

SENATE BILL No. 682

November 13, 2013, Introduced by Senators HOPGOOD, GREGORY, WHITMER and SMITH and referred to the Committee on Education.

A bill to amend 1976 PA 451, entitled "The revised school code," by amending sections 502, 503, 503c, 504a, 522, 523, 523c, 525, 552, 553, 553c, 557, 1311d, and 1311h (MCL 380.502, 380.503, 380.503c, 380.504a, 380.522, 380.523, 380.523c, 380.525, 380.552, 380.553, 380.553c, 380.557, 380.1311d, and 380.1311h), sections 502, 503, 522, 523, and 553 as amended and sections 503c, 523c, and 553c as added by 2011 PA 277, section 504a as amended and section 525 as added by 2003 PA 179, section 552 as amended by 2012 PA 129, section 557 as added by 2009 PA 205, section 1311d as added by 1999 PA 23, and section 1311h as amended by 2012 PA 620.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 502. (1) A public school academy shall be organized and

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

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

15 (a) The board of a school district that operates grades K to
16 12. However, the board of a school district shall not issue a
17 contract for a public school academy to operate outside the school
18 district's boundaries, and a public school academy authorized by
19 the board of a school district shall not operate outside that
20 school district's boundaries. **FOR THE PURPOSES OF THIS SECTION,**
21 **"SCHOOL DISTRICT" EXPRESSLY DOES NOT INCLUDE THE STATE SCHOOL**
22 **REFORM/REDESIGN SCHOOL DISTRICT CREATED UNDER SECTION 1280C, THE**
23 **EDUCATION ACHIEVEMENT AUTHORITY, OR ANY OTHER STATEWIDE ENTITY.**

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

1 the board of an intermediate school district shall not operate
2 outside that intermediate school district's boundaries.

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

24 (d) The governing board of a state public university. However,
25 the combined total number of contracts for public school academies
26 issued by all state public universities shall not exceed 300
27 through December 31, 2012 and shall not exceed 500 through December

1 31, 2014. After December 31, 2014, there is no limit on the
2 combined total number of contracts for public school academies that
3 may be issued by all state public universities.

4 ~~—— (c) Two or more of the public agencies described in~~
5 ~~subdivisions (a) to (d) exercising power, privilege, or authority~~
6 ~~jointly pursuant to an interlocal agreement under the urban~~
7 ~~cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to~~
8 ~~124.512.~~

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

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

14 (b) Subject to the resolution adopted by the authorizing body
15 under section 503(5), a list of the proposed members of the board
16 of directors of the public school academy and a description of the
17 qualifications and method for appointment or election of members of
18 the board of directors.

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

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

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

23 This language shall provide that the public school academy is
24 incorporated pursuant to this part and that the public school
25 academy corporation is a governmental entity.

26 (iii) The name of the authorizing body.

27 (iv) The proposed time when the articles of incorporation will

1 be effective.

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

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

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

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

9 (ii) A copy of the educational goals of the public school
10 academy and the curricula to be offered and methods of pupil
11 assessment to be used by the public school academy. The educational
12 goals shall include demonstrated improved pupil academic
13 achievement for all groups of pupils. To the extent applicable, the
14 progress of the pupils in the public school academy shall be
15 assessed using at least a Michigan education assessment program
16 (MEAP) test or the Michigan merit examination under section 1279g,
17 as applicable.

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

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

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

27 (f) Descriptions of staff responsibilities and of the public

1 school academy's governance structure.

2 (g) For an application to the board of a school district, an
3 intermediate school board, or board of a community college,
4 identification of the local and intermediate school districts in
5 which the public school academy will be located.

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

10 (i) A description of and address for the proposed physical
11 plant in which the public school academy will be located. An
12 applicant may request the authorizing body to issue a contract
13 allowing the public school academy board of directors to operate
14 the same configuration of age or grade levels at more than 1 site.

15 (4) An authorizing body shall oversee, or shall contract with
16 an intermediate school district, community college, or state public
17 university to oversee, each public school academy operating under a
18 contract issued by the authorizing body. The authorizing body is
19 responsible for overseeing compliance by the board of directors
20 with the contract and all applicable law. This subsection does not
21 relieve any other government entity of its enforcement or
22 supervisory responsibility.

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

1 issue new contracts to organize and operate public school
2 academies. A contract issued by the authorizing body during the
3 suspension is void. A contract issued by the authorizing body
4 before the suspension is not affected by the suspension.

5 (6) BEGINNING ON THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT
6 ADDED THIS SUBSECTION, AN AUTHORIZING BODY SHALL NOT ISSUE A NEW
7 CONTRACT TO ORGANIZE AND OPERATE A NEW PUBLIC SCHOOL ACADEMY UNLESS
8 EACH OF THE EXISTING PUBLIC SCHOOL ACADEMIES THAT ARE OPERATING
9 UNDER A CONTRACT FROM THAT AUTHORIZING BODY HAVE DEMONSTRATED PUPIL
10 ACHIEVEMENT AS MEASURED BY APPLICABLE STATE ASSESSMENTS AT A LEVEL
11 THAT IS AT LEAST 20% HIGHER THAN THE SCHOOL DISTRICT IN WHICH THE
12 EXISTING PUBLIC SCHOOL ACADEMY IS LOCATED.

13 (7) ~~(6)~~—An authorizing body shall not charge a fee, or require
14 reimbursement of expenses, for considering an application for a
15 contract, for issuing a contract, or for providing oversight of a
16 contract for a public school academy in an amount that exceeds a
17 combined total of ~~3%~~—1% of the total state school aid received by
18 the public school academy in the school year in which the fees or
19 expenses are charged. An authorizing body may provide other
20 services for a public school academy and charge a fee for those
21 services, but shall not require such an arrangement as a condition
22 to issuing the contract authorizing the public school academy.

23 (8) ~~(7)~~—A public school academy shall be presumed to be
24 legally organized if it has exercised the franchises and privileges
25 of a public school academy for at least 2 years.

26 ~~—(8) An authorizing body may enter into an intergovernmental~~
27 ~~agreement with another authorizing body to issue public school~~

1 ~~academy contracts. At a minimum, the agreement shall further the~~
2 ~~purposes set forth in section 501, describe which authorizing body~~
3 ~~shall issue the contract, and set forth which authorizing body will~~
4 ~~be responsible for monitoring compliance by the board of directors~~
5 ~~of the public school academy with the contract and all applicable~~
6 ~~law.~~

7 Sec. 503. (1) An authorizing body is not required to issue a
8 contract to any person or entity. Subject to subsection (2), public
9 school academy contracts shall be issued on a competitive basis. In
10 deciding whether to issue a contract for a proposed public school
11 academy, an authorizing body shall consider all of the following:

12 (a) The resources available for the proposed public school
13 academy.

