

# SENATE BILL No. 618

September 7, 2011, Introduced by Senator PAVLOV and referred to the Committee on Education.

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 1231 (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 380.1231), 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 1231 as amended by 2002 PA 735, and by adding section 1231a; 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  
5 assistance act of 1978, Public Law 95-471, 92 Stat. 1325, and is  
6 determined by the department to meet the requirements for  
7 accreditation by a recognized regional accrediting body.

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

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

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

22 Sec. 502. (1) A public school academy shall be organized and  
23 administered under the direction of a board of directors in  
24 accordance with this part and with bylaws adopted by the board of  
25 directors. A public school academy corporation shall be organized  
26 under the nonprofit corporation act, 1982 PA 162, MCL 450.2101 to  
27 450.3192, except that a public school academy corporation is not

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

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

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

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

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

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

16 (d) ~~The governing board of a state public university. However,~~  
17 ~~the combined total number of contracts for public school academies~~  
18 ~~issued by all state public universities shall not exceed 150.~~  
19 ~~Further, the total number of contracts issued by any 1 state public~~  
20 ~~university shall not exceed 50% of the maximum combined total~~  
21 ~~number that may be issued under this subdivision.~~

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

27 (3) To obtain a contract to organize and operate 1 or more

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

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

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

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

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

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

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

17 (iii) The name of the authorizing body.

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

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

22 (d) A copy of the proposed bylaws of the public school  
23 academy.

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

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

27 (ii) A copy of the educational goals of the public school

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

26 (i) For a period of 12 months after the contract is issued  
27 under part 6e, that authorizing body is the only authorizing body

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

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

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

18 Sec. 503. (1) An authorizing body is not required to issue a  
19 contract to any person or entity. Public school academy contracts  
20 shall be issued on a competitive basis taking into consideration  
21 the resources available for the proposed public school academy, the  
22 population to be served by the proposed public school academy, the  
23 educational goals to be achieved by the proposed public school  
24 academy, and the applicant's track record, if any, in operating  
25 public school academies or other public schools. However, an  
26 authorizing body may give priority to a **PROPOSED** public school  
27 academy that is intended to replace a public school academy that

1 has been closed pursuant to section ~~507(2)~~, **507(5)**, that will  
2 operate all of the same grade levels as the public school academy  
3 that has been closed, and that will work toward operating all of  
4 grades 9 to 12 within 6 years after it begins operations unless a  
5 matriculation agreement has been entered into with another public  
6 school that provides grades 9 to 12.

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

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

1 ~~the application under section 502.~~

2 (4) An authorizing body shall adopt a resolution establishing  
3 the method of selection, length of term, and number of members of  
4 the board of directors of each public school academy subject to its  
5 jurisdiction.

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

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

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

19 (c) A description of the process for amending the contract  
20 during the term of the contract.

21 (d) All of the matters set forth in the application for the  
22 contract.

23 ~~—— (e) For a public school academy authorized by a school~~  
24 ~~district, an agreement that employees of the public school academy~~  
25 ~~will be covered by the collective bargaining agreements that apply~~  
26 ~~to employees of the school district employed in similar~~  
27 ~~classifications in schools that are not public school academies.~~

1           (E) ~~(f)~~—Procedures for revoking the contract and grounds for  
2 revoking the contract, including at least the grounds listed in  
3 section 507.

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

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

20           (H) ~~(i)~~—The term of the contract and a description of the  
21 process and standards for renewal of the contract at the end of the  
22 term. The standards for renewal shall include ~~student growth~~  
23 **INCREASES IN ACADEMIC ACHIEVEMENT FOR ALL GROUPS OF PUPILS** as  
24 measured by assessments and other objective criteria as a  
25 ~~significant~~ **THE MOST IMPORTANT** factor in the decision of whether or  
26 not to renew the contract.

27           (I) **A CERTIFICATION, SIGNED BY AN AUTHORIZED MEMBER OF THE**

1 BOARD OF DIRECTORS OF THE PUBLIC SCHOOL ACADEMY, THAT THE PUBLIC  
2 SCHOOL ACADEMY WILL COMPLY WITH THE CONTRACT AND ALL APPLICABLE  
3 LAW.

4 (J) A REQUIREMENT THAT THE BOARD OF DIRECTORS OF THE PUBLIC  
5 SCHOOL ACADEMY SHALL ENSURE COMPLIANCE WITH THE REQUIREMENTS OF  
6 1968 PA 317, MCL 15.321 TO 15.330.

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

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

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

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

27 (ii) A LIST OF CURRENTLY SERVING MEMBERS OF THE BOARD OF

1 DIRECTORS OF THE PUBLIC SCHOOL ACADEMY, INCLUDING NAME, ADDRESS,  
2 AND TERM OF OFFICE; COPIES OF POLICIES APPROVED BY THE BOARD OF  
3 DIRECTORS; BOARD MEETING AGENDAS AND MINUTES; A COPY OF THE BUDGET  
4 APPROVED BY THE BOARD OF DIRECTORS AND OF ANY AMENDMENTS TO THE  
5 BUDGET; AND COPIES OF BILLS PAID FOR AMOUNTS OF \$10,000.00 OR MORE  
6 AS THEY WERE SUBMITTED TO THE BOARD OF DIRECTORS.

7 (iii) QUARTERLY FINANCIAL REPORTS SUBMITTED TO THE AUTHORIZING  
8 BODY.

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

18 (v) CURRICULUM DOCUMENTS AND MATERIALS GIVEN TO THE  
19 AUTHORIZING BODY.

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

21 (vii) COPIES OF FACILITY LEASES OR DEEDS, OR BOTH, AND OF ANY  
22 EQUIPMENT LEASES.

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

25 (ix) ALL HEALTH AND SAFETY REPORTS AND CERTIFICATES, INCLUDING  
26 THOSE RELATING TO FIRE SAFETY, ENVIRONMENTAL MATTERS, ASBESTOS  
27 INSPECTION, BOILER INSPECTION, AND FOOD SERVICE.



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

3           (xi) ANY OTHER INFORMATION SPECIFICALLY REQUIRED UNDER THIS  
4 ACT.

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

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

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

17           (ii) THAT THE OPEN ENROLLMENT PERIOD FOR THE PUBLIC SCHOOL  
18 ACADEMY IS FOR A DURATION OF AT LEAST 2 WEEKS AND THAT THE  
19 ENROLLMENT TIMES INCLUDE SOME EVENING AND WEEKEND TIMES.

