issue a contract for the organization and  
22 operation of an urban high school academy under this part. ~~Subject~~  
23 ~~to section 524(1), not more than 15 contracts may be issued under~~  
24 ~~this part. A contract issued under this part shall be for an urban~~  
25 ~~high school academy that will be located in a county with a~~  
26 ~~population of at least 1,000,000. An urban high school academy~~  
27 ~~authorized under this part shall not operate outside the boundaries~~

1 ~~of a county with a population of at least 1,000,000.~~

2 (3) A contract issued under this part shall be issued for an  
3 initial term of 10 years. If the urban high school academy meets  
4 the educational goals set forth in the contract and operates in  
5 substantial compliance with this part, the authorizing body shall  
6 automatically renew the contract for **A** subsequent 10-year  
7 ~~terms.~~**TERM.**

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

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

15 (b) Subject to the resolution adopted by the authorizing body  
16 under section 528, a list of the proposed members of the board of  
17 directors of the urban high school academy and a description of the  
18 qualifications and method for appointment or election of members of  
19 the board of directors.

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

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

24 (ii) The purposes for the urban high school academy  
25 corporation. This language shall provide that the urban high school  
26 academy is incorporated pursuant to this part and that the urban  
27 high school academy corporation is a governmental entity and

1 political subdivision of this state.

2 (iii) The name of the authorizing body.

3 (iv) The proposed time when the articles of incorporation will  
4 be effective.

5 (v) Other matters considered expedient to be in the articles  
6 of incorporation.

7 (d) A copy of the proposed bylaws of the urban high school  
8 academy.

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

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

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

13 academy and the curricula to be offered and methods of pupil

14 assessment to be used by the urban high school academy. **THE**

15 **EDUCATIONAL GOALS SHALL INCLUDE DEMONSTRATED IMPROVED PUPIL**

16 **ACADEMIC ACHIEVEMENT FOR ALL GROUPS OF PUPILS.** To the extent

17 applicable, the progress of the pupils in the urban high school

18 academy shall be assessed using at least a Michigan education

19 assessment program (MEAP) test or ~~an assessment instrument~~

20 ~~developed under section 1279.~~ **THE MICHIGAN MERIT EXAMINATION UNDER**

21 **SECTION 1279G, AS APPLICABLE.**

22 (iii) The admission policy and criteria to be maintained by the  
23 urban high school academy. The admission policy and criteria shall  
24 comply with section 524. This part of the application also shall  
25 include a description of how the applicant will provide to the  
26 general public adequate notice that an urban high school academy is  
27 being created and adequate information on the admission policy,

1 criteria, and process.

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

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

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

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

12 (5) If a particular state public university issues a contract  
13 that allows an urban high school academy to operate the same  
14 configuration of grades at more than 1 site, as provided in section  
15 524(1), each of those sites shall be under the direction of the  
16 board of directors that is a party to the contract.

17 (6) If the ~~state board~~ **SUPERINTENDENT OF PUBLIC INSTRUCTION**  
18 finds that an authorizing body is not engaging in appropriate  
19 continuing oversight of 1 or more urban high school academies  
20 operating under a contract issued by the authorizing body, the  
21 ~~state board by unanimous vote~~ **SUPERINTENDENT OF PUBLIC INSTRUCTION**  
22 may suspend the power of the authorizing body to issue new  
23 contracts to organize and operate urban high school academies. A  
24 contract issued by the authorizing body during the suspension is  
25 void. A contract issued by the authorizing body before the  
26 suspension is not affected by the suspension.

27 (7) An authorizing body shall not charge a fee, or require

1 reimbursement of expenses, for considering an application for a  
2 contract, for issuing a contract, or for providing oversight of a  
3 contract for an urban high school academy in an amount that exceeds  
4 a combined total of 3% of the total state school aid received by  
5 the urban high school academy in the school year in which the fees  
6 or expenses are charged. All of the following apply to this fee:

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

9 (i) Considering applications and issuing or administering  
10 contracts.

11 (ii) Compliance monitoring and oversight of urban high school  
12 academies.

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

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

16 (v) Academic support to urban high school academies or to  
17 pupils or graduates of urban high school academies.

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

19 (vii) Training of teachers, including supervision of teacher  
20 interns.

21 (viii) Other purposes that assist the urban high school  
22 academies or traditional public schools in achieving improved  
23 academic performance.

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

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

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

16 (a) The proposed school will operate at least all of grades 9  
17 through 12 within 3-5 years after beginning operation.

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

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

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

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

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

1 (a) The educational goals the urban high school academy is to  
2 achieve and the methods by which it will be held accountable. **THE**  
3 **EDUCATIONAL GOALS SHALL INCLUDE DEMONSTRATED IMPROVED PUPIL**  
4 **ACADEMIC ACHIEVEMENT FOR ALL GROUPS OF PUPILS.** To the extent  
5 applicable, the pupil performance of an urban high school academy  
6 shall be assessed using at least a Michigan education assessment  
7 program (MEAP) test or the Michigan merit examination developed  
8 under section 1279g, as applicable.

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

12 (c) A description of the process for amending the contract  
13 during the term of the contract. An authorizing body may approve  
14 amendment of the contract with respect to any provision contained  
15 in the contract.

16 (d) A certification, signed by an authorized member of the  
17 urban high school academy board of directors, that the urban high  
18 school academy will comply with the contract and all applicable  
19 law.

20 (e) Procedures for revoking the contract and grounds for  
21 revoking the contract.

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

24 (g) Requirements and procedures for financial audits. The  
25 financial audits shall be conducted at least annually by an  
26 independent certified public accountant in accordance with  
27 generally accepted governmental auditing principles.

1 (h) A requirement that the board of directors shall ensure  
2 compliance with the requirements of 1968 PA 317, MCL 15.321 to  
3 15.330.

4 (i) A requirement that the board of directors shall prohibit  
5 specifically identified family relationships between members of the  
6 board of directors, individuals who have an ownership interest in  
7 or who are officers or employees of an educational management  
8 company involved in the operation of the urban high school academy,  
9 and employees of the urban high school academy. The contract shall  
10 identify the specific prohibited relationships consistent with  
11 applicable law.

12 (j) A requirement that the board of directors of the urban  
13 high school academy shall make information concerning its operation  
14 and management available to the public and to the authorizing body  
15 in the same manner as is required by state law for school  
16 districts.

17 (k) A requirement that the board of directors of the urban  
18 high school academy shall collect, maintain, and make available to  
19 the public and the authorizing body, in accordance with applicable  
20 law and the contract, at least all of the following information  
21 concerning the operation and management of the urban high school  
22 academy:

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

25 (ii) A list of currently serving members of the board of  
26 directors of the urban high school academy, including name,  
27 address, and term of office; copies of policies approved by the



1 board of directors; board meeting agendas and minutes; copy of the  
2 budget approved by the board of directors and of any amendments to  
3 the budget; and copies of bills paid for amounts of \$10,000.00 or  
4 more as they were submitted to the board of directors.

5 (iii) Quarterly financial reports submitted to the authorizing  
6 body.

7 (iv) A current list of teachers working at the urban high  
8 school academy that includes their individual salaries **AS SUBMITTED**  
9 **TO THE REGISTRY OF EDUCATIONAL PERSONNEL**; copies of the teaching  
10 certificates or permits of current teaching staff; and evidence of  
11 compliance with the criminal background and records checks and  
12 unprofessional conduct check required under sections 1230, 1230a,  
13 and 1230b for all teachers and administrators working at the urban  
14 high school academy.

15 (v) Curriculum documents and materials given to the  
16 authorizing body.

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

18 (vii) Copies of facility leases or deeds, or both, and of any  
19 equipment leases.

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

22 (ix) All health and safety reports and certificates, including  
23 those relating to fire safety, environmental matters, asbestos  
24 inspection, boiler inspection, and food service.

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

27 (xi) Any other information specifically required under this

1 act.

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

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

11 (i) That the urban high school academy has made a reasonable  
12 effort to advertise its enrollment openings. ~~in a newspaper of~~  
13 ~~general circulation in the intermediate school district in which~~  
14 ~~the urban high school academy is located.~~

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

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

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

26 (iii) That the open enrollment period for the urban high school  
27 academy is for a duration of at least 2 weeks and that the

1 enrollment times include some evening and weekend times.

2 (n) A requirement that the board of directors shall prohibit  
3 any individual from being employed by the urban high school academy  
4 in more than 1 full-time position and simultaneously being  
5 compensated at a full-time rate for each of those positions.

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

9 (p) The term of the contract and a description of the process  
10 and standards for renewal of the contract at the end of the term.  
11 The standards for renewal shall include ~~student growth~~ **INCREASES IN**  
12 **ACADEMIC ACHIEVEMENT FOR ALL GROUPS OF PUPILS** as measured by  
13 assessments and other objective criteria as a ~~significant~~ **THE MOST**  
14 **IMPORTANT** factor in the decision of whether or not to renew the  
15 contract.

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

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

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

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

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

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

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

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

27 (h) The revised municipal finance act, 2001 PA 34, MCL

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1 141.2101 to 141.2821.

2 (i) The federal no child left behind act of 2001, Public Law  
3 107-110, 115 Stat. 1425.

4 (j) Sections 1134, 1135, 1146, 1153, 1263(3), 1267, 1274, and  
5 1280.

6 (K) LAWS CONCERNING PARTICIPATION IN STATE ASSESSMENTS, DATA  
7 COLLECTION SYSTEMS, STATE LEVEL STUDENT GROWTH MODELS, STATE  
8 ACCOUNTABILITY AND ACCREDITATION SYSTEMS, AND OTHER PUBLIC  
9 COMPARATIVE DATA COLLECTION REQUIRED FOR PUBLIC SCHOOLS.