14 (b) The population to be served by the proposed public school
15 academy.

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

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

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

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

24 (g) The number of schools in the proximity of a proposed
25 location of the proposed public school academy that are on the list
26 under section 1280c(1) of the public schools in this state that the
27 department has determined to be among the lowest achieving 5% of

1 all public schools in this state.

2 (h) The number of pupils on waiting lists of public school
3 academies in the proximity of a proposed location of the proposed
4 public school academy.

5 (2) An authorizing body may give priority to a proposed public
6 school academy that is intended to replace a public school academy
7 that has been closed ~~pursuant to~~ **DUE TO ACTION TAKEN UNDER** section
8 507(5), that will operate all of the same grade levels as the
9 public school academy that has been closed, and that will work
10 toward operating all of grades 9 to 12 within 6 years after it
11 begins operations unless a matriculation agreement has been entered
12 into with another public school that provides grades 9 to 12.

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

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

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

7 (5) An authorizing body shall adopt a resolution establishing
8 the method of selection, length of term, and number of members of
9 the board of directors of each public school academy subject to its
10 jurisdiction. The resolution shall be written or amended as
11 necessary to include a requirement that each member of the board of
12 directors must be a citizen of the United States.

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

15 (a) The educational goals the public 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 a public school academy shall
20 be assessed using at least a Michigan education assessment program
21 (MEAP) test or the Michigan merit examination under section 1279g,
22 as applicable.

23 (b) A description of the method to be used to monitor the
24 public 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.

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

3 (e) Procedures for revoking the contract and grounds for
4 revoking the contract, including at least the grounds listed in
5 section 507.

6 (f) A description of and address for the proposed physical
7 plant in which the public school academy will be located. An
8 authorizing body may include a provision in the contract allowing
9 the board of directors of the public school academy to operate the
10 same configuration of age or grade levels at more than 1 site if
11 each configuration of age or grade levels and each site identified
12 in the contract are under the direction and control of the board of
13 directors.

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

18 (h) The term of the contract and a description of the process
19 and standards for renewal of the contract at the end of the term.
20 The standards for renewal shall include increases in academic
21 achievement for all groups of pupils as measured by assessments and
22 other objective criteria as the most important factor in the
23 decision of whether or not to renew the contract.

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

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

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

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

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

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

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

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

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

6 (iv) A current list of teachers and school administrators
7 working at the public school academy that includes their individual
8 salaries as submitted to the registry of educational personnel;
9 copies of the teaching or school administrator's certificates or
10 permits of current teaching and administrative staff; and evidence
11 of compliance with the criminal background and records checks and
12 unprofessional conduct check required under sections 1230, 1230a,
13 and 1230b for all teachers and administrators working at the public
14 school academy.

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

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

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

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

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

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

27 (xi) Any other information specifically required under this

1 act.

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

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

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

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

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

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

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

25 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to
26 15.246.

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

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

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

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

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

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

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

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

20 (11) A member of the board of directors of a public school
21 academy is a public officer and shall, before entering upon the
22 duties of the office, take the constitutional oath of office for
23 public officers under section 1 of article XI of the state
24 constitution of 1963.

25 Sec. 503c. (1) ~~Beginning with management agreements described~~
26 ~~in this section that are entered into or renewed after the~~
27 ~~effective date of this section, if~~ **IF** the board of directors of a

1 public school academy enters into or renews a management agreement
2 with an educational management organization to carry out the
3 operations of the public school academy, ~~both~~ ALL of the following
4 apply:

5 (A) THE BOARD OF DIRECTORS SHALL POST A COPY OF THE MANAGEMENT
6 AGREEMENT ON THE PUBLIC SCHOOL ACADEMY'S WEBSITE, WITH A LINK ON
7 THE PUBLIC SCHOOL ACADEMY'S WEBSITE HOMEPAGE, IN A FORM AND MANNER
8 PRESCRIBED BY THE DEPARTMENT.

9 (B) ~~(a)~~—The management agreement shall require the educational
10 management organization to provide to the board of directors at
11 least annually all of the same information that a school district
12 is required to disclose under section 18(2) of the state school aid
13 act of 1979, MCL 388.1618, for the most recent school fiscal year
14 for which that information is available.

15 (C) ~~(b)~~—Within 30 days after receiving the information under
16 subdivision ~~(a)~~, (B), the board of directors shall make all of the
17 information it receives under subdivision ~~(a)~~ (B) available through
18 a link on the public school academy's website homepage, in a form
19 and manner prescribed by the department.

20 (2) As used in this section:

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

23 (b) "Entity" means a partnership, nonprofit or business
24 corporation, or any other association, corporation, trust, or other
25 legal entity.

26 (c) "Management agreement" means an agreement to provide
27 comprehensive educational, administrative, management, or

1 instructional services or staff to a public school academy.

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

4 Sec. 504a. In addition to other powers set forth in this part,
5 a public school academy may take action to carry out the purposes
6 for which it was incorporated under this part, including, but not
7 limited to, all of the following:

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

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

17 (c) To receive, disburse, and pledge funds for lawful
18 purposes.

19 (d) To enter into binding legal agreements with persons or
20 entities as necessary for the operation, management, financing, and
21 maintenance of the public school academy. **HOWEVER, A PUBLIC SCHOOL
22 ACADEMY SHALL NOT ENTER INTO A MANAGEMENT AGREEMENT WITH AN
23 EDUCATIONAL MANAGEMENT ORGANIZATION THAT OPERATES ON A FOR-PROFIT
24 BASIS. AS USED IN THIS SUBDIVISION, "EDUCATIONAL MANAGEMENT
25 ORGANIZATION" AND "MANAGEMENT AGREEMENT" MEAN THOSE TERMS AS
26 DEFINED IN SECTION 503C.**

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

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

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

16 Sec. 522. (1) An urban high school academy shall be organized
17 and administered under the direction of a board of directors in
18 accordance with this part and with bylaws adopted by the board of
19 directors. An urban high school academy corporation shall be
20 organized under the nonprofit corporation act, 1982 PA 162, MCL
21 450.2101 to 450.3192, except that an urban high school academy
22 corporation is not required to comply with sections 170 to 177 of
23 1931 PA 327, MCL 450.170 to 450.177. To the extent disqualified
24 under the state or federal constitution, an urban high school
25 academy shall not be organized by a church or other religious
26 organization and shall not have any organizational or contractual
27 affiliation with or constitute a church or other religious

1 organization.