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

25           (6) A public school academy shall comply with all applicable  
26 law, including all of the following:

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

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

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

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

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

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

15 (8) A public school academy is exempt from all taxation on its  
16 earnings and property. Instruments of conveyance to or from a  
17 public school academy are exempt from all taxation including taxes  
18 imposed by 1966 PA 134, MCL 207.501 to 207.513. **PROPERTY OCCUPIED**  
19 **BY A PUBLIC SCHOOL ACADEMY AND USED EXCLUSIVELY FOR EDUCATIONAL**  
20 **PURPOSES IS EXEMPT FROM REAL AND PERSONAL PROPERTY TAXES.** A public  
21 school academy may not levy ad valorem property taxes or another  
22 tax for any purpose. However, operation of 1 or more public school  
23 academies by a school district or intermediate school district does  
24 not affect the ability of the school district or intermediate  
25 school district to levy ad valorem property taxes or another tax.

26 (9) A public school academy may acquire by purchase, gift,  
27 devise, lease, sublease, installment purchase agreement, land

1 contract, option, or by any other means, hold and own in its own  
2 name buildings and other property for school purposes, and  
3 interests therein, and other real and personal property, including,  
4 but not limited to, interests in property subject to mortgages,  
5 security interests, or other liens, necessary or convenient to  
6 fulfill its purposes. For the purposes of condemnation, a public  
7 school academy may proceed under the uniform condemnation  
8 procedures act, 1980 PA 87, MCL 213.51 to 213.75, excluding  
9 sections 6 to 9 of that act, MCL 213.56 to 213.59, or other  
10 applicable statutes, but only with the express, written permission  
11 of the authorizing body in each instance of condemnation and only  
12 after just compensation has been determined and paid.

13 **(10) A MEMBER OF THE BOARD OF DIRECTORS OF A PUBLIC SCHOOL**  
14 **ACADEMY IS A PUBLIC OFFICER AND SHALL, BEFORE ENTERING UPON THE**  
15 **DUTIES OF THE OFFICE, TAKE THE CONSTITUTIONAL OATH OF OFFICE FOR**  
16 **PUBLIC OFFICERS UNDER SECTION 1 OF ARTICLE XI OF THE STATE**  
17 **CONSTITUTION OF 1963.**

18 Sec. 504. (1) A public school academy may be located in all or  
19 part of an existing public school building. A public school academy  
20 shall not operate at a site other than the ~~single-site~~ **OR SITES**  
21 requested for the configuration of ~~grades~~ **AGE OR GRADE LEVELS** that  
22 will use the site **OR SITES**, as specified in the ~~application~~  
23 ~~required under section 502 and in the contract.~~ **IN A CONTRACT, AN**  
24 **AUTHORIZING BODY MAY PERMIT A PUBLIC SCHOOL ACADEMY TO OPERATE THE**  
25 **SAME CONFIGURATION OF AGE OR GRADE LEVELS AT MORE THAN 1 SITE, AND**  
26 **IF THIS IS INCLUDED IN THE CONTRACT, A PUBLIC SCHOOL ACADEMY MAY**  
27 **OPERATE THE SAME CONFIGURATION OF AGE OR GRADE LEVELS AT MORE THAN**

## 1 1 SITE.

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

11 (3) Except for a foreign exchange student who is not a United  
 12 States citizen, a public school academy shall not enroll a pupil  
 13 who is not a resident of this state. ~~Enrollment FOR A PUBLIC SCHOOL~~  
 14 ~~ACADEMY AUTHORIZED BY A SCHOOL DISTRICT OR INTERMEDIATE SCHOOL~~  
 15 ~~DISTRICT, ENROLLMENT~~ in the public school academy may be open to  
 16 all individuals who reside in this state who meet the admission  
 17 policy and shall be open to all pupils who reside within the  
 18 geographic boundaries ~~, if any, of the~~ **THAT** authorizing body ~~as~~  
 19 ~~described in section 502(2)(a) to (c) who meet the admission~~  
 20 ~~policy. , except that admission to a public school academy~~  
 21 ~~authorized by the board of a community college to operate, or~~  
 22 ~~operated by the board of a community college, on the grounds of a~~  
 23 ~~federal military installation, as described in section 502(2)(c),~~  
 24 ~~shall be open to all pupils who reside in the county in which the~~  
 25 ~~federal military installation is located.~~ For a public school  
 26 academy authorized by a **COMMUNITY COLLEGE OR A** state public  
 27 university, enrollment shall be open to all pupils who reside in

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

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

11 (a) A sibling of a pupil enrolled in the public school  
12 academy.

13 (b) A pupil who transfers to the public school academy from  
14 another public school ~~academy~~ pursuant to a matriculation agreement  
15 between the public school ~~academies~~ **ACADEMY AND OTHER PUBLIC SCHOOL**  
16 that provides for this enrollment priority, if all of the following  
17 requirements are met:

18 (i) Each public school ~~academy~~ that enters into the  
19 matriculation agreement remains a separate and independent public  
20 school. ~~academy~~.

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

24 (iii) The matriculation agreement allows any pupil who was  
25 enrolled at any time during elementary school in a public school  
26 ~~academy~~ that is party to the matriculation agreement and who was  
27 not expelled from the public school ~~academy~~ to enroll in the public

1 school academy giving enrollment priority under the matriculation  
2 agreement.

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

7 (5) A public school academy may include any grade up to grade  
8 12 or any configuration of those grades, including kindergarten and  
9 early childhood education, as specified in its contract. If  
10 specified in its contract, a public school academy may also operate  
11 an adult basic education program, adult high school completion  
12 program, or general education development testing preparation  
13 program. The authorizing body may approve amendment of a contract  
14 with respect to ages of pupils or grades offered.

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

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

21 (a) If the public school academy is ~~operated~~**AUTHORIZED** by a  
22 state public university, the public school academy may use as a  
23 classroom teacher in any grade a faculty member who is employed  
24 full-time by the state public university and who has been granted  
25 institutional tenure, or has been designated as being on tenure  
26 track, by the state public university.

27 (b) For a public school academy ~~operated~~**AUTHORIZED** by a

1 community college, the public school academy may use as a classroom  
2 teacher a full-time member of the community college faculty who has  
3 at least 5 years' experience at that community college in teaching  
4 the subject matter that he or she is teaching at the public school  
5 academy.

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

8 (3) A public school academy may develop and implement new  
9 teaching techniques or methods or significant revisions to known  
10 teaching techniques or methods, and shall report those to the  
11 authorizing body and state board to be made available to the  
12 public. A public school academy may use any instructional technique  
13 or delivery method that may be used by a school district.