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

19 (5) An urban high school academy is exempt from all taxation  
20 on its earnings and property. **[UNLESS THE PROPERTY IS ALREADY FULLY  
EXEMPT FROM REAL AND PERSONAL PROPERTY TAXES UNDER THE GENERAL PROPERTY  
TAX ACT, 1893 PA 206, MCL 211.1 TO 211.155,] PROPERTY OCCUPIED BY AN  
URBAN HIGH**

21 **SCHOOL ACADEMY AND USED EXCLUSIVELY FOR EDUCATIONAL PURPOSES IS**  
22 **EXEMPT FROM REAL AND PERSONAL PROPERTY TAXES LEVIED FOR SCHOOL**  
23 **OPERATING PURPOSES UNDER SECTION 1211, TO THE EXTENT EXEMPTED UNDER**  
24 **THAT SECTION, AND FROM REAL AND PERSONAL PROPERTY TAXES LEVIED**  
25 **UNDER THE STATE EDUCATION TAX ACT, 1993 PA 331, MCL 211.901 TO**  
26 **211.906.** Instruments of conveyance to or from an urban high school  
27 academy are exempt from all taxation, including taxes imposed by

1 1966 PA 134, MCL 207.501 to 207.513. An urban high school academy  
2 may not levy ad valorem property taxes or any other tax for any  
3 purpose.

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

18 **SEC. 523C. (1) BEGINNING WITH MANAGEMENT AGREEMENTS DESCRIBED**  
19 **IN THIS SECTION THAT ARE ENTERED INTO OR RENEWED AFTER THE**  
20 **EFFECTIVE DATE OF THIS SECTION, IF THE BOARD OF DIRECTORS OF AN**  
21 **URBAN HIGH SCHOOL ACADEMY ENTERS INTO OR RENEWS A MANAGEMENT**  
22 **AGREEMENT WITH AN EDUCATIONAL MANAGEMENT ORGANIZATION TO CARRY OUT**  
23 **THE OPERATIONS OF THE URBAN HIGH SCHOOL ACADEMY, BOTH OF THE**  
24 **FOLLOWING APPLY:**

25 (A) THE MANAGEMENT AGREEMENT SHALL REQUIRE THE EDUCATIONAL  
26 MANAGEMENT ORGANIZATION TO PROVIDE TO THE BOARD OF DIRECTORS AT  
27 LEAST ANNUALLY ALL OF THE SAME INFORMATION THAT A SCHOOL DISTRICT

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1 IS REQUIRED TO DISCLOSE UNDER SECTION 18(2) OF THE STATE SCHOOL AID  
2 ACT OF 1979, MCL 388.1618, FOR THE MOST RECENT SCHOOL FISCAL YEAR  
3 FOR WHICH THAT INFORMATION IS AVAILABLE.

4 (B) WITHIN 30 DAYS AFTER RECEIVING THE INFORMATION UNDER  
5 SUBDIVISION (A), THE BOARD OF DIRECTORS SHALL MAKE ALL OF THE  
6 INFORMATION IT RECEIVES UNDER SUBDIVISION (A) AVAILABLE THROUGH A  
7 LINK ON THE URBAN HIGH SCHOOL ACADEMY'S WEBSITE HOMEPAGE, IN A FORM  
8 AND MANNER PRESCRIBED BY THE DEPARTMENT.

9 (2) AS USED IN THIS SECTION:

10 (A) "EDUCATIONAL MANAGEMENT ORGANIZATION" MEANS AN ENTITY THAT  
11 ENTERS INTO A MANAGEMENT AGREEMENT WITH AN URBAN HIGH SCHOOL  
12 ACADEMY.

13 (B) "ENTITY" MEANS A PARTNERSHIP, NONPROFIT OR BUSINESS  
14 CORPORATION, OR ANY OTHER ASSOCIATION, CORPORATION, TRUST, OR OTHER  
15 LEGAL ENTITY.

16 (C) "MANAGEMENT AGREEMENT" MEANS AN AGREEMENT TO PROVIDE  
17 COMPREHENSIVE EDUCATIONAL, ADMINISTRATIVE, MANAGEMENT, OR  
18 INSTRUCTIONAL SERVICES OR STAFF TO AN URBAN HIGH SCHOOL ACADEMY.

19 (D) "SCHOOL FISCAL YEAR" MEANS THE PERIOD THAT BEGINS JULY 1  
20 AND ENDS JUNE 30.

21 Sec. 524. [(1) An urban high school academy may be located in  
22 all or part of an existing public school building. ~~Except as~~  
23 ~~otherwise provided in this subsection, an~~ AN urban high school academy  
24 shall not operate at a site other than the ~~single-site~~ OR SITES,  
25 requested for the configuration of ~~grades~~ AGE OR GRADE LEVELS that will  
26 use the site OR SITES, as specified in the contract. ~~However, an~~  
27 ~~authorizing body may include a provision in the contract allowing an~~

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~~1 urban high school academy to operate the same configuration of grades at  
2 more than 1 site. If an urban high school academy operates the same  
3 configuration of grades at more than 1 site, each of those sites shall be  
4 considered to be operated under a separate contract, and the operation  
5 shall be equivalent to the issuance of a contract, for the purposes of  
6 the limitation in section 522(2) on the number of contracts that  
7 may be issued under this part. For the purposes of this subsection,  
8 if an urban high school academy operates classes at more than 1  
9 location, the urban high school academy shall be considered to be  
10 operating at a single site if all of the locations are within a 1-  
11 mile radius of the urban high school academy's central  
12 administrative office and if the total number of pupils enrolled in  
13 any particular grade at all of the locations does not exceed 135.~~

**UNDER A CONTRACT, AN AUTHORIZING BODY MAY PERMIT AN URBAN HIGH SCHOOL ACADEMY TO OPERATE THE SAME CONFIGURATION OF AGE OR GRADE LEVELS AT MORE THAN 1 SITE, AND AN URBAN HIGH SCHOOL ACADEMY MAY OPERATE THE SAME CONFIGURATION OF AGE OR GRADE LEVELS AT MORE THAN 1 SITE, AS LONG AS THE URBAN HIGH SCHOOL ACADEMY IS OPERATING IN COMPLIANCE WITH ITS CONTRACT AND IS MAKING MEASURABLE PROGRESS TOWARD MEETING ITS EDUCATIONAL GOALS. FOR A CONTRACT FOR A NEW URBAN HIGH SCHOOL ACADEMY, AN AUTHORIZING BODY MAY PERMIT AN URBAN HIGH SCHOOL ACADEMY TO OPERATE THE SAME CONFIGURATION OF AGE OR GRADE LEVELS AT MORE THAN 1 SITE, AND AN URBAN HIGH SCHOOL ACADEMY MAY OPERATE THE SAME CONFIGURATION OF AGE OR GRADE LEVELS AT MORE THAN 1 SITE, IF THE APPLICANT FOR THE PROPOSED URBAN HIGH SCHOOL ACADEMY PRESENTS DOCUMENTATION TO THE AUTHORIZING BODY DEMONSTRATING THAT THE APPLICANT'S PROPOSED EDUCATIONAL MODEL HAS RESULTED IN SCHOOLS MAKING MEASURABLE PROGRESS TOWARD MEETING THEIR EDUCATIONAL GOALS.]**

14 (2) An urban high school academy shall not charge tuition.

15 Except as otherwise provided in this section, an urban high school  
16 academy shall not discriminate in its pupil admissions policies or  
17 practices on the basis of intellectual or athletic ability,  
18 measures of achievement or aptitude, status as a handicapped  
19 person, or any other basis that would be illegal if used by a  
20 school district. However, an urban high school academy may limit  
21 admission to pupils who are within a particular range of age or  
22 grade level or on any other basis that would be legal if used by a  
23 school district and may give enrollment priority as provided in

24 Senate Bill No. 618 (H-4) as amended December 14, 2011  
subsection (4).

25 (3) Except for a foreign exchange student who is not a United  
26 States citizen, an urban high school academy shall not enroll a  
27 pupil who is not a resident of this state. Enrollment in an urban



1 high school academy shall be open to all pupils who reside in this  
2 state who meet the admission policy. Subject to subsection (4), if  
3 there are more applications to enroll in the urban high school  
4 academy than there are spaces available, pupils shall be selected  
5 to attend using a random selection process. An urban high school  
6 academy shall allow any pupil who was enrolled in the urban high  
7 school academy in the immediately preceding school year to enroll  
8 in the urban high school academy in the appropriate grade unless  
9 the appropriate grade is not offered at that urban high school  
10 academy.

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

13 (a) A sibling of a pupil enrolled in the urban high school  
14 academy.

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

19 (5) Subject to the terms of the contract authorizing the urban  
20 high school academy, an urban high school academy shall include at  
21 least grades 9 through 12 within 5 years after beginning operations  
22 and may include other grades or any configuration of those grades,  
23 including kindergarten and early childhood education, as specified  
24 in its contract. If specified in its contract, an urban high school  
25 academy may also operate an adult basic education program, adult  
26 high school completion program, or general education development  
27 testing preparation program.

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

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

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

8           (c) Adopt a resolution establishing the method of selection,  
9 length of term, and number of members of the board of directors of  
10 each urban high school academy that it authorizes. **THE RESOLUTION**  
11 **SHALL BE WRITTEN OR AMENDED AS NECESSARY TO INCLUDE A REQUIREMENT**  
12 **THAT EACH MEMBER OF THE BOARD OF DIRECTORS MUST BE A CITIZEN OF THE**  
13 **UNITED STATES.**

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

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

27           (f) Take necessary measures to ensure that an urban high

1 school academy board of directors operates independently of any  
2 educational management company involved in the operations of the  
3 urban high school academy.