2 (2) The governing board of a state public university may act
3 as an authorizing body to issue a contract for the organization and
4 operation of an urban high school academy under this part.

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

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

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

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

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

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

26 (ii) The purposes for the urban high school academy
27 corporation. This language shall provide that the urban high school

1 academy is incorporated pursuant to this part and that the urban
2 high school academy corporation is a governmental entity and
3 political subdivision of this state.

4 (iii) The name of the authorizing body.

5 (iv) The proposed time when the articles of incorporation will
6 be effective.

7 (v) Other matters considered expedient to be in the articles
8 of incorporation.

9 (d) A copy of the proposed bylaws of the urban high school
10 academy.

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

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

14 (ii) A copy of the educational goals of the urban high school
15 academy and the curricula to be offered and methods of pupil
16 assessment to be used by the urban high school academy. The
17 educational goals shall include demonstrated improved pupil
18 academic achievement for all groups of pupils. To the extent
19 applicable, the progress of the pupils in the urban high school
20 academy shall be assessed using at least a Michigan education
21 assessment program (MEAP) test or the Michigan merit examination
22 under section 1279g, as applicable.

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

1 being created and adequate information on the admission policy,
2 criteria, and process.

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

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

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

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

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

18 **(6) BEGINNING ON THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT**
19 **ADDED THIS SUBSECTION, A STATE PUBLIC UNIVERSITY SHALL NOT ISSUE A**
20 **NEW CONTRACT TO ORGANIZE AND OPERATE A NEW URBAN HIGH SCHOOL**
21 **ACADEMY UNLESS EACH OF THE EXISTING PUBLIC SCHOOL ACADEMIES THAT**
22 **ARE OPERATING UNDER A CONTRACT FROM THAT STATE PUBLIC UNIVERSITY**
23 **HAVE DEMONSTRATED PUPIL ACHIEVEMENT AS MEASURED BY APPLICABLE STATE**
24 **ASSESSMENTS AT A LEVEL THAT IS AT LEAST 20% HIGHER THAN THE SCHOOL**
25 **DISTRICT IN WHICH THE EXISTING PUBLIC SCHOOL ACADEMY IS LOCATED.**

26 (7) ~~(6)~~—If the superintendent of public instruction finds that
27 an authorizing body is not engaging in appropriate continuing

1 oversight of 1 or more urban high school academies operating under
2 a contract issued by the authorizing body, the superintendent of
3 public instruction may suspend the power of the authorizing body to
4 issue new contracts to organize and operate urban high school
5 academies. A contract issued by the authorizing body during the
6 suspension is void. A contract issued by the authorizing body
7 before the suspension is not affected by the suspension.

8 (8) ~~(7)~~—An authorizing body shall not charge a fee, or require
9 reimbursement of expenses, for considering an application for a
10 contract, for issuing a contract, or for providing oversight of a
11 contract for an urban high school academy in an amount that exceeds
12 a combined total of ~~3%~~1% of the total state school aid received by
13 the urban high school academy in the school year in which the fees
14 or expenses are charged. All of the following apply to this fee:

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

17 (i) Considering applications and issuing or administering
18 contracts.

19 (ii) Compliance monitoring and oversight of urban high school
20 academies.

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

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

24 (v) Academic support to urban high school academies or to
25 pupils or graduates of urban high school academies.

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

27 (vii) Training of teachers, including supervision of teacher

1 interns.

2 (viii) Other purposes that assist the urban high school
3 academies or traditional public schools in achieving improved
4 academic performance.

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

9 (9) ~~(8)~~—An urban high school academy shall be presumed to be
10 legally organized if it has exercised the franchises and privileges
11 of an urban high school academy for at least 2 years.

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

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

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

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

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

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

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

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

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

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

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

1 (e) Procedures for revoking the contract and grounds for
2 revoking the contract.

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

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

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

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

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

25 (k) A requirement that the board of directors of the urban
26 high school academy shall collect, maintain, and make available to
27 the public and the authorizing body, in accordance with applicable

1 law and the contract, at least all of the following information
2 concerning the operation and management of the urban high school
3 academy:

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

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

13 (iii) Quarterly financial reports submitted to the authorizing
14 body.

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

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

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

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

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

3 (ix) All health and safety reports and certificates, including
4 those relating to fire safety, environmental matters, asbestos
5 inspection, boiler inspection, and food service.

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

8 (xi) Any other information specifically required under this
9 act.

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

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

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

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

24 (A) Reasonable efforts to advertise all enrollment openings to
25 organizations and media that regularly serve and advocate for
26 individuals with disabilities within the boundaries of the
27 intermediate school district in which the urban high school academy

1 is located.

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

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

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

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

15 (p) The term of the contract and a description of the process
16 and standards for renewal of the contract at the end of the term.
17 The standards for renewal shall include increases in academic
18 achievement for all groups of pupils as measured by assessments and
19 other objective criteria as the most important factor in the
20 decision of whether or not to renew the contract.

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

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

24 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to
25 15.246.

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

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

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

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

3 (g) The uniform budgeting and accounting act, 1968 PA 2, MCL
4 141.421 to 141.440a.

5 (h) The revised municipal finance act, 2001 PA 34, MCL
6 141.2101 to 141.2821.

7 (i) The ~~federal~~-no child left behind act of 2001, Public Law
8 107-110, 115 Stat. 1425.

9 (j) Sections 1134, 1135, 1146, 1153, 1263(3), 1267, 1274, and
10 1280.

11 (k) Laws concerning participation in state assessments, data
12 collection systems, state level student growth models, state
13 accountability and accreditation systems, and other public
14 comparative data collection required for public schools.