14 ~~Sec. 507. (1) The authorizing body for a public school academy~~  
15 ~~is the fiscal agent for the public school academy. A state school~~  
16 ~~aid payment for a public school academy shall be paid to the~~  
17 ~~authorizing body that is the fiscal agent for that public school~~  
18 ~~academy, which shall then forward the payment to the public school~~  
19 ~~academy. An authorizing body has the responsibility to oversee a~~  
20 ~~public school academy's compliance with the contract and all~~  
21 ~~applicable law. A contract issued under this part may be revoked by~~  
22 ~~the authorizing body that issued the contract if the authorizing~~  
23 ~~body determines that 1 or more of the following has occurred:~~

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

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

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

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

5 ~~—— (2) Except for a public school academy that is an alternative~~  
6 ~~school serving a special student population, if the superintendent~~  
7 ~~of public instruction determines that a public school academy that~~  
8 ~~has been operating for at least 4 years is among the lowest~~  
9 ~~achieving 5% of all public schools in this state, as defined for~~  
10 ~~the purposes of the federal incentive grant program created under~~  
11 ~~sections 14005 and 14006 of title XIV of the American recovery and~~  
12 ~~reinvestment act of 2009, Public Law 111-5, and is in year 2 of~~  
13 ~~restructuring sanctions under the no child left behind act of 2001,~~  
14 ~~Public Law 107-110, not to include the individualized education~~  
15 ~~plan subgroup, the superintendent of public instruction shall~~  
16 ~~notify the public school academy's authorizing body. If an~~  
17 ~~authorizing body receives notice from the superintendent of public~~  
18 ~~instruction under this subsection, the authorizing body shall~~  
19 ~~revoke the public school academy's contract and the public school~~  
20 ~~academy shall be closed, effective at the end of the current school~~  
21 ~~year.~~

22 ~~—— (3) Except for a contract issued by a school district pursuant~~  
23 ~~to a vote by the school electors on a ballot question under section~~  
24 ~~503(2), the decision of an authorizing body to revoke a contract~~  
25 ~~under this section is solely within the discretion of the~~  
26 ~~authorizing body, is final, and is not subject to review by a court~~  
27 ~~or any state agency.~~



1 ~~—— (4) An authorizing body that revokes a contract under this~~  
2 ~~section is not liable for that action to the public school academy,~~  
3 ~~public school academy corporation, a pupil of the public school~~  
4 ~~academy, the parent or guardian of a pupil of the public school~~  
5 ~~academy, or any other person.~~ AN AUTHORIZING BODY THAT ISSUES A  
6 CONTRACT FOR A PUBLIC SCHOOL ACADEMY UNDER THIS PART SHALL DO ALL  
7 OF THE FOLLOWING:

8 (A) ENSURE THAT THE CONTRACT AND THE APPLICATION FOR THE  
9 CONTRACT COMPLY WITH THE REQUIREMENTS OF THIS PART.

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

12 (C) ESTABLISH THE METHOD OF SELECTION, LENGTH OF TERM, AND  
13 NUMBER OF MEMBERS OF THE BOARD OF DIRECTORS OF EACH PUBLIC SCHOOL  
14 ACADEMY THAT IT AUTHORIZES. THE AUTHORIZING BODY SHALL ENSURE THAT  
15 THE BOARD OF DIRECTORS INCLUDES REPRESENTATION FROM THE LOCAL  
16 COMMUNITY.

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

21 (E) DEVELOP AND IMPLEMENT A PROCESS FOR HOLDING A PUBLIC  
22 SCHOOL ACADEMY ACCOUNTABLE FOR MEETING APPLICABLE ACADEMIC  
23 PERFORMANCE STANDARDS SET FORTH IN THE CONTRACT AND FOR  
24 IMPLEMENTING CORRECTIVE ACTION FOR A PUBLIC SCHOOL ACADEMY THAT  
25 DOES NOT MEET THOSE STANDARDS.

26 (F) TAKE NECESSARY MEASURES TO ENSURE THAT THE BOARD OF  
27 DIRECTORS OF A PUBLIC SCHOOL ACADEMY OPERATES INDEPENDENTLY OF ANY

1 EDUCATIONAL MANAGEMENT COMPANY INVOLVED IN THE OPERATIONS OF THE  
2 PUBLIC SCHOOL ACADEMY.

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

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

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

12 (3) THE AUTHORIZING BODY FOR A PUBLIC SCHOOL ACADEMY IS THE  
13 FISCAL AGENT FOR THE PUBLIC SCHOOL ACADEMY. A STATE SCHOOL AID  
14 PAYMENT FOR A PUBLIC SCHOOL ACADEMY SHALL BE PAID TO THE  
15 AUTHORIZING BODY THAT IS THE FISCAL AGENT FOR THAT PUBLIC SCHOOL  
16 ACADEMY, AND THE AUTHORIZING BODY SHALL THEN FORWARD THE PAYMENT TO  
17 THE PUBLIC SCHOOL ACADEMY. WITHIN 30 DAYS AFTER A CONTRACT IS  
18 SUBMITTED TO THE DEPARTMENT BY AN AUTHORIZING BODY UNDER SUBSECTION  
19 (1), THE DEPARTMENT SHALL ISSUE A DISTRICT CODE TO THE PUBLIC  
20 SCHOOL ACADEMY FOR WHICH THE CONTRACT WAS ISSUED. IF THE DEPARTMENT  
21 DOES NOT ISSUE A DISTRICT CODE WITHIN 30 DAYS AFTER A CONTRACT IS  
22 FILED, THE STATE TREASURER SHALL ASSIGN A TEMPORARY DISTRICT CODE  
23 IN ORDER FOR THE PUBLIC SCHOOL ACADEMY TO RECEIVE FUNDING UNDER THE  
24 STATE SCHOOL AID ACT OF 1979.

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

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

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

6 (C) FAILURE OF THE PUBLIC SCHOOL ACADEMY TO MEET GENERALLY  
7 ACCEPTED PUBLIC SECTOR ACCOUNTING PRINCIPLES AND DEMONSTRATE SOUND  
8 FISCAL STEWARDSHIP.