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

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

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

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

26 (4) A contract issued under this part may be revoked by the  
27 authorizing body that issued the contract if the authorizing body

1 determines that 1 or more of the following have occurred:

2 (a) Failure of the urban high school academy to ~~abide by and~~  
3 **DEMONSTRATE IMPROVED PUPIL ACADEMIC ACHIEVEMENT FOR ALL GROUPS OF**  
4 **PUPILS OR** meet the educational goals set forth in the contract.

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

7 (c) Failure of the urban high school academy to meet generally  
8 accepted public sector accounting principles **AND DEMONSTRATE SOUND**  
9 **FISCAL STEWARDSHIP.**

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

12 (5) **EXCEPT FOR AN URBAN HIGH SCHOOL ACADEMY THAT IS AN**  
13 **ALTERNATIVE SCHOOL SERVING A SPECIAL STUDENT POPULATION, IF THE**  
14 **SUPERINTENDENT OF PUBLIC INSTRUCTION DETERMINES THAT AN URBAN HIGH**  
15 **SCHOOL ACADEMY SITE THAT HAS BEEN OPERATING FOR AT LEAST 4 YEARS IS**  
16 **AMONG THE LOWEST ACHIEVING 5% OF ALL PUBLIC SCHOOLS IN THIS STATE,**  
17 **AS DEFINED FOR THE PURPOSES OF THE FEDERAL INCENTIVE GRANT PROGRAM**  
18 **CREATED UNDER SECTIONS 14005 AND 14006 OF TITLE XIV OF THE AMERICAN**  
19 **RECOVERY AND REINVESTMENT ACT OF 2009, PUBLIC LAW 111-5, IS IN YEAR**  
20 **2 OF RESTRUCTURING SANCTIONS UNDER THE NO CHILD LEFT BEHIND ACT OF**  
21 **2001, PUBLIC LAW 107-110, NOT TO INCLUDE THE INDIVIDUALIZED**  
22 **EDUCATION PLAN SUBGROUP, AND IS NOT CURRENTLY UNDERGOING**  
23 **RECONSTITUTION UNDER THIS SECTION, THE SUPERINTENDENT OF PUBLIC**  
24 **INSTRUCTION SHALL NOTIFY THE URBAN HIGH SCHOOL ACADEMY'S**  
25 **AUTHORIZING BODY. IF AN AUTHORIZING BODY RECEIVES NOTICE FROM THE**  
26 **SUPERINTENDENT OF PUBLIC INSTRUCTION UNDER THIS SUBSECTION, THE**  
27 **AUTHORIZING BODY SHALL AMEND THE URBAN HIGH SCHOOL ACADEMY'S**

1 CONTRACT TO ELIMINATE THE URBAN HIGH SCHOOL ACADEMY'S AUTHORITY TO  
 2 OPERATE THE EXISTING AGE AND GRADE LEVELS AT THE SITE AND THE URBAN  
 3 HIGH SCHOOL ACADEMY SHALL CEASE OPERATING THE EXISTING AGE AND  
 4 GRADE LEVELS AT THE SITE, EFFECTIVE AT THE END OF THE CURRENT  
 5 SCHOOL YEAR. IF THE URBAN HIGH SCHOOL ACADEMY OPERATES AT ONLY 1  
 6 SITE, AND THE AUTHORIZING BODY RECEIVES NOTICE FROM THE  
 7 SUPERINTENDENT OF PUBLIC INSTRUCTION UNDER THIS SUBSECTION, THE  
 8 AUTHORIZING BODY SHALL REVOKE THE URBAN HIGH SCHOOL ACADEMY'S  
 9 CONTRACT, EFFECTIVE AT THE END OF THE CURRENT SCHOOL YEAR.

10 (6) ~~(5)~~—The decision of an authorizing body to issue, ~~reissue,~~  
 11 **NOT ISSUE**, or reconstitute a contract under this part, or to  
 12 **TERMINATE OR** revoke a contract under this section, is solely within  
 13 the discretion of the authorizing body, is final, and is not  
 14 subject to review by a court or any state agency. An authorizing  
 15 body that **ISSUES**, does not issue, ~~reissue,~~ or ~~reconstitute~~  
 16 **RECONSTITUTES** a contract under this part, or that **TERMINATES OR**  
 17 revokes a contract under this section, is not liable for that  
 18 action to the urban high school academy, the urban high school  
 19 academy corporation, a pupil of the urban high school academy, the  
 20 parent or guardian of a pupil of the urban high school academy, or  
 21 any other person.

22 (7) ~~(6)~~ ~~Before~~ **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (5),**  
 23 **BEFORE** an authorizing body revokes a contract, the authorizing body  
 24 ~~shall~~ **MAY** consider and take corrective measures to avoid  
 25 revocation. An authorizing body ~~shall~~ **MAY** reconstitute the urban  
 26 high school academy in a final attempt to improve student  
 27 educational performance or to avoid interruption of the educational

1 process. An authorizing body shall include a reconstituting  
2 provision in the contract that identifies these corrective  
3 measures, including, but not limited to, removing 1 or more members  
4 of the board of directors, withdrawing approval to contract under  
5 section ~~525 for an agreement described in section 1320,~~ **527**, or  
6 appointing a new board of directors or a trustee to take over  
7 operation of the urban high school academy.

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

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

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

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

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

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

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

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

1 designee, shall provide the board of directors with an acceptable  
2 plan of distribution of assets.

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

7 (e) As part of the plan of distribution of assets, the urban  
8 high school academy board of directors shall designate the director  
9 of the department of **TECHNOLOGY**, management, and budget, or his or  
10 her designee, to dispose of all real property of the urban high  
11 school academy corporation in accordance with the directives  
12 developed for disposition of surplus land and facilities under  
13 section 251 of the management and budget act, 1984 PA 431, MCL  
14 18.1251.

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

23 (g) Following the sale of the real or personal property or  
24 interests in the real or personal property, and after payment of  
25 any urban high school academy debt secured by the property or  
26 interest in property, whether real or personal, the urban high  
27 school academy board of directors, or a trustee appointed under



1 this section, shall forward any remaining money to the state  
2 treasurer. Following receipt, the state treasurer, or his or her  
3 designee, shall deposit this remaining money in the state school  
4 aid fund.

5       Sec. 551. (1) A school of excellence is a public school under  
6 section 2 of article VIII of the state constitution of 1963, is a  
7 school district for the purposes of section 11 of article IX of the  
8 state constitution of 1963 and for the purposes of section 1225 and  
9 section 1351a, and is subject to the leadership and general  
10 supervision of the state board over all public education under  
11 section 3 of article VIII of the state constitution of 1963. A  
12 school of excellence is a body corporate and is a governmental  
13 agency. The powers granted to a school of excellence under this  
14 part constitute the performance of essential public purposes and  
15 governmental functions of this state.

16       (2) As used in this part:

17       (a) "Authorizing body" means any of the following that issues  
18 a contract as provided in this part:

19       (i) The board of a school district that operates grades K to  
20 12.

21       (ii) An intermediate school board.

22       (iii) The board of a community college.

23       (iv) The governing board of a state public university.

24       (v) **TWO OR MORE OF THE PUBLIC AGENCIES DESCRIBED IN**  
25 **SUBPARAGRAPHS (i) TO (iv) EXERCISING POWER, PRIVILEGE, OR AUTHORITY**  
26 **JOINTLY PURSUANT TO AN INTERLOCAL AGREEMENT UNDER THE URBAN**  
27 **COOPERATION ACT OF 1967, 1967 (EX SESS) PA 7, MCL 124.501 TO**

1 124.512.

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

5 (c) "Community college" means a community college organized  
6 under the community college act of 1966, 1966 PA 331, MCL 389.1 to  
7 389.195, or a federal tribally controlled community college that is  
8 recognized under the tribally controlled ~~community college~~ **COLLEGES**  
9 **AND UNIVERSITIES** assistance act of 1978, ~~Public Law 95-471, 25 USC~~  
10 **1801 TO 1852**, and is determined by the department to meet the  
11 requirements for accreditation by a recognized regional accrediting  
12 body.

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

21 (e) "Cyber school" means a school of excellence established  
22 under this part that has been issued a contract to be organized and  
23 operated as a cyber school under section 552(2) and that provides  
24 full-time instruction to pupils through online learning or  
25 otherwise on a computer or other technology, which instruction and  
26 learning may be remote from a school facility.

27 (f) "Educational management organization" means an entity that

Senate Bill No. 618 (H-4) as amended December 14, 2011

1 enters into an agreement with the governing board of a public  
2 school to provide comprehensive educational, administrative,  
3 management, or instructional services or staff to the public  
4 school.

5 (g) "Entity" means a partnership, nonprofit or business  
6 corporation, labor organization, or any other association,  
7 corporation, trust, or other legal entity.

8 (h) "State public university" means a state university  
9 described in section 4, 5, or 6 of article VIII of the state  
10 constitution of 1963.