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

24 (5) An urban high school academy is exempt from all taxation
25 on its earnings and property. ~~Unless the property is already fully~~
26 ~~exempt from real and personal property taxes under the general~~
27 ~~property tax act, 1893 PA 206, MCL 211.1 to 211.155, property~~

1 ~~occupied by an urban high school academy and used exclusively for~~
2 ~~educational purposes is exempt from real and personal property~~
3 ~~taxes levied for school operating purposes under section 1211, to~~
4 ~~the extent exempted under that section, and from real and personal~~
5 ~~property taxes levied under the state education tax act, 1993 PA~~
6 ~~331, MCL 211.901 to 211.906.~~ Instruments of conveyance to or from
7 an urban high school academy are exempt from all taxation,
8 including taxes imposed by 1966 PA 134, MCL 207.501 to 207.513. An
9 urban high school academy may not levy ad valorem property taxes or
10 any other tax for any purpose.

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

25 Sec. 523c. (1) ~~Beginning with management agreements described~~
26 ~~in this section that are entered into or renewed after the~~
27 ~~effective date of this section, if~~ **IF** the board of directors of an

1 urban high school academy enters into or renews a management
2 agreement with an educational management organization to carry out
3 the operations of the urban high school academy, ~~both~~ ALL of the
4 following apply:

5 (A) THE BOARD OF DIRECTORS SHALL POST A COPY OF THE MANAGEMENT
6 AGREEMENT ON THE URBAN HIGH SCHOOL ACADEMY'S WEBSITE, WITH A LINK
7 ON THE URBAN HIGH SCHOOL ACADEMY'S WEBSITE HOMEPAGE, IN A FORM AND
8 MANNER PRESCRIBED BY THE DEPARTMENT.

9 (B) ~~(a)~~—The management agreement shall require the educational
10 management organization to provide to the board of directors at
11 least annually all of the same information that a school district
12 is required to disclose under section 18(2) of the state school aid
13 act of 1979, MCL 388.1618, for the most recent school fiscal year
14 for which that information is available.

15 (C) ~~(b)~~—Within 30 days after receiving the information under
16 subdivision ~~(a)~~, (B), the board of directors shall make all of the
17 information it receives under subdivision ~~(a)~~ (B) available through
18 a link on the urban high school academy's website homepage, in a
19 form and manner prescribed by the department.

20 (2) As used in this section:

21 (a) "Educational management organization" means an entity that
22 enters into a management agreement with an urban high school
23 academy.

24 (b) "Entity" means a partnership, nonprofit or business
25 corporation, or any other association, corporation, trust, or other
26 legal entity.

27 (c) "Management agreement" means an agreement to provide

1 comprehensive educational, administrative, management, or
2 instructional services or staff to an urban high school academy.

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

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

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

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

18 (c) To receive, disburse, and pledge funds for lawful
19 purposes.

20 (d) To enter into binding legal agreements with persons or
21 entities as necessary for the operation, management, financing, and
22 maintenance of the urban high school academy. **HOWEVER, AN URBAN**
23 **HIGH SCHOOL ACADEMY SHALL NOT ENTER INTO A MANAGEMENT AGREEMENT**
24 **WITH AN EDUCATIONAL MANAGEMENT ORGANIZATION THAT OPERATES ON A FOR-**
25 **PROFIT BASIS. AS USED IN THIS SUBDIVISION, "EDUCATIONAL MANAGEMENT**
26 **ORGANIZATION" AND "MANAGEMENT AGREEMENT" MEAN THOSE TERMS AS**
27 **DEFINED IN SECTION 523C.**

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

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

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

17 Sec. 552. (1) An authorizing body may issue contracts under
18 this subsection to organize and operate a school of excellence. All
19 of the following apply to the issuance of a contract by an
20 authorizing body under this subsection:

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

26 (b) The first 5 contracts issued by all authorizing bodies
27 under this subsection shall be for schools of excellence that offer

1 1 or more of high school grades 9 to 12, or any combination of
2 those grades, as specified in the contract.

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

7 (2) Subject to the limitations in this subsection and
8 subsection ~~(14)~~, **(15)**, an authorizing body may issue contracts
9 under this subsection for 1 or more schools of excellence that are
10 cyber schools. Until December 31, 2013, the combined total number
11 of contracts that may be issued by all statewide authorizing bodies
12 under this subsection for schools of excellence that are cyber
13 schools shall not exceed 5. Until December 31, 2014, the combined
14 total number of contracts that may be issued by all statewide
15 authorizing bodies under this subsection for schools of excellence
16 that are cyber schools shall not exceed 10. After December 31,
17 2014, the combined total number of contracts issued by all
18 statewide authorizing bodies under this subsection for schools of
19 excellence that are cyber schools shall not exceed 15. ~~The board of~~
20 ~~a school district, an intermediate school board, the board of a~~
21 ~~community college that is not a statewide authorizing body, or 2 or~~
22 ~~more public agencies acting jointly as described in subsection~~
23 ~~(6) (e)~~ **AN AUTHORIZING BODY** may not act as the authorizing body for
24 more than 1 school of excellence that is a cyber school. An
25 authorizing body shall not issue a contract for a school of
26 excellence that is a cyber school unless the school of excellence
27 that is a cyber school meets all of the following requirements:

1 (a) Is available for enrollment to all pupils in this state.

2 (b) Offers some configuration of or all of grades K to 12.

3 (c) The entity applying for the school of excellence that is a
4 cyber school demonstrates experience in delivering a quality
5 education program that improves pupil academic achievement. In
6 determining whether this requirement is met, an authorizing body
7 shall refer to the standards for quality online learning
8 established by the national association of charter school
9 authorizers or other similar nationally recognized standards for
10 quality online learning.

11 (d) The enrollment in the school of excellence that is a cyber
12 school is limited to not more than 2,500 pupils in membership for
13 the first school year of operation of the school of excellence that
14 is a cyber school, not more than 5,000 pupils in membership for the
15 second school year of operation of the school of excellence that is
16 a cyber school, and not more than 10,000 pupils in membership for
17 the third and subsequent school years of operation of the school of
18 excellence that is a cyber school. As used in this subdivision,
19 "membership" means that term as defined in section 6 of the state
20 school aid act of 1979, MCL 388.1606.

21 (e) The school of excellence that is a cyber school offers
22 each pupil's family a computer and subsidizes the cost of internet
23 access.

24 (3) For a public school academy operating under part 6a that
25 meets the requirements of subsection (4), 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 this part. If the
2 board of directors of a public school academy that meets the
3 requirements of subsection (4) is issued a contract as a school of
4 excellence under this subsection, all the following apply:

5 (a) The public school academy shall cease to operate as a
6 public school academy under part 6a and shall operate as a school
7 of excellence upon the issuance of a contract or at another time as
8 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 a
11 contract or at another time as determined by the authorizing body,
12 but shall retain its corporate identity.