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

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

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

8 (6) THE DECISION OF AN AUTHORIZING BODY TO ISSUE, NOT ISSUE,  
9 OR RECONSTITUTE A CONTRACT UNDER THIS PART, OR TO TERMINATE OR  
10 REVOKE A CONTRACT UNDER THIS SECTION, IS SOLELY WITHIN THE  
11 DISCRETION OF THE AUTHORIZING BODY, IS FINAL, AND IS NOT SUBJECT TO  
12 REVIEW BY A COURT OR ANY STATE AGENCY. AN AUTHORIZING BODY THAT  
13 ISSUES, DOES NOT ISSUE, OR RECONSTITUTES A CONTRACT UNDER THIS  
14 PART, OR THAT TERMINATES OR REVOKES A CONTRACT UNDER THIS SECTION,  
15 IS NOT LIABLE FOR THAT ACTION TO THE PUBLIC SCHOOL ACADEMY, THE  
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 (7) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (5), BEFORE AN  
20 AUTHORIZING BODY REVOKES A CONTRACT, THE AUTHORIZING BODY MAY  
21 CONSIDER AND TAKE CORRECTIVE MEASURES TO AVOID REVOCATION. AN  
22 AUTHORIZING BODY MAY RECONSTITUTE THE PUBLIC SCHOOL ACADEMY IN A  
23 FINAL ATTEMPT TO IMPROVE STUDENT EDUCATIONAL PERFORMANCE OR TO  
24 AVOID INTERRUPTION OF THE EDUCATIONAL PROCESS. AN AUTHORIZING BODY  
25 SHALL INCLUDE A RECONSTITUTING PROVISION IN THE CONTRACT THAT  
26 IDENTIFIES THESE CORRECTIVE MEASURES, INCLUDING, BUT NOT LIMITED  
27 TO, CANCELING A CONTRACT WITH AN EDUCATIONAL MANAGEMENT

1 ORGANIZATION, IF ANY, WITHDRAWING APPROVAL OF A CONTRACT UNDER  
2 SECTION 506, OR APPOINTING A NEW BOARD OF DIRECTORS OR A TRUSTEE TO  
3 TAKE OVER OPERATION OF THE PUBLIC SCHOOL ACADEMY.

4 (8) IF AN AUTHORIZING BODY REVOKES A CONTRACT, THE AUTHORIZING  
5 BODY SHALL WORK WITH A SCHOOL DISTRICT OR ANOTHER PUBLIC SCHOOL, OR  
6 WITH A COMBINATION OF THESE ENTITIES, TO ENSURE A SMOOTH TRANSITION  
7 FOR THE AFFECTED PUPILS. IF THE REVOCATION OCCURS DURING THE SCHOOL  
8 YEAR, THE AUTHORIZING BODY, AS THE FISCAL AGENT FOR THE PUBLIC  
9 SCHOOL ACADEMY UNDER THIS PART, SHALL RETURN ANY SCHOOL AID FUNDS  
10 HELD BY THE AUTHORIZING BODY THAT ARE ATTRIBUTABLE TO THE AFFECTED  
11 PUPILS TO THE STATE TREASURER FOR DEPOSIT INTO THE STATE SCHOOL AID  
12 FUND. THE STATE TREASURER SHALL DISTRIBUTE FUNDS TO THE PUBLIC  
13 SCHOOL IN WHICH THE PUPILS ENROLL AFTER THE REVOCATION PURSUANT TO  
14 A METHODOLOGY ESTABLISHED BY THE DEPARTMENT AND THE CENTER FOR  
15 EDUCATIONAL PERFORMANCE AND INFORMATION.

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

21 Sec. 522. (1) An urban high school academy shall be organized  
22 and administered under the direction of a board of directors in  
23 accordance with this part and with bylaws adopted by the board of  
24 directors. An urban high school academy corporation shall be  
25 organized under the nonprofit corporation act, 1982 PA 162, MCL  
26 450.2101 to 450.3192, except that an urban high school academy  
27 corporation is not required to comply with sections 170 to 177 of

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

7 (2) The governing board of a state public university may act  
8 as an authorizing body to issue a contract for the organization and  
9 operation of an urban high school academy under this part. ~~Subject~~  
10 ~~to section 524(1), not more than 15 contracts may be issued under~~  
11 ~~this part. A contract issued under this part shall be for an urban~~  
12 ~~high school academy that will be located in a county with a~~  
13 ~~population of at least 1,000,000. An urban high school academy~~  
14 ~~authorized under this part shall not operate outside the boundaries~~  
15 ~~of a county with a population of at least 1,000,000.~~

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

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

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

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

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

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

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

16 (iii) The name of the authorizing body.

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

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

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

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

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

26 (ii) A copy of the educational goals of the urban high school  
27 academy and the curricula to be offered and methods of pupil

1 assessment to be used by the urban high school academy. **THE**  
2 **EDUCATIONAL GOALS SHALL INCLUDE DEMONSTRATED IMPROVED PUPIL**  
3 **ACADEMIC ACHIEVEMENT FOR ALL GROUPS OF PUPILS.** To the extent  
4 applicable, the progress of the pupils in the urban high school  
5 academy shall be assessed using at least a Michigan education  
6 assessment program (MEAP) test or ~~an assessment instrument~~  
7 ~~developed under section 1279.~~ **THE MICHIGAN MERIT EXAMINATION UNDER**  
8 **SECTION 1279G, AS APPLICABLE.**

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

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

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

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

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

26 (5) If a particular state public university issues a contract  
27 that allows an urban high school academy to operate the same



1 configuration of grades at more than 1 site, as provided in section  
2 524(1), each of those sites shall be under the direction of the  
3 board of directors that is a party to the contract.

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

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

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

23 (i) Considering applications and issuing or administering  
24 contracts.

25 (ii) Compliance monitoring and oversight of urban high school  
26 academies.

27 (iii) Training for urban high school academy applicants,

1 administrators, and boards of directors.

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

3 (v) Academic support to urban high school academies or to  
4 pupils or graduates of urban high school academies.

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

6 (vii) Training of teachers, including supervision of teacher  
7 interns.

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

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

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

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

1 contract goals and objectives. An authorizing body shall give  
2 priority to applicants that demonstrate all of the following:

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

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

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

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

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

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

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

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

26 (c) A description of the process for amending the contract  
27 during the term of the contract. An authorizing body may approve

1 amendment of the contract with respect to any provision contained  
2 in the contract.

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

7 (e) Procedures for revoking the contract and grounds for  
8 revoking the contract.

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

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

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

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

26 (j) A requirement that the board of directors of the urban  
27 high school academy shall make information concerning its operation

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

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

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

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

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

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

1 high school academy.

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

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

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

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

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

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

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

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

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

25 (i) That the urban high school academy has made a reasonable  
26 effort to advertise its enrollment openings. ~~in a newspaper of~~  
27 ~~general circulation in the intermediate school district in which~~

1 ~~the urban high school academy is located.~~

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

5 (A) Reasonable efforts to advertise all enrollment openings to  
6 organizations and media that regularly serve and advocate for  
7 individuals with disabilities within the boundaries of the  
8 intermediate school district in which the urban high school academy  
9 is located.

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

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

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

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

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

1 **IMPORTANT** factor in the decision of whether or not to renew the  
2 contract.

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

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

6 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to  
7 15.246.

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

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

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

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

12 (g) The uniform budgeting and accounting act, 1968 PA 2, MCL  
13 141.421 to 141.440a.

14 (h) The revised municipal finance act, 2001 PA 34, MCL  
15 141.2101 to 141.2821.

16 (i) The federal no child left behind act of 2001, Public Law  
17 107-110, 115 Stat. 1425.