11 Sec. 552. (1) ~~[Except as otherwise provided in subsections (2)~~  
12 ~~and (3), not more than a combined total of 10 contracts to organize~~  
13 ~~and operate a school of excellence may be issued by all authorizing~~  
14 ~~bodies under this subsection. AN AUTHORIZING BODY MAY ISSUE~~  
**CONTRACTS UNDER THIS SUBSECTION TO ORGANIZE AND OPERATE A SCHOOL OF**  
**EXCELLENCE.]** All of the following apply to a

15 ~~contract issued under this subsection. THE ISSUANCE OF A CONTRACT BY~~  
16 **AN AUTHORIZING BODY UNDER THIS [SUBSECTION]:**

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

22 ~~—— (b) A contract may not be issued under this subsection after~~  
23 ~~January 1, 2015.~~

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

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

6           (2) A combined total of 2 contracts may be issued by all  
7 authorizing bodies under this subsection for schools of excellence  
8 that are cyber schools and that meet all of the following  
9 additional requirements:

10           (a) Are available for enrollment to all pupils in this state  
11 who were previously enrolled in a public school.

12           (b) Offer all of grades K to 12.

13           (c) The entity applying for the school of excellence that is a  
14 cyber school demonstrates experience in serving urban and at-risk  
15 student populations through an educational model involving a  
16 significant cyber component.

17           (d) Has an initial enrollment in the school of excellence that  
18 is a cyber school that does not exceed 400 pupils.

19           (e) In the second and subsequent years of operation under the  
20 contract, a school of excellence that is a cyber school may expand  
21 enrollment to exceed 400 pupils by adding 1 pupil for each pupil  
22 who becomes enrolled in the school of excellence who is identified  
23 as a dropout in the Michigan student data system maintained by the  
24 center for educational performance and information. The school of  
25 excellence that is a cyber school shall annually account for the  
26 number of pupils it enrolls who are identified as a dropout in the  
27 Michigan student data system and report that information to the

1 department, in a form and manner determined by the superintendent  
2 of public instruction. The school of excellence shall maintain its  
3 ratio of pupils who are identified as a dropout. Maximum enrollment  
4 at a school of excellence that is a cyber school shall not exceed  
5 1,000 pupils.

6 (3) For a public school academy operating under part 6a that  
7 meets the requirements of subsection (4), with the approval of its  
8 authorizing body, the board of directors of the public school  
9 academy may adopt a resolution choosing to convert the public  
10 school academy to a school of excellence under this part. If the  
11 board of directors of a public school academy that meets the  
12 requirements of subsection (4) is issued a contract as a school of  
13 excellence under this subsection, all the following apply:

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

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

22 (c) The conversion of a public school academy under part 6a to  
23 a school of excellence operating under this part shall not impair  
24 any agreement, mortgage, loan, bond, note or other instrument of  
25 indebtedness, or any other agreement entered into by a public  
26 school academy while it was operating under part 6a.

27 (d) The contract issued to the public school academy under

1 part 6a shall automatically terminate upon the issuance of a  
2 contract or at another time as determined by the authorizing body.

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

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

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

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

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

27 (5) A school of excellence shall be organized and administered

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

11 (6) Any of the following may act as an authorizing body to  
12 issue a contract to organize and operate 1 or more schools of  
13 excellence under this part:

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

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

26 (c) The board of a community college. The board of a community  
27 college shall not issue a contract for a school of excellence to

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

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

15 **(E) TWO OR MORE OF THE PUBLIC AGENCIES DESCRIBED IN**  
16 **SUBDIVISIONS (A) TO (D) EXERCISING POWER, PRIVILEGE, OR AUTHORITY**  
17 **JOINTLY PURSUANT TO AN INTERLOCAL AGREEMENT UNDER THE URBAN**  
18 **COOPERATION ACT OF 1967, 1967 (EX SESS) PA 7, MCL 124.501 TO**  
19 **124.512.**

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

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

25 (b) Subject to the resolution adopted by the authorizing body  
26 under section 553(4), a list of the proposed members of the board  
27 of directors of the school of excellence and a description of the



1 qualifications and method for appointment or election of members of  
2 the board of directors.

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

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

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

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

10 (iii) The name of the authorizing body.

11 (iv) The proposed time when the articles of incorporation will  
12 be effective.

13 (v) Other matters considered expedient to be in the articles  
14 of incorporation.

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

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

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

19 (ii) A copy of the educational goals of the school of  
20 excellence and the curricula to be offered and methods of pupil  
21 assessment to be used by the school of excellence. **THE EDUCATIONAL**  
22 **GOALS SHALL INCLUDE DEMONSTRATED IMPROVED PUPIL ACADEMIC**  
23 **ACHIEVEMENT FOR ALL GROUPS OF PUPILS.** To the extent applicable, the  
24 progress of the pupils in the school of excellence shall be  
25 assessed using at least a Michigan education assessment program  
26 (MEAP) test or the Michigan merit examination under section 1279g,  
27 **AS APPLICABLE.**

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

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

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

11          (f) Descriptions of staff responsibilities and of the school  
12 of excellence governance structure.

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

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

21 ~~(i) For a school of excellence authorized by a school~~  
22 ~~district, an assurance that employees of the school of excellence~~  
23 ~~will be covered by the collective bargaining agreements that apply~~  
24 ~~to other employees of the school district employed in similar~~  
25 ~~classifications in schools that are not schools of excellence.~~

26          (I) ~~(j)~~ A description of and address for the proposed physical  
27 plant in which the school of excellence will be located. **AN**

1 APPLICANT MAY REQUEST THE AUTHORIZING BODY TO ISSUE A CONTRACT  
2 ALLOWING THE BOARD OF DIRECTORS OF THE SCHOOL OF EXCELLENCE TO  
3 OPERATE THE SAME CONFIGURATION OF AGE OR GRADE LEVELS AT MORE THAN  
4 1 SITE.

5 (8) An authorizing body shall oversee, or shall contract with  
6 an intermediate school district, community college, or state public  
7 university to oversee, each school of excellence operating under a  
8 contract issued by the authorizing body. ~~The oversight shall be~~  
9 ~~sufficient to ensure that the authorizing body can certify that the~~  
10 ~~school of excellence is in compliance with statute, rules, and the~~  
11 ~~terms of the contract.~~ **THE AUTHORIZING BODY IS RESPONSIBLE FOR**  
12 **OVERSEEING COMPLIANCE BY THE BOARD OF DIRECTORS WITH THE CONTRACT**  
13 **AND ALL APPLICABLE LAW. THIS SUBSECTION DOES NOT RELIEVE ANY OTHER**  
14 **GOVERNMENT ENTITY OF ITS ENFORCEMENT OR SUPERVISORY RESPONSIBILITY.**

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

24 (10) An authorizing body shall not charge a fee, or require  
25 reimbursement of expenses, for considering an application for a  
26 contract, for issuing a contract, or for providing oversight of a  
27 contract for a school of excellence in an amount that exceeds a

1 combined total of 3% of the total state school aid received by the  
2 school of excellence in the school year in which the fees or  
3 expenses are charged. ~~All of the following apply to this fee:~~

4 ~~—— (a) The authorizing body may use this fee only for the  
5 following purposes:~~

6 ~~—— (i) Considering applications and issuing or administering  
7 contracts.~~

8 ~~—— (ii) Compliance monitoring and oversight of schools of  
9 excellence.~~

10 ~~—— (iii) Training for school of excellence applicants,  
11 administrators, and boards of directors.~~

12 ~~—— (iv) Technical assistance to schools of excellence.~~

13 ~~—— (v) Academic support to schools of excellence or to pupils of  
14 schools of excellence.~~

15 ~~—— (vi) Evaluation of school of excellence performance.~~

16 ~~—— (vii) Training of teachers.~~

17 ~~—— (viii) Other purposes that assist the school of excellence or  
18 traditional public schools in achieving improved academic  
19 performance.~~

20 ~~—— (b) The authorizing body may provide other services for a  
21 school of excellence and charge a fee for those services, but shall  
22 not require such an arrangement as a condition to issuing the  
23 contract authorizing the school of excellence.~~

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

27 (12) **A MEMBER OF THE BOARD OF DIRECTORS OF A SCHOOL OF**

1 EXCELLENCE IS A PUBLIC OFFICER AND SHALL, BEFORE ENTERING UPON THE  
2 DUTIES OF THE OFFICE, TAKE THE CONSTITUTIONAL OATH OF OFFICE FOR  
3 PUBLIC OFFICERS UNDER SECTION 1 OF ARTICLE XI OF THE STATE  
4 CONSTITUTION OF 1963.

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

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

1 after receiving the petition. If a majority of the school electors  
2 of the school district voting on the question vote to issue the  
3 contract, the board shall issue the contract.

4 (3) Within 10 days after issuing a contract for a school of  
5 excellence, the authorizing body shall submit to the superintendent  
6 of public instruction a copy of the contract. ~~and of the~~  
7 ~~application under section 552.~~

8 (4) An authorizing body shall adopt a resolution establishing  
9 the method of selection, length of term, and number of members of  
10 the board of directors of each school of excellence subject to its  
11 jurisdiction. **THE RESOLUTION SHALL BE WRITTEN OR AMENDED AS**  
12 **NECESSARY TO INCLUDE A REQUIREMENT THAT EACH MEMBER OF THE BOARD OF**  
13 **DIRECTORS MUST BE A CITIZEN OF THE UNITED STATES.**

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

16 (a) The educational goals the school of excellence is to  
17 achieve and the methods by which it will be held accountable. **THE**  
18 **EDUCATIONAL GOALS SHALL INCLUDE DEMONSTRATED IMPROVED PUPIL**  
19 **ACADEMIC ACHIEVEMENT FOR ALL GROUPS OF PUPILS.** To the extent  
20 applicable, the pupil performance of a school of excellence shall  
21 be assessed using at least a Michigan education assessment program  
22 (MEAP) test or the Michigan merit examination under section 1279g,  
23 **AS APPLICABLE.**

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

27 (c) A description of the process for amending the contract

1 during the term of the contract.