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

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

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

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

26 (i) On average over a 3-year period, at least 90% of the pupils
27 enrolled in the public school academy achieved a score of

1 proficient or better on the Michigan education assessment program
2 mathematics and reading tests or successor state assessment
3 program.

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

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

18 (5) A school of excellence shall be organized and administered
19 under the direction of a board of directors in accordance with this
20 part and with bylaws adopted by the board of directors. A school of
21 excellence shall be organized under the nonprofit corporation act,
22 1982 PA 162, MCL 450.2101 to 450.3192, except that a school of
23 excellence is not required to comply with sections 170 to 177 of
24 1931 PA 327, MCL 450.170 to 450.177. To the extent disqualified
25 under the state or federal constitution, a school of excellence
26 shall not be organized by a church or other religious organization
27 and shall not have any organizational or contractual affiliation

1 with or constitute a church or other religious organization.

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

5 (a) The board of a school district that operates grades K to
6 12. However, except as otherwise provided in this subdivision, the
7 board of a school district shall not issue a contract for a school
8 of excellence to operate outside the school district's boundaries,
9 and a school of excellence authorized by the board of a school
10 district shall not operate outside that school district's
11 boundaries. If the board of a school district issues a contract for
12 a school of excellence that is a cyber school, the contract may
13 authorize the school of excellence that is a cyber school to
14 operate outside that school district's boundaries. **FOR THE PURPOSES**
15 **OF THIS SECTION, "SCHOOL DISTRICT" EXPRESSLY DOES NOT INCLUDE THE**
16 **STATE SCHOOL REFORM/REDESIGN SCHOOL DISTRICT CREATED UNDER SECTION**
17 **1280C, THE EDUCATION ACHIEVEMENT AUTHORITY, OR ANY OTHER STATEWIDE**
18 **ENTITY.**

19 (b) An intermediate school board. However, except as otherwise
20 provided in this subdivision, the board of an intermediate school
21 district shall not issue a contract for a school of excellence to
22 operate outside the intermediate school district's boundaries, and
23 a school of excellence authorized by the board of an intermediate
24 school district shall not operate outside that intermediate school
25 district's boundaries. If the board of an intermediate school
26 district issues a contract for a school of excellence that is a
27 cyber school, the contract may authorize the school of excellence

1 that is a cyber school to operate outside that intermediate school
2 district's boundaries.

3 (c) The board of a community college. Except as otherwise
4 provided in this subdivision, the board of a community college
5 shall not issue a contract for a school of excellence to operate
6 outside the boundaries of the community college district, and a
7 school of excellence authorized by the board of a community college
8 shall not operate outside the boundaries of the community college
9 district. If the board of a community college issues a contract for
10 a school of excellence that is a cyber school, the contract may
11 authorize the school of excellence that is a cyber school to
12 operate outside the boundaries of the community college district.
13 The board of a community college also may issue a contract for not
14 more than 1 school of excellence to operate on the grounds of an
15 active or closed federal military installation located outside the
16 boundaries of the community college district, or may operate a
17 school of excellence itself on the grounds of such a federal
18 military installation, if the federal military installation is not
19 located within the boundaries of any community college district and
20 the community college has previously offered courses on the grounds
21 of the federal military installation for at least 10 years.

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

23 ~~———— (e) Two or more of the public agencies described in~~
24 ~~subdivisions (a) to (d) exercising power, privilege, or authority~~
25 ~~jointly pursuant to an interlocal agreement under the urban~~
26 ~~cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to~~
27 ~~124.512.~~

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

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

6 (b) Subject to the resolution adopted by the authorizing body
7 under section 553(4), a list of the proposed members of the board
8 of directors of the school of excellence and a description of the
9 qualifications and method for appointment or election of members of
10 the board of directors.

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

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

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

15 This language shall provide that the school of excellence is
16 incorporated pursuant to this part and that the school of
17 excellence is a governmental entity.

18 (iii) The name of the authorizing body.

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

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

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

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 school of excellence.

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

1 excellence and the curricula to be offered and methods of pupil
2 assessment to be used by the school of excellence. 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 school of excellence 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 school of excellence. The admission policy and criteria shall
11 comply with section 556. 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 school of excellence is being
14 created and adequate information on the admission policy, criteria,
15 and process.

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

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

19 (f) Descriptions of staff responsibilities and of the school
20 of excellence governance structure.

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

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

1 with federal law applicable to public bodies or school districts.

2 (i) A description of and address for the proposed physical
3 plant in which the school of excellence will be located. An
4 applicant may request the authorizing body to issue a contract
5 allowing the board of directors of the school of excellence to
6 operate the same configuration of age or grade levels at more than
7 1 site.

8 (8) BEGINNING ON THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT
9 ADDED THIS SUBSECTION, AN AUTHORIZING BODY SHALL NOT ISSUE A NEW
10 CONTRACT TO ORGANIZE AND OPERATE A NEW SCHOOL OF EXCELLENCE UNLESS
11 EACH OF THE PUBLIC SCHOOL ACADEMIES THAT ARE OPERATING UNDER A
12 CONTRACT FROM THAT AUTHORIZING BODY HAVE DEMONSTRATED PUPIL
13 ACHIEVEMENT AS MEASURED BY APPLICABLE STATE ASSESSMENTS AT A LEVEL
14 THAT IS AT LEAST 20% HIGHER THAN THE SCHOOL DISTRICT IN WHICH THE
15 EXISTING PUBLIC SCHOOL ACADEMY IS LOCATED.

16 (9) ~~(8)~~—An authorizing body shall oversee, or shall contract
17 with an intermediate school district, community college, or state
18 public university to oversee, each school of excellence operating
19 under a contract issued by the authorizing body. The authorizing
20 body is responsible for overseeing compliance by the board of
21 directors with the contract and all applicable law. This subsection
22 does not relieve any other government entity of its enforcement or
23 supervisory responsibility.

24 (10) ~~(9)~~—If the superintendent of public instruction finds
25 that an authorizing body is not engaging in appropriate continuing
26 oversight of 1 or more schools of excellence operating under a
27 contract issued by the authorizing body, the superintendent of

1 public instruction may suspend the power of the authorizing body to
2 issue new contracts to organize and operate schools of excellence.
3 A contract issued by the authorizing body during the suspension is
4 void. A contract issued by the authorizing body before the
5 suspension is not affected by the suspension.