18 (j) Sections 1134, 1135, 1146, 1153, 1263(3), 1267, 1274, and  
19 1280.

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



1 or the person's scope of authority.

2 (5) An urban high school academy is exempt from all taxation  
3 on its earnings and property. **PROPERTY OCCUPIED BY AN URBAN HIGH**  
4 **SCHOOL ACADEMY AND USED EXCLUSIVELY FOR EDUCATIONAL PURPOSES IS**  
5 **EXEMPT FROM REAL AND PERSONAL PROPERTY TAXES.** Instruments of  
6 conveyance to or from an urban high school academy are exempt from  
7 all taxation, including taxes imposed by 1966 PA 134, MCL 207.501  
8 to 207.513. An urban high school academy may not levy ad valorem  
9 property taxes or any other tax for any purpose.

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

24 Sec. 524. (1) An urban high school academy may be located in  
25 all or part of an existing public school building. Except as  
26 otherwise provided in this subsection, an urban high school academy  
27 shall not operate at a site other than the single site requested

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

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

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

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

16           (a) A sibling of a pupil enrolled in the urban high school  
17 academy.

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

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

1 academy may also operate an adult basic education program, adult  
2 high school completion program, or general education development  
3 testing preparation program.

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

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

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

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

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 **TECHONOLOGY**, 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  
9 assistance act of 1978, Public Law 95-471, and is determined by the  
10 department to meet the requirements for accreditation by a  
11 recognized regional accrediting body.

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

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

26 (f) "Educational management organization" means an entity that  
27 enters into an agreement with the governing board of a public

1 school to provide comprehensive educational, administrative,  
2 management, or instructional services or staff to the public  
3 school.

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

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

10 Sec. 552. (1) Except as otherwise provided in subsections (2)  
11 and (3), not more than a combined total of 10 contracts to organize  
12 and operate a school of excellence may be issued by all authorizing  
13 bodies under this subsection. All of the following apply to a  
14 contract issued under this subsection:

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

20 (b) A contract may not be issued under this subsection after  
21 January 1, 2015.

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

26 (d) A school of excellence authorized under this subsection  
27 shall not be located in a school district that has a graduation

1 rate of over 75%, on average, for the most recent 3 school years  
2 for which the data are available, as determined by the department.

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

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

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

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

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

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

1 at a school of excellence that is a cyber school shall not exceed  
2 1,000 pupils.

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

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

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

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

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

27 (4) Subsection (3) applies to a public school academy that is

1 determined by the department to meet all of the following, as  
2 applicable:

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

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

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

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

24 (5) A school of excellence shall be organized and administered  
25 under the direction of a board of directors in accordance with this  
26 part and with bylaws adopted by the board of directors. A school of  
27 excellence shall be organized under the nonprofit corporation act,



1 1982 PA 162, MCL 450.2101 to 450.3192, except that a school of  
2 excellence is not required to comply with sections 170 to 177 of  
3 1931 PA 327, MCL 450.170 to 450.177. To the extent disqualified  
4 under the state or federal constitution, a school of excellence  
5 shall not be organized by a church or other religious organization  
6 and shall not have any organizational or contractual affiliation  
7 with or constitute a church or other religious organization.

8 (6) Any of the following may act as an authorizing body to  
9 issue a contract to organize and operate 1 or more schools of  
10 excellence 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 school of excellence to operate outside the school  
14 district's boundaries, and a school of excellence authorized by the  
15 board of a school district shall not operate outside that school  
16 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 school of excellence to operate outside the intermediate school  
20 district's boundaries, and a school of excellence authorized by the  
21 board of an intermediate school district shall not operate outside  
22 that intermediate school district's boundaries.

23 (c) The board of a community college. ~~The board of a community~~  
24 ~~college shall not issue a contract for a school of excellence to~~  
25 ~~operate outside the boundaries of the community college district,~~  
26 ~~and a school of excellence authorized by the board of a community~~  
27 ~~college shall not operate outside the boundaries of the community~~

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

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

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

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

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

22 (b) Subject to the resolution adopted by the authorizing body  
23 under section 553(4), a list of the proposed members of the board  
24 of directors of the school of excellence and a description of the  
25 qualifications and method for appointment or election of members of  
26 the board of directors.

27 (c) The proposed articles of incorporation, which shall

1 include at least all of the following:

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

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

4 This language shall provide that the school of excellence is  
5 incorporated pursuant to this part and that the school of  
6 excellence is a governmental entity.

7 (iii) The name of the authorizing body.

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

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

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

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

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

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

25 (iii) The admission policy and criteria to be maintained by the  
26 school of excellence. The admission policy and criteria shall  
27 comply with section 556. This part of the application also shall

1 include a description of how the applicant will provide to the  
 2 general public adequate notice that a school of excellence is being  
 3 created and adequate information on the admission policy, criteria,  
 4 and process.

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

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

8 (f) Descriptions of staff responsibilities and of the school  
 9 of excellence governance structure.

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

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

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

23 (I) ~~(j)~~ A description of and address for the proposed physical  
 24 plant in which the school of excellence will be located. **AN**  
 25 **APPLICANT MAY REQUEST THE AUTHORIZING BODY TO ISSUE A CONTRACT**  
 26 **ALLOWING THE BOARD OF DIRECTORS OF THE SCHOOL OF EXCELLENCE TO**  
 27 **OPERATE THE SAME CONFIGURATION OF AGE OR GRADE LEVELS AT MORE THAN**

1 1 SITE.

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

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

21 (10) An authorizing body shall not charge a fee, or require  
22 reimbursement of expenses, for considering an application for a  
23 contract, for issuing a contract, or for providing oversight of a  
24 contract for a school of excellence in an amount that exceeds a  
25 combined total of 3% of the total state school aid received by the  
26 school of excellence in the school year in which the fees or  
27 expenses are charged. ~~All of the following apply to this fee:~~

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

3 ~~—— (i) Considering applications and issuing or administering~~  
 4 ~~contracts.~~

5 ~~—— (ii) Compliance monitoring and oversight of schools of~~  
 6 ~~excellence.~~

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

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

10 ~~—— (v) Academic support to schools of excellence or to pupils of~~  
 11 ~~schools of excellence.~~

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

13 ~~—— (vii) Training of teachers.~~

14 ~~—— (viii) Other purposes that assist the school of excellence or~~  
 15 ~~traditional public schools in achieving improved academic~~  
 16 ~~performance.~~

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

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

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

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

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

5           (4) An authorizing body shall adopt a resolution establishing  
6 the method of selection, length of term, and number of members of  
7 the board of directors of each school of excellence subject to its  
8 jurisdiction.