2 (d) All of the matters set forth in the application for the  
3 contract.

4 ~~(e) For a school of excellence authorized by a school  
5 district, an agreement that employees of the school of excellence  
6 will be covered by the collective bargaining agreements that apply  
7 to employees of the school district employed in similar  
8 classifications in schools that are not schools of excellence.~~

9 (E) ~~(f)~~ Procedures for revoking the contract and grounds for  
10 revoking the contract, including at least the grounds listed in  
11 section 561.

12 (F) ~~(g)~~ A description of and address for the proposed physical  
13 plant in which the school of excellence will be located. **AN**  
14 **AUTHORIZING BODY MAY INCLUDE A PROVISION IN THE CONTRACT ALLOWING**  
15 **THE BOARD OF DIRECTORS OF THE SCHOOL OF EXCELLENCE TO OPERATE THE**  
16 **SAME CONFIGURATION OF AGE OR GRADE LEVELS AT MORE THAN 1 SITE IF**  
17 **EACH CONFIGURATION OF AGE OR GRADE LEVELS AND EACH SITE IDENTIFIED**  
18 **IN THE CONTRACT ARE UNDER THE DIRECTION AND CONTROL OF THE BOARD OF**  
19 **DIRECTORS.**

20 (G) ~~(h)~~ Requirements and procedures for financial audits. The  
21 financial audits shall be conducted at least annually by a  
22 certified public accountant in accordance with generally accepted  
23 governmental auditing principles.

24 (H) ~~(i)~~ A certification, signed by an authorized member of the  
25 school of excellence board of directors, that the school of  
26 excellence will comply with the contract and all applicable law.

27 (I) ~~(j)~~ A requirement that the board of directors shall ensure

1 compliance with the requirements of 1968 PA 317, MCL 15.321 to  
2 15.330.

3 (J) ~~(k)~~—A requirement that the board of directors shall  
4 prohibit specifically identified family relationships between  
5 members of the board of directors, individuals who have an  
6 ownership interest in or who are officers or employees of an  
7 educational management organization involved in the operation of  
8 the school of excellence, and employees of the school of  
9 excellence. The contract shall identify the specific prohibited  
10 relationships consistent with applicable law.

11 (K) ~~(l)~~—A requirement that the board of directors of the school  
12 of excellence shall make information concerning its operation and  
13 management available to the public and to the authorizing body in  
14 the same manner as is required by state law for school districts.

15 (L) ~~(m)~~—A requirement that the board of directors of the school  
16 of excellence shall collect, maintain, and make available to the  
17 public and the authorizing body, in accordance with applicable law  
18 and the contract, at least all of the following information  
19 concerning the operation and management of the school of  
20 excellence:

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

23 (ii) A list of currently serving members of the board of  
24 directors of the school of excellence, including name, address, and  
25 term of office; copies of policies approved by the board of  
26 directors; board meeting agendas and minutes; copy of the budget  
27 approved by the board of directors and of any amendments to the



1 budget; and copies of bills paid for amounts of \$10,000.00 or more  
2 as they were submitted to the board of directors.

3 (iii) Quarterly financial reports submitted to the authorizing  
4 body.

5 (iv) A current list of teachers and school administrators  
6 working at the school of excellence that includes their individual  
7 salaries **AS SUBMITTED TO THE REGISTRY OF EDUCATIONAL PERSONNEL**;  
8 copies of the teaching or school administrator's certificates or  
9 permits of current teaching and administrative staff; and evidence  
10 of compliance with the criminal background and records checks and  
11 unprofessional conduct check required under sections 1230, 1230a,  
12 and 1230b for all teachers and administrators working at the school  
13 of excellence.

14 (v) Curriculum documents and materials given to the  
15 authorizing body.

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

17 (vii) Copies of facility leases or deeds, or both, and of any  
18 equipment leases.

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

21 (ix) All health and safety reports and certificates, including  
22 those relating to fire safety, environmental matters, asbestos  
23 inspection, boiler inspection, and food service.

24 (x) Any management letters issued as part of the annual  
25 financial audit under subdivision ~~(h)~~ **(G)**.

26 (xi) Any other information specifically required under this  
27 act.

1           (M) ~~(n)~~—A requirement that the authorizing body must review  
2 and may disapprove any agreement between the board of directors and  
3 an educational management organization before the agreement is  
4 final and valid. An authorizing body may disapprove an agreement  
5 described in this subdivision only if the agreement is contrary to  
6 contract or applicable law.

7           (N) ~~(e)~~—A requirement that the board of directors shall  
8 demonstrate all of the following to the satisfaction of the  
9 authorizing body with regard to its pupil admission process:

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

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

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

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

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

1           (O) ~~(P)~~ A requirement that the board of directors shall  
2 prohibit any individual from being employed by the school of  
3 excellence in more than 1 full-time position and simultaneously  
4 being compensated at a full-time rate for each of those positions.

5           (P) ~~(Q)~~ A requirement that, if requested, the board of  
6 directors shall report to the authorizing body the total  
7 compensation for each individual working at the school of  
8 excellence.

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

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

12           (b) The freedom of information act, 1976 PA 442, MCL 15.231 to  
13 15.246.

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

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

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

17           **(F) LAWS CONCERNING PARTICIPATION IN STATE ASSESSMENTS, DATA**  
18 **COLLECTION SYSTEMS, STATE LEVEL STUDENT GROWTH MODELS, STATE**  
19 **ACCOUNTABILITY AND ACCREDITATION SYSTEMS, AND OTHER PUBLIC**  
20 **COMPARATIVE DATA COLLECTION REQUIRED FOR PUBLIC SCHOOLS.**

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

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1 she acted within the authorizing body's or the person's scope of  
2 authority.

3 (8) A school of excellence is exempt from all taxation on its  
4 earnings and property. **[UNLESS THE PROPERTY IS ALREADY FULLY EXEMPT FROM  
REAL AND PERSONAL PROPERTY TAXES UNDER THE GENERAL PROPERTY TAX ACT, 1893  
PA 206, MCL 211.1 TO 211.155,] PROPERTY OCCUPIED BY A SCHOOL OF  
EXCELLENCE**  
5 **AND USED EXCLUSIVELY FOR EDUCATIONAL PURPOSES IS EXEMPT FROM REAL**  
6 **AND PERSONAL PROPERTY TAXES LEVIED FOR SCHOOL OPERATING PURPOSES**  
7 **UNDER SECTION 1211, TO THE EXTENT EXEMPTED UNDER THAT SECTION, AND**  
8 **FROM REAL AND PERSONAL PROPERTY TAXES LEVIED UNDER THE STATE**  
9 **EDUCATION TAX ACT, 1993 PA 331, MCL 211.901 TO 211.906.** Instruments  
10 of conveyance to or from a school of excellence are exempt from all  
11 taxation including taxes imposed by 1966 PA 134, MCL 207.501 to  
12 207.513. A school of excellence may not levy ad valorem property  
13 taxes or another tax for any purpose. However, operation of 1 or  
14 more schools of excellence by a school district or intermediate  
15 school district does not affect the ability of the school district  
16 or intermediate school district to levy ad valorem property taxes  
17 or another tax.

18 (9) A school of excellence may acquire by purchase, gift,  
19 devise, lease, sublease, installment purchase agreement, land  
20 contract, option, or by any other means, hold, and own in its own  
21 name buildings and other property for school purposes, and  
22 interests therein, and other real and personal property, including,  
23 but not limited to, interests in property subject to mortgages,  
24 security interests, or other liens, necessary or convenient to  
25 fulfill its purposes. For the purposes of condemnation, a school of  
26 excellence may proceed under the uniform condemnation procedures  
27 act, 1980 PA 87, MCL 213.51 to 213.75, excluding sections 6 to 9 of

1 that act, MCL 213.56 to 213.59, or other applicable statutes, but  
2 only with the express, written permission of the authorizing body  
3 in each instance of condemnation and only after just compensation  
4 has been determined and paid.

5 Sec. 553a. (1) An authorizing body may issue a contract to  
6 establish a school of excellence that is a cyber school. A cyber  
7 school shall provide full-time instruction to pupils through online  
8 learning or otherwise on a computer or other technology, and this  
9 instruction and learning may occur remote from a school facility.

10 (2) A contract for a school of excellence that is a cyber  
11 school shall include all of the provisions required under section  
12 553 and all of the following:

13 (a) A requirement that a teacher who holds appropriate  
14 certification according to state board rule will be responsible for  
15 all of the following for each course in which a pupil is enrolled:

16 (i) Improving learning by planned instruction.

17 (ii) Diagnosing the pupil's learning needs.

18 (iii) Assessing learning, assigning grades, and determining  
19 advancement.

20 (iv) Reporting outcomes to administrators and parents or legal  
21 guardians.

22 (b) A requirement that the cyber school will make educational  
23 services available to pupils for a minimum of at least 1,098 hours  
24 during a school year and will ensure that each pupil participates  
25 in the educational program for at least 1,098 hours during a school  
26 year.

27 (3) Notwithstanding any other provision of this act or any

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1 rule, if a school of excellence that is a cyber school is in  
2 compliance with the requirements of subsection (2)(a) regarding a  
3 certificated teacher, any other adult assisting with the oversight  
4 of a pupil during the pupil's participation in the cyber school's  
5 education program is not required to be a certificated teacher or  
6 an employee of the school.