6 (11) ~~(10)~~—An authorizing body shall not charge a fee, or
7 require reimbursement of expenses, for considering an application
8 for a contract, for issuing a contract, or for providing oversight
9 of a contract for a school of excellence in an amount that exceeds
10 a combined total of ~~3%~~ 1% of the total state school aid received by
11 the school of excellence in the school year in which the fees or
12 expenses are charged. The authorizing body may provide other
13 services for a school of excellence and charge a fee for those
14 services, but shall not require such an arrangement as a condition
15 to issuing the contract authorizing the school of excellence.

16 (12) ~~(11)~~—A school of excellence shall be presumed to be
17 legally organized if it has exercised the franchises and privileges
18 of a public school academy for at least 2 years.

19 (13) ~~(12)~~—A member of the board of directors of a school of
20 excellence is a public officer and shall, before entering upon the
21 duties of the office, take the constitutional oath of office for
22 public officers under section 1 of article XI of the state
23 constitution of 1963.

24 (14) ~~(13)~~—A school of excellence that is a cyber school may
25 make available to other public schools for purchase any of the
26 course offerings that the cyber school offers to its own pupils.

27 (15) ~~(14)~~—If the department determines that the combined total

1 statewide final audited membership for all pupils in membership in
2 schools of excellence that are cyber schools for the 2012-2013
3 state fiscal year exceeds a number equal to 1% of the combined
4 total statewide final audited membership for all pupils in
5 membership in public schools for the 2011-2012 state fiscal year,
6 then all of the following apply:

7 (a) An authorizing body may not issue a new contract for a new
8 school of excellence that is a cyber school to begin operations in
9 the 2013-2014 school year.

10 (b) A school of excellence that is a cyber school may not
11 enroll any new pupils in the school of excellence that is a cyber
12 school in the 2013-2014 school year.

13 **(16)** ~~(15)~~ Beginning July 1, 2013, if the department determines
14 that the combined total statewide final audited membership for all
15 pupils in membership in schools of excellence that are cyber
16 schools for a state fiscal year exceeds a number equal to 2% of the
17 combined total statewide final audited membership for all pupils in
18 membership in public schools for the 2011-2012 state fiscal year,
19 then all of the following apply:

20 (a) Subject to subdivision (c), an authorizing body may not
21 issue a new contract for a new school of excellence that is a cyber
22 school to begin operations in a school year that begins after that
23 determination is made.

24 (b) Subject to subdivision (c), a school of excellence that is
25 a cyber school may not enroll any new pupils in the school of
26 excellence that is a cyber school in a school year that begins
27 after that determination is made.

1 (c) If the department determines that the combined total
2 statewide final audited membership for all pupils in membership in
3 schools of excellence that are cyber schools for a state fiscal
4 year does not exceed a number equal to 2% of the combined total
5 statewide final audited membership for all pupils in membership in
6 public schools for the 2011-2012 state fiscal year, then
7 subdivisions (a) and (b) do not apply for a school year that begins
8 after that determination is made unless the department makes a new
9 determination that the membership limits under this subsection have
10 been exceeded.

11 (17) ~~(16)~~ For the purposes of subsections ~~(14)~~ and ~~(15)~~, **(15)**
12 **AND (16)**, not later than July 1, 2012, and by not later than July 1
13 of each year thereafter, the department shall determine the
14 percentage of the combined total statewide final audited membership
15 for all pupils in membership in public schools that are pupils in
16 membership in schools of excellence that are cyber schools for the
17 state fiscal year that includes that July 1.

18 (18) ~~(17)~~ As used in this section:

19 (a) "Membership" means that term as defined in section 6 of
20 the state school aid act of 1979, MCL 388.1606.

21 (b) "Statewide authorizing body" means the governing board of
22 a state public university or the board of a federal tribally
23 controlled community college that is recognized under the tribally
24 controlled colleges and universities assistance act of 1978, 25 USC
25 1801 to 1852, and is determined by the department to meet the
26 requirements for accreditation by a recognized regional accrediting
27 body.

1 ~~—— (18) Not later than October 1, 2012, If a district, an~~
2 ~~intermediate school district, a public school academy, or the~~
3 ~~education achievement system offers online learning, the board or~~
4 ~~board of directors of the district, intermediate school district,~~
5 ~~or public school academy, or the education achievement system,~~
6 ~~shall submit to the department a report that details the per pupil~~
7 ~~costs of operating the online learning. The report shall include,~~
8 ~~on a per pupil basis, at least all of the following costs:~~
9 ~~—— (a) Textbooks, instructional materials, and supplies,~~
10 ~~including electronic instructional material.~~
11 ~~—— (b) Computer and other electronic equipment, including~~
12 ~~internet and telephone access.~~
13 ~~—— (c) Salaries and benefits for the online learning employees.~~
14 ~~—— (d) Purchased courses and curricula.~~
15 ~~—— (e) Fees associated with oversight and regulation.~~
16 ~~—— (f) Travel costs associated with school activities and~~
17 ~~testing.~~
18 ~~—— (g) Facilities costs.~~
19 ~~—— (h) Costs associated with special education.~~
20 ~~—— (19) Not later than December 31, 2012, the department shall~~
21 ~~issue a report to the legislature including the following:~~
22 ~~—— (a) A review of the data submitted under subsection (14).~~
23 ~~—— (b) A comparison with costs of substantially similar programs~~
24 ~~in other states and relevant national research on the costs of~~
25 ~~online learning.~~
26 ~~—— (c) Any conclusions concerning factors or characteristics of~~
27 ~~online learning programs that make a difference in the costs of~~

1 ~~operating the programs.~~

2 (19) ~~(20)~~—The board of directors of a school of excellence
3 that is a cyber school, or the board of a school district,
4 intermediate school district, or public school academy that
5 operates an online or other distance learning program, shall submit
6 a monthly report to the department, in the form and manner
7 prescribed by the department, that reports the number of pupils
8 enrolled in the school of excellence that is a cyber school, or in
9 the online or other distance learning program, during the
10 immediately preceding month.

11 (20) ~~(21)~~—The board of directors of a school of excellence
12 that is a cyber school shall ensure that, when a pupil enrolls in
13 the school of excellence that is a cyber school, the pupil and his
14 or her parent or legal guardian are provided with a parent-student
15 orientation. If the pupil is at least age 18 or is an emancipated
16 minor, the orientation may be provided to just the pupil.