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

11           (a) The educational goals the school of excellence 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 school of excellence 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 school of excellence'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 school of excellence authorized by a school~~  
27 ~~district, an agreement that employees of the school of excellence~~



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 schools of excellence.~~

4 (E) ~~(f)~~—Procedures for revoking the contract and grounds for  
5 revoking the contract, including at least the grounds listed in  
6 section 561.

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

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

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

22 (I) ~~(j)~~—A requirement that the board of directors shall ensure  
23 compliance with the requirements of 1968 PA 317, MCL 15.321 to  
24 15.330.

25 (J) ~~(k)~~—A requirement that the board of directors shall  
26 prohibit specifically identified family relationships between  
27 members of the board of directors, individuals who have an

1 ownership interest in or who are officers or employees of an  
2 educational management organization involved in the operation of  
3 the school of excellence, and employees of the school of  
4 excellence. The contract shall identify the specific prohibited  
5 relationships consistent with applicable law.

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

10 (l) ~~(m)~~—A requirement that the board of directors of the school  
11 of excellence shall collect, maintain, and make available to the  
12 public and the authorizing body, in accordance with applicable law  
13 and the contract, at least all of the following information  
14 concerning the operation and management of the school of  
15 excellence:

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

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

25 (iii) Quarterly financial reports submitted to the authorizing  
26 body.

27 (iv) A current list of teachers and school administrators

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

9 (v) Curriculum documents and materials given to the  
10 authorizing body.

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

12 (vii) Copies of facility leases or deeds, or both, and of any  
13 equipment leases.

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

16 (ix) All health and safety reports and certificates, including  
17 those relating to fire safety, environmental matters, asbestos  
18 inspection, boiler inspection, and food service.

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

21 (xi) Any other information specifically required under this  
22 act.

23 **(M)** ~~(n)~~—A requirement that the authorizing body must review  
24 and may disapprove any agreement between the board of directors and  
25 an educational management organization before the agreement is  
26 final and valid. An authorizing body may disapprove an agreement  
27 described in this subdivision only if the agreement is contrary to

1 contract or applicable law.

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

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

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

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

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

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

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

27 (P) ~~(q)~~—A requirement that, if requested, the board of

1 directors shall report to the authorizing body the total  
2 compensation for each individual working at the school of  
3 excellence.

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

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

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

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

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

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

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

21 (8) A school of excellence is exempt from all taxation on its  
22 earnings and property. **PROPERTY OCCUPIED BY A SCHOOL OF EXCELLENCE**  
23 **AND USED EXCLUSIVELY FOR EDUCATIONAL PURPOSES IS EXEMPT FROM REAL**  
24 **AND PERSONAL PROPERTY TAXES.** Instruments of conveyance to or from a  
25 school of excellence are exempt from all taxation including taxes  
26 imposed by 1966 PA 134, MCL 207.501 to 207.513. A school of  
27 excellence may not levy ad valorem property taxes or another tax

1 for any purpose. However, operation of 1 or more schools of  
2 excellence by a school district or intermediate school district  
3 does not affect the ability of the school district or intermediate  
4 school district to levy ad valorem property taxes or another tax.

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

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

24 (2) A contract for a school of excellence that is a cyber  
25 school shall include all of the provisions required under section  
26 553 and all of the following:

27 (a) A requirement that a teacher who holds appropriate

1 certification according to state board rule will be responsible for  
2 all of the following for each course in which a pupil is enrolled:

3 (i) Improving learning by planned instruction.

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

5 (iii) Assessing learning, assigning grades, and determining  
6 advancement.

7 (iv) Reporting outcomes to administrators and parents or legal  
8 guardians.

9 (b) A requirement that the cyber school will make educational  
10 services available to pupils for a minimum of at least 1,098 hours  
11 during a school year and will ensure that each pupil participates  
12 in the educational program for at least 1,098 hours during a school  
13 year.

14 (3) Notwithstanding any other provision of this act or any  
15 rule, if a school of excellence that is a cyber school is in  
16 compliance with the requirements of subsection (2)(a) regarding a  
17 certificated teacher, any other adult assisting with the oversight  
18 of a pupil during the pupil's participation in the cyber school's  
19 education program is not required to be a certificated teacher or  
20 an employee of the school.

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

24 ~~— (5) At the end of a cyber school's second full school year of~~  
25 ~~operations, the authorizing body of a school of excellence that is~~  
26 ~~a cyber school shall submit to the superintendent of public~~  
27 ~~instruction and the legislature, in the form and manner prescribed~~

1 ~~by the superintendent of public instruction, a report detailing the~~  
2 ~~operation of the cyber school, providing statistics of pupil~~  
3 ~~participation and academic performance, and making recommendations~~  
4 ~~for any further statutory or rule change related to cyber schools~~  
5 ~~and online learning in this state.~~

6       Sec. 556. (1) A school of excellence may be located in all or  
7 part of an existing public school building. A school of excellence,  
8 other than a cyber school operated under section 553a, shall not  
9 operate at a site other than the ~~single-site~~ **OR SITES** requested for  
10 the configuration of ~~grades~~ **AGE OR GRADE LEVELS** that will use the  
11 site **OR SITES**, as specified in the ~~application required under~~  
12 ~~section 552 and in the contract.~~ **IN A CONTRACT, AN AUTHORIZING BODY**  
13 **MAY PERMIT A SCHOOL OF EXCELLENCE TO OPERATE THE SAME CONFIGURATION**  
14 **OF AGE OR GRADE LEVELS AT MORE THAN SITE, AND IF THIS IS INCLUDED**  
15 **IN THE CONTRACT, A SCHOOL OF EXCELLENCE MAY OPERATE THE SAME**  
16 **CONFIGURATION OF AGE OR GRADE LEVELS AT MORE THAN 1 SITE.**

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

26       (3) Except for a foreign exchange student who is not a United  
27 States citizen, a school of excellence shall not enroll a pupil who



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

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

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

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

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

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

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

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

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

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

1 grades offered.

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

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

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

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

19 (a) If the school of excellence is ~~operated~~ **AUTHORIZED** by a  
20 state public university, the school of excellence may use as a  
21 classroom teacher in any grade a faculty member who is employed  
22 full-time by the state public university and who has been granted  
23 institutional tenure, or has been designated as being on tenure  
24 track, by the state public university.

25 (b) For a school of excellence ~~operated~~ **AUTHORIZED** by a  
26 community college, the school of excellence may use as a classroom  
27 teacher a full-time member of the community college faculty who has

1 at least 5 years' experience at that community college in teaching  
2 the subject matter that he or she is teaching at the school of  
3 excellence.

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

6 (3) A school of excellence may develop and implement new  
7 teaching techniques or methods or significant revisions to known  
8 teaching techniques or methods, and shall report those to the  
9 authorizing body and state board to be made available to the  
10 public. A school of excellence may use any instructional technique  
11 or delivery method that may be used by a school district.