7 (4) Notwithstanding any rule to the contrary, a cyber school  
8 is not required to comply with any rule that would require a  
9 pupil's physical presence or attendance in a classroom.

10 [(5) At the end of a cyber school's second ~~full~~ COMPLETE school  
11 year of  
12 operations, the authorizing body of a school of excellence that is  
13 a cyber school shall submit to the superintendent of public  
14 instruction and the legislature, in the form and manner prescribed  
15 by the superintendent of public instruction, a report detailing the  
16 operation of the cyber school, providing statistics of pupil  
17 participation and academic performance, and making recommendations  
18 for any further statutory or rule change related to cyber schools  
19 and online learning in this state.]

20 SEC. 553C. (1) BEGINNING WITH MANAGEMENT AGREEMENTS DESCRIBED  
21 IN THIS SECTION THAT ARE ENTERED INTO OR RENEWED AFTER THE  
22 EFFECTIVE DATE OF THIS SECTION, IF THE BOARD OF DIRECTORS OF A  
23 SCHOOL OF EXCELLENCE ENTERS INTO OR RENEWS A MANAGEMENT AGREEMENT  
24 WITH AN EDUCATIONAL MANAGEMENT ORGANIZATION TO CARRY OUT THE  
25 OPERATIONS OF THE SCHOOL OF EXCELLENCE, BOTH OF THE FOLLOWING  
26 APPLY:

27 (A) THE MANAGEMENT AGREEMENT SHALL REQUIRE THE EDUCATIONAL  
MANAGEMENT ORGANIZATION TO PROVIDE TO THE BOARD OF DIRECTORS AT

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1 LEAST ANNUALLY ALL THE SAME INFORMATION THAT A SCHOOL DISTRICT IS  
2 REQUIRED TO DISCLOSE UNDER SECTION 18(2) OF THE STATE SCHOOL AID  
3 ACT OF 1979, MCL 388.1618, FOR THE MOST RECENT SCHOOL FISCAL YEAR  
4 FOR WHICH THAT INFORMATION IS AVAILABLE.

5 (B) WITHIN 30 DAYS AFTER RECEIVING THE INFORMATION UNDER  
6 SUBDIVISION (A), THE BOARD OF DIRECTORS SHALL MAKE ALL OF THE  
7 INFORMATION IT RECEIVES UNDER SUBDIVISION (A) AVAILABLE THROUGH A  
8 LINK ON THE SCHOOL OF EXCELLENCE'S WEBSITE HOMEPAGE, IN A FORM AND  
9 MANNER PRESCRIBED BY THE DEPARTMENT.

10 (2) AS USED IN THIS SECTION:

11 (A) "EDUCATIONAL MANAGEMENT ORGANIZATION" MEANS AN ENTITY THAT  
12 ENTERS INTO A MANAGEMENT AGREEMENT WITH A SCHOOL OF EXCELLENCE.

13 (B) "ENTITY" MEANS A PARTNERSHIP, NONPROFIT OR BUSINESS  
14 CORPORATION, OR ANY OTHER ASSOCIATION, CORPORATION, TRUST, OR OTHER  
15 LEGAL ENTITY.

16 (C) "MANAGEMENT AGREEMENT" MEANS AN AGREEMENT TO PROVIDE  
17 COMPREHENSIVE EDUCATIONAL, ADMINISTRATIVE, MANAGEMENT, OR  
18 INSTRUCTIONAL SERVICES OR STAFF TO A SCHOOL OF EXCELLENCE.

19 (D) "SCHOOL FISCAL YEAR" MEANS THE PERIOD THAT BEGINS JULY 1  
20 AND ENDS JUNE 30.

21 Sec. 556. [(1) A school of excellence may be located in all or  
22 part of an existing public school building. A school of excellence,  
23 other than a cyber school operated under section 553a, shall not  
24 operate at a site other than the ~~single-site~~ OR SITES requested for  
25 the configuration of ~~grades~~ AGES OR GRADE LEVELS that will use the  
26 site OR SITES, as specified in the ~~application required under~~  
27 ~~section 552 and in the contract~~. UNDER A CONTRACT, AN AUTHORIZING BODY

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1 MAY PERMIT A SCHOOL OF EXCELLENCE TO OPERATE THE SAME CONFIGURATION OF  
2 AGE OR GRADE LEVELS AT MORE THAN 1 SITE, AND A SCHOOL OF EXCELLENCE MAY  
3 OPERATE THE SAME CONFIGURATION OF AGE OR GRADE LEVELS AT MORE THAN 1  
4 SITE, AS LONG AS THE SCHOOL OF EXCELLENCE IS OPERATING IN COMPLIANCE WITH  
ITS CONTRACT AND IS MAKING MEASURABLE PROGRESS TOWARD MEETING ITS  
EDUCATIONAL GOALS. FOR A CONTRACT FOR A NEW SCHOOL OF EXCELLENCE, AN  
AUTHORIZING BODY MAY PERMIT A SCHOOL OF EXCELLENCE TO OPERATE THE SAME  
CONFIGURATION OF AGE OR GRADE LEVELS AT MORE THAN 1 SITE, AND A SCHOOL OF  
EXCELLENCE MAY OPERATE THE SAME CONFIGURATION OF AGE OR GRADE LEVELS AT  
MORE THAN 1 SITE, IF THE APPLICANT FOR THE PROPOSED SCHOOL OF EXCELLENCE  
PRESENTS DOCUMENTATION TO THE AUTHORIZING BODY DEMONSTRATING THAT THE  
APPLICANT'S PROPOSED EDUCATIONAL MODEL HAS RESULTED IN SCHOOLS MAKING  
MEASURABLE PROGRESS TOWARD MEETING THEIR EDUCATIONAL GOALS.]

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

14 (3) Except for a foreign exchange student who is not a United  
15 States citizen, a school of excellence shall not enroll a pupil who  
16 is not a resident of this state. ~~Enrollment~~ **FOR A SCHOOL OF**  
17 **EXCELLENCE AUTHORIZED BY A SCHOOL DISTRICT, INTERMEDIATE SCHOOL**  
18 **DISTRICT, OR COMMUNITY COLLEGE, ENROLLMENT** in the school of  
19 excellence may be open to all individuals who reside In this state  
20 who meet the admission policy and shall be open to all pupils who  
21 reside within the geographic boundaries ~~, if any, of the~~ **THAT**  
22 ~~authorizing body as described in section 552(6)(a) to (c)~~ who meet  
23 the admission policy, except that admission to a school of  
24 excellence 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 section



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27 552(6)(c), shall be open to all pupils who reside in the county in

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

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

13 (a) A sibling of a pupil enrolled in the ~~public~~-school **OF**  
14 **EXCELLENCE**.

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

20 (i) Each school of excellence or other public school that  
21 enters into the matriculation agreement remains a separate and  
22 independent public school.

23 (ii) The ~~public~~-school **OF EXCELLENCE** that gives the enrollment  
24 priority selects at least 5% of its pupils for enrollment using a  
25 random selection process.

26 (iii) The matriculation agreement allows any pupil who was  
27 enrolled at any time during elementary school in a ~~school of~~

1 ~~excellence~~**PUBLIC SCHOOL** that is party to the matriculation  
2 agreement and who was not expelled from the ~~school of excellence~~  
3 **PUBLIC SCHOOL** to enroll in the ~~public school~~ **OF EXCELLENCE** giving  
4 enrollment priority under the matriculation agreement.

5 (C) **A CHILD OF A PERSON WHO IS EMPLOYED BY OR AT THE SCHOOL OF**  
6 **EXCELLENCE OR WHO IS ON THE BOARD OF DIRECTORS OF THE SCHOOL OF**  
7 **EXCELLENCE. AS USED IN THIS SUBDIVISION, "CHILD" INCLUDES AN**  
8 **ADOPTED CHILD OR A LEGAL WARD.**

9 (5) Subject to subsection (6), a school of excellence may  
10 include any grade up to grade 12 or any configuration of those  
11 grades, including kindergarten and early childhood education, as  
12 specified in its contract. If specified in its contract, a school  
13 of excellence may also operate an adult basic education program,  
14 adult high school completion program, or general education  
15 development testing preparation program. The authorizing body may  
16 approve amendment of a contract with respect to ages of pupils or  
17 grades offered.

18 (6) In addition to any other grade levels it operates, a  
19 school of excellence shall work toward operating all of grades 9 to  
20 12 within 6 years after it begins operations, unless a  
21 matriculation agreement has been reached with another public school  
22 that provides grades 9 to 12.

23 (7) If a school of excellence is a cyber school and its  
24 authorizing body is a school district or intermediate school  
25 district, the school of excellence shall give enrollment priority  
26 to pupils who reside in the school district or intermediate school  
27 district that is the authorizing body.

1           Sec. 559. (1) Except as otherwise provided by law, and except  
2 as otherwise provided under section 553a for a cyber school, a  
3 school of excellence shall use certificated teachers according to  
4 state board rule.

5           (2) A school of excellence ~~operated~~**AUTHORIZED** by a state  
6 public university or community college may use noncertificated  
7 individuals to teach as follows:

8           (a) If the school of excellence is ~~operated~~**AUTHORIZED** by a  
9 state public university, the school of excellence may use as a  
10 classroom teacher in any grade a faculty member who is employed  
11 full-time by the state public university and who has been granted  
12 institutional tenure, or has been designated as being on tenure  
13 track, by the state public university.

14           (b) For a school of excellence ~~operated~~**AUTHORIZED** by a  
15 community college, the school of excellence may use as a classroom  
16 teacher a full-time member of the community college faculty who has  
17 at least 5 years' experience at that community college in teaching  
18 the subject matter that he or she is teaching at the school of  
19 excellence.