17 Sec. 553. (1) An authorizing body is not required to issue a
18 contract to any person or entity. Schools of excellence contracts
19 shall be issued on a competitive basis taking into consideration
20 the resources available for the proposed school of excellence, the
21 population to be served by the proposed school of excellence, the
22 educational goals to be achieved by the proposed school of
23 excellence, and the applicant's track record, if any, in operating
24 public school academies or other public schools.

25 (2) If a person or entity applies to the board of a school
26 district for a contract to organize and operate 1 or more schools
27 of excellence within the boundaries of the school district and the

1 board does not issue the contract, the person or entity may
2 petition the board to place the question of issuing the contract on
3 the ballot to be decided by the school electors of the school
4 district. The petition shall contain all of the information
5 required to be in the contract application under section 552 and
6 shall be signed by a number of school electors of the school
7 district equal to at least 5% of the total number of school
8 electors of that school district. The petition shall be filed with
9 the school district filing official. If the board receives a
10 petition meeting the requirements of this subsection, the board
11 shall have the question of issuing the contract placed on the
12 ballot at its next regular school election held at least 60 days
13 after receiving the petition. If a majority of the school electors
14 of the school district voting on the question vote to issue the
15 contract, the board shall issue the contract.

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

19 (4) An authorizing body shall adopt a resolution establishing
20 the method of selection, length of term, and number of members of
21 the board of directors of each school of excellence subject to its
22 jurisdiction. The resolution shall be written or amended as
23 necessary to include a requirement that each member of the board of
24 directors must be a citizen of the United States.

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

27 (a) The educational goals the school of excellence is to

1 achieve and the methods by which it will be held accountable. The
2 educational goals shall include demonstrated improved pupil
3 academic achievement for all groups of pupils. To the extent
4 applicable, the pupil performance of a school of excellence shall
5 be assessed using at least a Michigan education assessment program
6 (MEAP) test or the Michigan merit examination under section 1279g,
7 as applicable.

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

11 (c) A description of the process for amending the contract
12 during the term of the contract.

13 (d) All of the matters set forth in the application for the
14 contract.

15 (e) Procedures for revoking the contract and grounds for
16 revoking the contract, including at least the grounds listed in
17 section 561.

18 (f) A description of and address for the proposed physical
19 plant in which the school of excellence will be located. An
20 authorizing body may include a provision in the contract allowing
21 the board of directors of the school of excellence to operate the
22 same configuration of age or grade levels at more than 1 site if
23 each configuration of age or grade levels and each site identified
24 in the contract are under the direction and control of the board of
25 directors.

26 (g) Requirements and procedures for financial audits. The
27 financial audits shall be conducted at least annually by a

1 certified public accountant in accordance with generally accepted
2 governmental auditing principles.

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

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

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

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

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

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

1 the school of excellence.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

27 (B) Inclusion in all pupil recruitment materials of a

1 statement that appropriate special education services and English
2 as a second language services will be made available to pupils
3 attending the school as required by law.

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

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

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

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

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

17 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to
18 15.246.

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

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

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

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

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

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

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

25 (9) A school of excellence may acquire by purchase, gift,
26 devise, lease, sublease, installment purchase agreement, land
27 contract, option, or by any other means, hold, and own in its own

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

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

19 **(A) THE BOARD OF DIRECTORS SHALL POST A COPY OF THE MANAGEMENT**
20 **AGREEMENT ON THE SCHOOL'S WEBSITE, WITH A LINK ON THE SCHOOL'S**
21 **WEBSITE HOMEPAGE, IN A FORM AND MANNER PRESCRIBED BY THE**
22 **DEPARTMENT.**

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

1 for which that information is available.

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

7 (2) As used in this section:

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

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

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

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

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

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

23 (b) Subject to section 555, to acquire, hold, and own in its
24 own name real and personal property, or interests in real or
25 personal property, for educational purposes by purchase, gift,
26 grant, devise, bequest, lease, sublease, installment purchase
27 agreement, land contract, option, or condemnation, and subject to

1 mortgages, security interests, or other liens; and to sell or
2 convey the property as the interests of the school of excellence
3 require.

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

6 (d) To enter into binding legal agreements with persons or
7 entities as necessary for the operation, management, financing, and
8 maintenance of the school of excellence. **HOWEVER, A SCHOOL OF
9 EXCELLENCE SHALL NOT ENTER INTO A MANAGEMENT AGREEMENT WITH AN
10 EDUCATIONAL MANAGEMENT ORGANIZATION THAT OPERATES ON A FOR-PROFIT
11 BASIS. AS USED IN THIS SUBDIVISION, "EDUCATIONAL MANAGEMENT
12 ORGANIZATION" AND "MANAGEMENT AGREEMENT" MEAN THOSE TERMS AS
13 DEFINED IN SECTION 553C.**

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

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

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

1 PA 34, MCL 141.2101 to 141.2821.

2 Sec. 1311d. (1) A strict discipline academy shall be organized
3 and administered under the direction of a board of directors in
4 accordance with sections 1311b to 1311/ and with bylaws adopted by
5 the board of directors. A strict discipline academy corporation
6 created to operate a strict discipline academy shall be organized
7 under the nonprofit corporation act, 1982 PA 162, MCL 450.2101 to
8 450.3192, except that the strict discipline academy corporation is
9 not required to comply with sections 170 to 177 of 1931 PA 327, MCL
10 450.170 to 450.177. To the extent disqualified under the state or
11 federal constitution, a strict discipline academy shall not be
12 organized by a church or other religious organization and shall not
13 have any organizational or contractual affiliation with or
14 constitute a church or other religious organization.

15 (2) Any of the following may act as an authorizing body to
16 issue a contract to organize and operate 1 or more strict
17 discipline academies under sections 1311b to 1311/:

18 (a) The board of a school district that operates grades K to
19 12. However, the board of a school district shall not issue a
20 contract for a strict discipline academy to operate outside the
21 school district's boundaries, and a strict discipline academy
22 authorized by the board of a school district shall not operate
23 outside that school district's boundaries. **FOR THE PURPOSES OF THIS**
24 **SECTION, "SCHOOL DISTRICT" EXPRESSLY DOES NOT INCLUDE THE STATE**
25 **SCHOOL REFORM/REDESIGN SCHOOL DISTRICT CREATED UNDER SECTION 1280C,**
26 **THE EDUCATION ACHIEVEMENT AUTHORITY, OR ANY OTHER STATEWIDE ENTITY.**

27 (b) An intermediate school board. However, the board of an

1 intermediate school district shall not issue a contract for a
2 strict discipline academy to operate outside the intermediate
3 school district's boundaries, and a strict discipline academy
4 authorized by the board of an intermediate school district shall
5 not operate outside that intermediate school district's boundaries.