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

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

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

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

24 (d) Oversee the operations of each school of excellence  
25 operating under a contract issued by the authorizing body. The  
26 oversight shall be sufficient to ensure that the school of  
27 excellence is in compliance with the terms of the contract and with

1 applicable law. **THIS SUBDIVISION DOES NOT RELIEVE ANY OTHER**  
2 **GOVERNMENTAL ENTITY OF ITS ENFORCEMENT OR SUPERVISORY**  
3 **RESPONSIBILITY.**

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

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

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

16 (h) Ensure that the board of directors of the school of  
17 excellence maintains and releases information as necessary to  
18 comply with applicable law.

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

22 (3) The authorizing body for a school of excellence is the  
23 fiscal agent for the school of excellence. A state school aid  
24 payment for a school of excellence shall be paid to the authorizing  
25 body as the fiscal agent for that school of excellence, and the  
26 authorizing body shall then forward the payment to the school of  
27 excellence. Within 30 days after a contract is submitted to the

1 department by the authorizing body under subsection (1), the  
2 department shall issue a district code to the school of excellence  
3 for which the contract was issued. If the department does not issue  
4 a district code within 30 days after a contract is filed, the state  
5 treasurer shall assign a temporary district code in order for the  
6 school of excellence to receive funding under the state school aid  
7 act of 1979.

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

11 (a) Failure of the school of excellence to ~~abide by and~~  
12 **DEMONSTRATE IMPROVED PUPIL ACADEMIC ACHIEVEMENT FOR ALL GROUPS OF**  
13 **PUPILS OR** meet the educational goals set forth in the contract.

14 (b) Failure of the school of excellence to comply with all  
15 applicable law.

16 (c) Failure of the school of excellence to meet generally  
17 accepted public sector accounting principles **AND DEMONSTRATE SOUND**  
18 **FISCAL STEWARDSHIP.**

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

21 (5) Except for a school of excellence that is an alternative  
22 school serving a special student population, if the superintendent  
23 of public instruction determines that a school of excellence **SITE**  
24 that has been operating for at least 4 years is among the lowest  
25 achieving 5% of all public schools in this state, as defined for  
26 the purposes of the federal incentive grant program created under  
27 sections 14005 and 14006 of title XIV of the American recovery and

1 reinvestment act of 2009, Public Law 111-5, ~~and~~ is in year 2 of  
 2 restructuring sanctions under the no child left behind act of 2001,  
 3 Public Law 107-110, not to include the individualized education  
 4 plan subgroup, **AND IS NOT CURRENTLY UNDERGOING RECONSTITUTION UNDER**  
 5 **THIS SECTION**, the superintendent of public instruction shall notify  
 6 the school of excellence's authorizing body. If an authorizing body  
 7 receives notice from the superintendent of public instruction under  
 8 this subsection, the authorizing body shall ~~revoke~~ **AMEND** the school  
 9 of excellence's contract **TO ELIMINATE THE SCHOOL OF EXCELLENCE'S**  
 10 **AUTHORITY TO OPERATE THE EXISTING AGE AND GRADE LEVELS AT THE SITE**  
 11 and the school of excellence shall ~~be closed~~, **CEASE OPERATING THE**  
 12 **EXISTING AGE AND GRADE LEVELS AT THE SITE**, effective at the end of  
 13 the current school year. **IF THE SCHOOL OF EXCELLENCE OPERATES AT**  
 14 **ONLY 1 SITE OR IS A CYBER SCHOOL, AND THE AUTHORIZING BODY RECEIVES**  
 15 **NOTICE FROM THE SUPERINTENDENT OF PUBLIC INSTRUCTION UNDER THIS**  
 16 **SUBSECTION, THE AUTHORIZING BODY SHALL REVOKE THE SCHOOL OF**  
 17 **EXCELLENCE'S CONTRACT, EFFECTIVE AT THE END OF THE CURRENT SCHOOL**  
 18 **YEAR.**

19 (6) Except for a contract issued by a school district pursuant  
 20 to a vote by the school electors on a ballot question under section  
 21 553(2), the decision of the authorizing body to issue, ~~reissue~~, **NOT**  
 22 **ISSUE**, or reconstitute a contract under this part, or to **TERMINATE**  
 23 **OR** 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 other state agency. If the authorizing  
 26 body **ISSUES**, does not issue, ~~reissue~~, ~~or reconstitute~~ **OR**  
 27 **RECONSTITUTES** a contract under this part, or **TERMINATES OR** revokes

1 a contract under this section, the authorizing body is not liable  
2 for that action to the school of excellence, the school of  
3 excellence corporation, a pupil of the school of excellence, the  
4 parent or guardian of a pupil of the school of excellence, or any  
5 other person.

6 (7) Except as otherwise provided in subsection (5), before the  
7 authorizing body revokes a contract, the authorizing body ~~shall~~ **MAY**  
8 consider and take corrective measures to avoid revocation. The  
9 authorizing body may reconstitute the school of excellence in a  
10 final attempt to improve student educational performance or to  
11 avoid interruption of the educational process. The authorizing body  
12 shall include a reconstituting provision in the contract that  
13 identifies these corrective measures, including, but not limited  
14 to, canceling a contract with an educational management  
15 organization, if any, withdrawing approval to contract under  
16 section ~~557,~~ **560**, or appointing a new board of directors or a  
17 trustee to take over operation of the school of excellence.

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



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

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

9 (10) If a school of excellence's contract terminates or is  
10 revoked, title to all real and personal property, interest in real  
11 or personal property, and other assets owned by the school of  
12 excellence shall revert to the state. This property shall be  
13 distributed in accordance with the following:

14 (a) Within 30 days following the termination or revocation,  
15 the board of directors of a school of excellence shall hold a  
16 public meeting to adopt a plan of distribution of assets and to  
17 approve the dissolution of the school of excellence corporation,  
18 all in accordance with chapter 8 of the nonprofit corporation act,  
19 1982 PA 162, MCL 450.2801 to 450.2864.

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

24 (c) Simultaneously with the filing of the certificate of  
25 dissolution under subdivision (b), the school of excellence board  
26 of directors shall provide a copy of the board of directors' plan  
27 of distribution of assets to the state treasurer for approval.

1 Within 30 days, the state treasurer, or his or her designee, shall  
2 review and approve the board of directors' plan of distribution of  
3 assets. If the proposed plan of distribution of assets is not  
4 approved within 30 days, the state treasurer, or his or her  
5 designee, shall provide the board of directors with an acceptable  
6 plan of distribution of assets.