20           (c) In any other situation in which a school district is  
21 permitted under this act to use noncertificated teachers.

22           (3) A school of excellence may develop and implement new  
23 teaching techniques or methods or significant revisions to known  
24 teaching techniques or methods, and shall report those to the  
25 authorizing body and state board to be made available to the  
26 public. A school of excellence may use any instructional technique  
27 or delivery method that may be used by a school district.

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

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

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

8           (c) Establish the method of selection, length of term, and  
9 number of members of the board of directors of each school of  
10 excellence that it authorizes. The authorizing body shall ensure  
11 that the board of directors includes representation from the local  
12 community.

13           (d) Oversee the operations of each school of excellence  
14 operating under a contract issued by the authorizing body. The  
15 oversight shall be sufficient to ensure that the school of  
16 excellence is in compliance with the terms of the contract and with  
17 applicable law. **THIS SUBDIVISION DOES NOT RELIEVE ANY OTHER**  
18 **GOVERNMENTAL ENTITY OF ITS ENFORCEMENT OR SUPERVISORY**  
19 **RESPONSIBILITY.**

20           (e) Develop and implement a process for holding a school of  
21 excellence board of directors accountable for meeting applicable  
22 academic performance standards set forth in the contract and for  
23 implementing corrective action for a school of excellence that does  
24 not meet those standards.

25           (f) Take necessary measures to ensure that a school of  
26 excellence board of directors operates independently of any  
27 educational management organization involved in the operations of

1 the school of excellence.

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

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

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

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

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

27 (a) Failure of the school of excellence to ~~abide by and~~

1 **DEMONSTRATE IMPROVED PUPIL ACADEMIC ACHIEVEMENT FOR ALL GROUPS OF**  
2 **PUPILS OR** meet the educational goals set forth in the contract.

3 (b) Failure of the school of excellence to comply with all  
4 applicable law.

5 (c) Failure of the school of excellence to meet generally  
6 accepted public sector accounting principles **AND DEMONSTRATE SOUND**  
7 **FISCAL STEWARDSHIP.**

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

10 (5) Except for a school of excellence that is an alternative  
11 school serving a special student population, if the superintendent  
12 of public instruction determines that a school of excellence **SITE**  
13 that has been operating for at least 4 years is among the lowest  
14 achieving 5% of all public schools in this state, as defined for  
15 the purposes of the federal incentive grant program created under  
16 sections 14005 and 14006 of title XIV of the American recovery and  
17 reinvestment act of 2009, Public Law 111-5, ~~and~~ is in year 2 of  
18 restructuring sanctions under the no child left behind act of 2001,  
19 Public Law 107-110, not to include the individualized education  
20 plan subgroup, **AND IS NOT CURRENTLY UNDERGOING RECONSTITUTION UNDER**  
21 **THIS SECTION,** the superintendent of public instruction shall notify  
22 the school of excellence's authorizing body. If an authorizing body  
23 receives notice from the superintendent of public instruction under  
24 this subsection, the authorizing body shall ~~revoke~~ **AMEND** the school  
25 of excellence's contract **TO ELIMINATE THE SCHOOL OF EXCELLENCE'S**  
26 **AUTHORITY TO OPERATE THE EXISTING AGE AND GRADE LEVELS AT THE SITE**  
27 and the school of excellence shall ~~be closed,~~ **CEASE OPERATING THE**

1 **EXISTING AGE AND GRADE LEVELS AT THE SITE**, effective at the end of  
2 the current school year. **IF THE SCHOOL OF EXCELLENCE OPERATES AT**  
3 **ONLY 1 SITE OR IS A CYBER SCHOOL, AND THE AUTHORIZING BODY RECEIVES**  
4 **NOTICE FROM THE SUPERINTENDENT OF PUBLIC INSTRUCTION UNDER THIS**  
5 **SUBSECTION, THE AUTHORIZING BODY SHALL REVOKE THE SCHOOL OF**  
6 **EXCELLENCE'S CONTRACT, EFFECTIVE AT THE END OF THE CURRENT SCHOOL**  
7 **YEAR.**

8 (6) Except for a contract issued by a school district pursuant  
9 to a vote by the school electors on a ballot question under section  
10 553(2), the decision of the authorizing body to issue, ~~reissue,~~ **NOT**  
11 **ISSUE**, or reconstitute a contract under this part, or to **TERMINATE**  
12 **OR** revoke a contract under this section, is solely within the  
13 discretion of the authorizing body, is final, and is not subject to  
14 review by a court or any other state agency. If the authorizing  
15 body **ISSUES**, does not issue, ~~reissue, or reconstitute~~ **OR**  
16 **RECONSTITUTES** a contract under this part, or **TERMINATES OR** revokes  
17 a contract under this section, the authorizing body is not liable  
18 for that action to the school of excellence, the school of  
19 excellence corporation, a pupil of the school of excellence, the  
20 parent or guardian of a pupil of the school of excellence, or any  
21 other person.

22 (7) Except as otherwise provided in subsection (5), before the  
23 authorizing body revokes a contract, the authorizing body ~~shall~~ **MAY**  
24 consider and take corrective measures to avoid revocation. The  
25 authorizing body may reconstitute the school of excellence in a  
26 final attempt to improve student educational performance or to  
27 avoid interruption of the educational process. The authorizing body



1 shall include a reconstituting provision in the contract that  
2 identifies these corrective measures, including, but not limited  
3 to, canceling a contract with an educational management  
4 organization, if any, withdrawing approval to contract under  
5 section ~~557,~~ **560**, or appointing a new board of directors or a  
6 trustee to take over operation of the school of excellence.

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

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

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

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

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

9 (b) The school of excellence shall file a certificate of  
10 dissolution with the ~~department of energy, labor, and economic~~  
11 ~~growth~~ **BUREAU OF COMMERCIAL SERVICES** within 10 business days  
12 following board approval.

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

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

27 (e) As part of the plan of distribution of assets, the school

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

7 (f) If the board of directors of a school of excellence fails  
8 to take any necessary action under this section, the state  
9 treasurer, or his or her designee, may suspend the school of  
10 excellence board of directors and appoint a trustee to carry out  
11 the board's plan of distribution of assets. Upon appointment, the  
12 trustee shall have all the rights, powers, and privileges under law  
13 that the school of excellence board of directors had before being  
14 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 school of excellence debt secured by the property or interest  
18 in property, whether real or personal, the school of excellence  
19 board of directors, or a trustee appointed under this section,  
20 shall forward any remaining money to the state treasurer. Following  
21 receipt, the state treasurer, or his or her designee, shall deposit  
22 this remaining money in the state school aid fund.

23 Sec. 1211. (1) Except as otherwise provided in this section  
24 and section 1211c, the board of a school district shall levy not  
25 more than 18 mills for school operating purposes or the number of  
26 mills levied in 1993 for school operating purposes, whichever is  
27 less. A principal residence, qualified agricultural property,

1 qualified forest property, supportive housing property, **PROPERTY**  
2 **OCCUPIED BY A PUBLIC SCHOOL ACADEMY**, and industrial personal  
3 property are exempt from the mills levied under this subsection  
4 except for the number of mills by which that exemption is reduced  
5 under this subsection. Except as otherwise provided in subsection  
6 (9), the board of a school district that had a foundation allowance  
7 for the 1994-95 state fiscal year greater than \$6,500.00 may reduce  
8 the number of mills from which a principal residence, qualified  
9 agricultural property, qualified forest property, supportive  
10 housing property, **PROPERTY OCCUPIED BY A PUBLIC SCHOOL ACADEMY**, and  
11 industrial personal property are exempted under this subsection by  
12 up to the number of mills, as certified under section 1211a,  
13 required to be levied on a principal residence, qualified  
14 agricultural property, qualified forest property, supportive  
15 housing property, **PROPERTY OCCUPIED BY A PUBLIC SCHOOL ACADEMY**, and  
16 industrial personal property for the school district's combined  
17 state and local revenue per membership pupil for the school fiscal  
18 year ending in 1995 to be equal to the school district's foundation  
19 allowance for the state fiscal year ending in 1995, and the board  
20 also may levy in 1994 or a succeeding year that number of mills for  
21 school operating purposes on a principal residence, qualified  
22 agricultural property, qualified forest property, supportive  
23 housing property, **PROPERTY OCCUPIED BY A PUBLIC SCHOOL ACADEMY**, and  
24 industrial personal property.

25 (2) Subject to subsection (3), if the department of treasury  
26 determines that the maximum number of mills allowed to be levied  
27 under subsection (1) on all classes of property was not sufficient

1 for a school district's combined state and local revenue per  
2 membership pupil for the school fiscal year ending in 1995 to be  
3 equal to the school district's foundation allowance for that school  
4 fiscal year, the board of the school district may levy in 1994 or a  
5 succeeding year additional mills uniformly on all property up to  
6 the number of mills required for the school district's combined  
7 state and local revenue per membership pupil for the school fiscal  
8 year ending in 1995 to be equal to the school district's foundation  
9 allowance for the state fiscal year ending in 1995. However, the  
10 board of a school district described in this subsection, by board  
11 resolution, may elect to exempt each principal residence and all  
12 qualified agricultural property, qualified forest property,  
13 supportive housing property, **PROPERTY OCCUPIED BY A PUBLIC SCHOOL**  
14 **ACADEMY**, and industrial personal property located in the school  
15 district from some or all of the mills that the board is authorized  
16 to levy under this subsection.