6 (c) The board of a community college. However, except as
7 otherwise provided in this subdivision, the board of a community
8 college shall not issue a contract for a strict discipline academy
9 to operate in a school district organized as a school district of
10 the first class, a strict discipline academy authorized by the
11 board of a community college shall not operate in a school district
12 organized as a school district of the first class, the board of a
13 community college shall not issue a contract for a strict
14 discipline academy to operate outside the boundaries of the
15 community college district, and a strict discipline academy
16 authorized by the board of a community college shall not operate
17 outside the boundaries of the community college district. The board
18 of a community college also may issue a contract for not more than
19 1 strict discipline academy to operate on the grounds of an active
20 or closed federal military installation located outside the
21 boundaries of the community college district, or may operate a
22 strict discipline academy itself on the grounds of such a federal
23 military installation, if the federal military installation is not
24 located within the boundaries of any community college district and
25 the community college has previously offered courses on the grounds
26 of the federal military installation for at least 10 years.

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

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

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

6 (b) Subject to the resolution adopted by the authorizing body
7 under section 1311e, a list of the proposed members of the board of
8 directors of the strict discipline academy and a description of the
9 qualifications and method for appointment or election of members of
10 the board of directors.

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

13 (i) The name of the proposed strict discipline academy.

14 (ii) The purposes for the strict discipline academy corporation
15 that will operate the strict discipline academy. This language
16 shall provide that the strict discipline academy is established
17 pursuant to sections 1311b to 1311f and that the strict discipline
18 academy corporation is a governmental entity.

19 (iii) The name of the authorizing body.

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

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

24 (d) A copy of the proposed bylaws of the strict discipline
25 academy.

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

1 (i) The governance structure of the strict discipline academy.

2 (ii) A copy of the educational goals of the strict discipline
3 academy and the curricula to be offered and methods of pupil
4 assessment to be used by the strict discipline academy. To the
5 extent applicable, the progress of the pupils in the strict
6 discipline academy shall be assessed using at least a Michigan
7 education assessment program (MEAP) test or an assessment
8 instrument developed under section 1279 for a state-endorsed high
9 school diploma.

10 (iii) The admission policy and criteria to be maintained by the
11 strict discipline academy. The admission policy and criteria shall
12 comply with section 1311g. This part of the application also shall
13 include a description of how the applicant will provide to the
14 general public adequate notice that a strict discipline academy is
15 being created and adequate information on the admission policy,
16 criteria, and process.

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

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

19 (vi) The type of pupils to be enrolled in the strict discipline
20 academy, as described in section 1311g(3) and (4).

21 (f) Descriptions of staff responsibilities and of the strict
22 discipline academy's governance structure.

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

27 (h) An agreement that the strict discipline academy will

1 comply with the provisions of sections 1311b to 1311l and, subject
2 to the provisions of these sections, with all other state law
3 applicable to public bodies and with federal law applicable to
4 public bodies or school districts.

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

11 (j) A description of and address for the proposed physical
12 plant in which the strict discipline academy will be located.

13 **(4) BEGINNING ON THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT**
14 **ADDED THIS SUBSECTION, AN AUTHORIZING BODY SHALL NOT ISSUE A NEW**
15 **CONTRACT TO ORGANIZE AND OPERATE A NEW STRICT DISCIPLINE ACADEMY**
16 **UNLESS EACH OF THE EXISTING PUBLIC SCHOOL ACADEMIES THAT ARE**
17 **OPERATING UNDER A CONTRACT FROM THAT AUTHORIZING BODY HAVE**
18 **DEMONSTRATED PUPIL ACHIEVEMENT AS MEASURED BY APPLICABLE STATE**
19 **ASSESSMENTS AT A LEVEL THAT IS AT LEAST 20% HIGHER THAN THE SCHOOL**
20 **DISTRICT IN WHICH THE EXISTING PUBLIC SCHOOL ACADEMY IS LOCATED.**

21 (5) ~~(4)~~—An authorizing body shall oversee, or shall contract
22 with an intermediate school district, community college, or state
23 public university to oversee, each strict discipline academy
24 operating under a contract issued by the authorizing body. The
25 oversight shall be sufficient to ensure that the authorizing body
26 can certify that the strict discipline academy is in compliance
27 with statute, rules, and the terms of the contract.

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

10 (7) ~~(6)~~—An authorizing body shall not charge a fee, or require
11 reimbursement of expenses, for considering an application for a
12 contract, for issuing a contract, or for providing oversight of a
13 contract for a strict discipline academy in an amount that exceeds
14 a combined total of ~~3%~~ 1% of the total state school aid received by
15 the strict discipline academy in the school year in which the fees
16 or expenses are charged. An authorizing body may provide other
17 services for a strict discipline academy and charge a fee for those
18 services, but shall not require such an arrangement as a condition
19 to issuing the contract authorizing the strict discipline academy.

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

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

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

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

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

9 (d) To enter into binding legal agreements with persons or
10 entities as necessary for the operation, management, financing, and
11 maintenance of the strict discipline academy. **HOWEVER, A STRICT**
12 **DISCIPLINE ACADEMY SHALL NOT ENTER INTO A MANAGEMENT AGREEMENT WITH**
13 **AN EDUCATIONAL MANAGEMENT ORGANIZATION THAT OPERATES ON A FOR-**
14 **PROFIT BASIS. AS USED IN THIS SUBDIVISION, "EDUCATIONAL MANAGEMENT**
15 **ORGANIZATION" AND "MANAGEMENT AGREEMENT" MEAN THOSE TERMS AS**
16 **DEFINED IN SECTION 523C.**

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

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

23 (g) To borrow money and issue bonds in accordance with section
24 1351a and in accordance with part VI of the revised municipal
25 finance act, 2001 PA 34, MCL 141.2601 to 141.2613, except that the
26 borrowing of money and issuance of bonds by a strict discipline
27 academy is not subject to section 1351a(4) or section 1351(2) to

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