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

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

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

26 (g) Following the sale of the real or personal property or  
27 interests in the real or personal property, and after payment of

1 any school of excellence debt secured by the property or interest  
2 in property, whether real or personal, the school of excellence  
3 board of directors, or a trustee appointed under this section,  
4 shall forward any remaining money to the state treasurer. Following  
5 receipt, the state treasurer, or his or her designee, shall deposit  
6 this remaining money in the state school aid fund.

7       Sec. 1231. (1) ~~The~~ **EXCEPT AS OTHERWISE PROVIDED IN SECTION**  
8 **1231A, THE** board of a school district shall hire and contract with  
9 qualified teachers. Contracts with teachers shall be in writing and  
10 signed on behalf of the school district by a majority of the board,  
11 by the president and secretary of the board, or by the  
12 superintendent of schools or an authorized representative of the  
13 board. The contracts shall specify the wages agreed upon.

14       (2) A teacher's contract shall be filed with the secretary of  
15 the board and a duplicate copy of the contract shall be furnished  
16 to the teacher.

17       (3) Except as otherwise provided under this act, a contract  
18 with a teacher is not valid unless the person holds a valid  
19 teaching certificate at the time the contractual period begins. A  
20 contract shall terminate if the certificate expires by limitation  
21 and is not renewed immediately or if it is suspended or revoked by  
22 proper legal authority.

23       (4) The board of a school district, after a teacher has been  
24 employed at least 2 consecutive years by the board, may enter into  
25 a continuing contract with a certificated teacher.

26       (5) As used in this section, "teacher" does not include a  
27 substitute teacher.

1           SEC. 1231A. (1) THE BOARD OF A SCHOOL DISTRICT MAY ENTER INTO  
2 A CONTRACT WITH A PERSON OR ENTITY TO FURNISH QUALIFIED TEACHERS TO  
3 THE SCHOOL DISTRICT AS NECESSARY TO CARRY OUT THE OPERATIONS OF THE  
4 SCHOOL DISTRICT.

5           (2) A CONTRACT ENTERED INTO UNDER THIS SECTION SHALL INCLUDE  
6 THE FOLLOWING PROVISIONS:

7           (A) ASSURANCE THAT THE PERSON OR ENTITY WILL FURNISH THE  
8 SCHOOL DISTRICT WITH QUALIFIED TEACHERS IN ACCORDANCE WITH THIS ACT  
9 AND RULES PROMULGATED UNDER THIS ACT.

10           (B) ASSURANCE THAT THE PERSON OR ENTITY WILL NOT FURNISH TO  
11 THE SCHOOL DISTRICT ANY TEACHER WHO, IF EMPLOYED DIRECTLY BY THE  
12 SCHOOL DISTRICT, WOULD BE INELIGIBLE FOR EMPLOYMENT BY THE SCHOOL  
13 DISTRICT AS A TEACHER UNDER THIS ACT.

14           (C) A DESCRIPTION OF THE LEVEL OF COMPENSATION AND FRINGE  
15 BENEFITS TO BE PROVIDED TO EMPLOYEES OF THE PERSON OR ENTITY WHO  
16 ARE ASSIGNED TO THE SCHOOL DISTRICT AS TEACHERS.

17           (D) A DESCRIPTION OF THE TYPE AND AMOUNTS OF INSURANCE  
18 COVERAGE TO BE SECURED AND MAINTAINED BY THE PERSON OR ENTITY AND  
19 THE SCHOOL DISTRICT UNDER THE CONTRACT.

20           (E) ASSURANCE THAT THE PERSON OR ENTITY, BEFORE ASSIGNING AN  
21 INDIVIDUAL TO SERVE AS A TEACHER IN THE SCHOOL, WILL COMPLY WITH  
22 SECTIONS 1230 AND 1230A WITH RESPECT TO THAT INDIVIDUAL TO THE SAME  
23 EXTENT AS IF THE PERSON OR ENTITY WERE A SCHOOL DISTRICT EMPLOYING  
24 THE INDIVIDUAL AS A TEACHER AND WILL PROVIDE THE BOARD OF THE  
25 SCHOOL DISTRICT WITH THE CRIMINAL HISTORY RECORD INFORMATION  
26 OBTAINED UNDER SECTION 1230 AND WITH THE RESULTS OF THE CRIMINAL  
27 RECORDS CHECK UNDER SECTION 1230A. THE DEPARTMENT OF STATE POLICE

1 SHALL PROVIDE INFORMATION TO A PERSON OR ENTITY REQUESTING  
2 INFORMATION UNDER THIS SUBDIVISION TO THE SAME EXTENT AS IF THE  
3 PERSON OR ENTITY WERE A SCHOOL DISTRICT MAKING THE REQUEST UNDER  
4 SECTION 1230 OR 1230A.

5 (3) A SCHOOL DISTRICT THAT CONTRACTS WITH A PERSON OR ENTITY  
6 TO FURNISH TEACHERS UNDER THIS SECTION MAY PURCHASE LIABILITY  
7 INSURANCE TO INDEMNIFY AND PROTECT THE SCHOOL DISTRICT AND THE  
8 PERSON OR ENTITY AGAINST LOSSES OR LIABILITIES INCURRED BY THE  
9 SCHOOL DISTRICT AND PERSON OR ENTITY ARISING OUT OF ANY CLAIM FOR  
10 PERSONAL INJURY OR PROPERTY DAMAGE CAUSED BY THE SCHOOL DISTRICT OR  
11 ITS OFFICERS, EMPLOYEES, OR AGENTS. A SCHOOL DISTRICT MAY PAY  
12 PREMIUMS FOR THE INSURANCE OUT OF ITS OPERATING FUNDS. THE  
13 EXISTENCE OF ANY POLICY OF INSURANCE INDEMNIFYING THE SCHOOL  
14 DISTRICT AND PERSON OR ENTITY AGAINST LIABILITY FOR DAMAGES IS NOT  
15 A WAIVER OF ANY DEFENSE OTHERWISE AVAILABLE TO THE SCHOOL DISTRICT  
16 IN THE DEFENSE OF THE CLAIM.

17 (4) AS USED IN THIS SECTION, "ENTITY" MEANS A PARTNERSHIP,  
18 NONPROFIT OR BUSINESS CORPORATION, LABOR ORGANIZATION, LIMITED  
19 LIABILITY COMPANY, OR ANY OTHER ASSOCIATION, CORPORATION, TRUST, OR  
20 OTHER LEGAL ENTITY.

21 Enacting section 1. Section 501a of the revised school code,  
22 1976 PA 451, MCL 380.501a, is repealed.

23 Enacting section 2. This amendatory act does not take effect  
24 unless all of the following bills of the 96th Legislature are  
25 enacted into law:

26 (a) Senate Bill No. 620.

27

1 (b) Senate Bill No. 619.

2

3 (c) Senate Bill No. 624.

4

5 (d) Senate Bill No. 621.

6