17 (3) After 1994, the number of mills a school district may levy  
18 under this section on any class of property shall not exceed the  
19 lesser of the number of mills the school district was certified by  
20 the department of treasury under section 1211a to levy on that  
21 class of property under this section in 1994 or the number of mills  
22 required to be levied on that class of property under this section  
23 to ensure that the increase from the immediately preceding state  
24 fiscal year in the school district's combined state and local  
25 revenue per membership pupil, calculated as if the school district  
26 had levied the maximum number of mills the school district was  
27 allowed to levy under this section regardless of the number of

1 mills the school district actually levied, does not exceed the  
2 lesser of the dollar amount of the increase in the basic foundation  
3 allowance under section 20 of the state school aid act of 1979, MCL  
4 388.1620, from the immediately preceding state fiscal year or the  
5 percentage increase in the general price level in the immediately  
6 preceding calendar year. If the number of mills a school district  
7 is allowed to levy under this section in a year after 1994 is less  
8 than the number of mills the school district was allowed to levy  
9 under this section in the immediately preceding year, any reduction  
10 required by this subsection in the school district's millage rate  
11 shall be calculated by first reducing the number of mills the  
12 school district is allowed to levy under subsection (2) and then  
13 increasing the number of mills from which a principal residence,  
14 qualified agricultural property, qualified forest property,  
15 supportive housing property, **PROPERTY OCCUPIED BY A PUBLIC SCHOOL**  
16 **ACADEMY**, and industrial personal property are exempted under  
17 subsection (1).

18 (4) Commercial personal property is exempt from 12 of the  
19 mills levied under this section. However, if the number of mills  
20 from which industrial personal property is exempted for a specific  
21 school district is reduced under this section, then the number of  
22 mills from which commercial personal property is exempted for that  
23 school district shall be reduced by that same number of mills.

24 (5) Millage levied under this section must be approved by the  
25 school electors. For the purposes of this section, millage approved  
26 by the school electors before January 1, 1994 for which the  
27 authorization has not expired is considered to be approved by the

1 school electors.

2 (6) If a school district levies millage for school operating  
3 purposes that is in excess of the limits of this section, the  
4 amount of the resulting excess tax revenue shall be deducted from  
5 the school district's next regular tax levy.

6 (7) If a school district levies millage for school operating  
7 purposes that is less than the limits of this section, the board of  
8 the school district may levy at the school district's next regular  
9 tax levy an additional number of mills not to exceed the additional  
10 millage needed to make up the shortfall.

11 (8) A school district shall not levy mills allocated under the  
12 property tax limitation act, 1933 PA 62, MCL 211.201 to 211.217a,  
13 other than mills allocated to a school district of the first class  
14 for payment to a public library commission under section 11(4) of  
15 the property tax limitation act, 1933 PA 62, MCL 211.211, after  
16 1993.

17 (9) Beginning with taxes levied for 2011, if a school district  
18 had a foundation allowance for the 1994-95 state fiscal year  
19 greater than \$6,500.00 and if the school district's foundation  
20 allowance for the 2009-2010 state fiscal year was less than the  
21 basic foundation allowance prescribed for the 2009-2010 state  
22 fiscal year under section 20 of the state school aid act of 1979,  
23 MCL 388.1620, the school district may not reduce the number of  
24 mills from which certain classes of property are exempted from the  
25 levy of millage under subsection (1) and may not levy that number  
26 of mills on those classes of property as would otherwise be allowed  
27 under subsection (1).

1 (10) As used in this section:

2 (a) "Combined state and local revenue per membership pupil"  
3 means that term as defined in section 20 of the state school aid  
4 act of 1979, MCL 388.1620.

5 (b) "Commercial personal property" means property classified  
6 as commercial personal property under section 34c of the general  
7 property tax act, 1893 PA 206, MCL 211.34c.

8 (c) "Foundation allowance" means a school district's  
9 foundation allowance as calculated under section 20 of the state  
10 school aid act of 1979, MCL 388.1620.

11 (d) "General price level" means that term as defined in  
12 section 33 of article IX of the state constitution of 1963.

13 (e) "Industrial personal property" means property classified  
14 as industrial personal property under section 34c of the general  
15 property tax act, 1893 PA 206, MCL 211.34c.

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

18 (g) "Owner", "person", "principal residence", and "qualified  
19 agricultural property" mean those terms as defined in section 7dd  
20 of the general property tax act, 1893 PA 206, MCL 211.7dd.

21 **(H) "PROPERTY OCCUPIED BY A PUBLIC SCHOOL ACADEMY" MEANS**  
22 **PROPERTY OCCUPIED BY A PUBLIC SCHOOL ACADEMY, URBAN HIGH SCHOOL**  
23 **ACADEMY, OR SCHOOL OF EXCELLENCE THAT IS USED EXCLUSIVELY FOR**  
24 **EDUCATIONAL PURPOSES.**

25 **(I) ~~(h)~~"Qualified forest property"** means that term as defined  
26 in section 7jj of the general property tax act, 1893 PA 206, MCL  
27 211.7jj[1].



1           (J) ~~(i)~~—"School operating purposes" includes expenditures for  
2 furniture and equipment, for alterations necessary to maintain  
3 school facilities in a safe and sanitary condition, for funding the  
4 cost of energy conservation improvements in school facilities, for  
5 deficiencies in operating expenses for the preceding year, and for  
6 paying the operating allowance due from the school district to a  
7 joint high school district in which the school district is a  
8 participating school district under former part 3a. Taxes levied  
9 for school operating purposes do not include any of the following:

10           (i) Taxes levied by a school district for operating a community  
11 college under part 25.

12           (ii) Taxes levied under section 1212.

13           (iii) Taxes levied under section 1356 for eliminating an  
14 operating deficit.

15           (iv) Taxes levied for operation of a library under section 1451  
16 or for operation of a library established pursuant to 1913 PA 261,  
17 MCL 397.261 to 397.262, that were not included in the operating  
18 millage reported by the district to the department as of April 1,  
19 1993. However, a district may report to the department not later  
20 than April 1, 1994 the number of mills it levied in 1993 for a  
21 purpose described in this subparagraph that the school district  
22 does not want considered as operating millage and then that number  
23 of mills is excluded under this section from taxes levied for  
24 school operating purposes.

25           (v) Taxes paid by a school district of the first class to a  
26 public library commission pursuant to section 11(4) of the property  
27 tax limitation act, 1933 PA 62, MCL 211.211.

Senate Bill No. 618 (H-4) as amended December 14, 2011

1 (vi) Taxes levied under former section 1512 for operation of a  
 2 community swimming pool. In addition, if a school district included  
 3 the millage it levied in 1993 for operation of a community swimming  
 4 pool as part of its operating millage reported to the department  
 5 for 1993, the school district may report to the department not  
 6 later than June 17, 1994 the number of mills it levied in 1993 for  
 7 operation of a community swimming pool that the school district  
 8 does not want considered as operating millage and then that number  
 9 of mills is excluded under this section from taxes levied for  
 10 school operating purposes.

11 (K) ~~(j)~~—"Supportive housing property" means real property  
 12 certified as supportive housing property under chapter 3B of the  
 13 state housing development authority act of 1966, 1966 PA 346, MCL  
 14 125.1459 to 125.1459b.

[SEC. 1277B. THE SENATE MAJORITY LEADER AND SPEAKER OF THE HOUSE  
 OF REPRESENTATIVES SHALL CONVENE A BIPARTISAN WORKGROUP TO MAKE  
 RECOMMENDATIONS TO THE SENATE AND HOUSE STANDING COMMITTEES ON EDUCATION  
 ON MEASURES TO BE TAKEN TO IMPROVE EDUCATIONAL QUALITY IN ALL PUBLIC  
 SCHOOLS FOR ALL PUPILS. THIS WORKGROUP SHALL FOCUS ON STUDENT GROWTH AND  
 SUBMIT ITS RECOMMENDATIONS NOT LATER THAN MARCH 30, 2012.]

SEC. 1280E. THE BOARD OF A SCHOOL DISTRICT OR INTERMEDIATE SCHOOL  
 DISTRICT OR BOARD OF DIRECTORS OF A PUBLIC SCHOOL ACADEMY SHALL DO BOTH  
 OF THE FOLLOWING:

(A) WITHIN 20 DAYS AFTER THE BOARD OR BOARD OF DIRECTORS IS  
 INFORMED BY THE APPROPRIATE AUTHORITY OF THE ADEQUATE YEARLY PROGRESS  
 STATUS OF ITS SCHOOLS FOR THE PURPOSES OF THE NO CHILD LEFT BEHIND ACT OF  
 2001, PUBLIC LAW 107-110, FOR THE MOST RECENT SCHOOL YEAR FOR WHICH IT IS  
 AVAILABLE, POST A NOTICE OF THE ADEQUATE YEARLY PROGRESS STATUS OF EACH  
 SCHOOL IT OPERATES ON THE HOMEPAGE OF ITS WEBSITE.

(B) WITHIN 20 DAYS AFTER THE BOARD OR BOARD OF DIRECTORS IS  
 INFORMED BY THE DEPARTMENT OF THE ACCREDITATION STATUS OF ITS SCHOOLS FOR  
 THE PURPOSES OF SECTION 1280 FOR THE MOST RECENT SCHOOL YEAR FOR WHICH IT  
 IS AVAILABLE, POST A NOTICE OF THE ACCREDITATION STATUS OF EACH SCHOOL IT  
 OPERATES ON THE HOMEPAGE OF ITS WEBSITE.]

15 Enacting section 1. Section 501a of the revised school code,  
 16 1976 PA 451, MCL 380.501a, is repealed.