

HOUSE BILL No. 5288

November 30, 2017, Introduced by Reps. Gay-Dagnogo, Wittenberg, Faris, Cochran, Greig, Peterson, Ellison, Lasinski, Sowerby, Chang, Geiss, Guerra, Camilleri, Pagan, Moss, Elder and Yancey and referred to the Committee on Education Reform.

A bill to amend 1976 PA 451, entitled
"The revised school code,"
by amending sections 503, 523, and 553 (MCL 380.503, 380.523, and 380.553), as amended by 2011 PA 277.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

6 (a) The resources available for the proposed public school
7 academy.

8 (b) The population to be served by the proposed public school

1 academy.

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

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

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

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

10 (g) The number of schools in the proximity of a proposed
11 location of the proposed public school academy that are on the list
12 under section 1280c(1) of the public schools in this state that the
13 department has determined to be among the lowest achieving 5% of
14 all public schools in this state.

15 (h) The number of pupils on waiting lists of public school
16 academies in the proximity of a proposed location of the proposed
17 public school academy.

18 (2) An authorizing body may give priority to a proposed public
19 school academy that is intended to replace a public school academy
20 that has been closed pursuant to section 507(5), that will operate
21 all of the same grade levels as the public school academy that has
22 been closed, and that will work toward operating all of grades 9 to
23 12 within 6 years after it begins operations unless a matriculation
24 agreement has been entered into with another public school that
25 provides grades 9 to 12.

26 (3) If a person or entity applies to the board of a school
27 district for a contract to organize and operate 1 or more public

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

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

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

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

1 (a) The educational goals the public school academy is to
2 achieve and the methods by which it will be held accountable. The
3 educational goals shall include demonstrated improved pupil
4 academic achievement for all groups of pupils. To the extent
5 applicable, the pupil performance of a public school academy shall
6 be assessed using at least a Michigan ~~education assessment program~~
7 ~~(MEAP) test~~ **STUDENT TEST OF EDUCATIONAL PROGRESS (M-STEP)** or the
8 Michigan merit examination under section 1279g, as applicable.

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

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

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

16 (e) Procedures for revoking the contract and grounds for
17 revoking the contract, including at least the grounds listed in
18 section 507.

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

27 (g) Requirements and procedures for financial audits. The

1 financial audits shall be conducted at least annually by a
2 certified public accountant in accordance with generally accepted
3 governmental auditing principles.

4 (h) The term of the contract and a description of the process
5 and standards for renewal of the contract at the end of the term.
6 The standards for renewal shall include increases in academic
7 achievement for all groups of pupils as measured by assessments and
8 other objective criteria as the most important factor in the
9 decision of whether or not to renew the contract.

10 (i) A certification, signed by an authorized member of the
11 board of directors of the public school academy, that the public
12 school academy will comply with the contract and all applicable
13 law.

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

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

25 (l) A requirement that the board of directors of the public
26 school academy shall make information concerning its operation and
27 management available to the public and to the authorizing body in

1 the same manner as is required by state law for school districts.

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

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

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

17 (iii) Quarterly financial reports submitted to the authorizing
18 body.

19 (iv) A current list of teachers and school administrators
20 working at the public school academy that includes their individual
21 salaries as submitted to the registry of educational personnel;
22 copies of the teaching or school administrator's certificates or
23 permits of current teaching and administrative staff; and evidence
24 of compliance with the criminal background and records checks and
25 unprofessional conduct check required under sections 1230, 1230a,
26 and 1230b for all teachers and administrators working at the public
27 school academy.

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

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

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

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

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

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

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

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

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

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

27 (ii) That the open enrollment period for the public school

1 academy is for a duration of at least 2 weeks and that the
2 enrollment times include some evening and weekend times.

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

8 (Q) A REQUIREMENT THAT, NOT LATER THAN AUGUST 1 OF EACH YEAR,
9 THE BOARD OF DIRECTORS OF THE PUBLIC SCHOOL ACADEMY SHALL POST ON
10 ITS WEBSITE, WITH A LINK FROM THE HOMEPAGE, AN ANNUAL PUPIL
11 RECRUITMENT REPORT COVERING THE PRECEDING SCHOOL FISCAL YEAR. AT A
12 MINIMUM, THE ANNUAL PUPIL RECRUITMENT REPORT SHALL INCLUDE, IN A
13 FORM AND MANNER PRESCRIBED BY THE SUPERINTENDENT OF PUBLIC
14 INSTRUCTION, A DESCRIPTION OF ALL RECRUITMENT MEASURES USED BY THE
15 PUBLIC SCHOOL ACADEMY OR BY AN EDUCATIONAL MANAGEMENT ORGANIZATION
16 ON BEHALF OF THE PUBLIC SCHOOL ACADEMY, ALL COSTS ASSOCIATED WITH
17 THOSE RECRUITMENT MEASURES THAT WERE PAID FOR BY THE PUBLIC SCHOOL
18 ACADEMY OR BY THE EDUCATIONAL MANAGEMENT ORGANIZATION, DESCRIPTIONS
19 OF ANY TARGETED RECRUITMENT PLANS, AND DESCRIPTIONS OF ALL DATA
20 USED TO DETERMINE RECRUITMENT TARGETING. FOR THE PURPOSES OF THIS
21 SUBDIVISION, "EDUCATIONAL MANAGEMENT ORGANIZATION" AND "SCHOOL
22 FISCAL YEAR" MEAN THOSE TERMS AS DEFINED IN SECTION 503C AND
23 "RECRUITMENT MEASURES" MEANS ALL EFFORTS TO ADVERTISE OR MARKET THE
24 PUBLIC SCHOOL ACADEMY.

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

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

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

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

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

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

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

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

19 (9) A public school academy is exempt from all taxation on its
20 earnings and property. Instruments of conveyance to or from a
21 public school academy are exempt from all taxation including taxes
22 imposed by 1966 PA 134, MCL 207.501 to 207.513. Unless the property
23 is already fully exempt from real and personal property taxes under
24 the general property tax act, 1893 PA 206, MCL 211.1 to 211.155,
25 property occupied by a public school academy and used exclusively
26 for educational purposes is exempt from real and personal property
27 taxes levied for school operating purposes under section 1211, to

1 the extent exempted under that section, and from real and personal
2 property taxes levied under the state education tax act, 1993 PA
3 331, MCL 211.901 to 211.906. A public school academy may not levy
4 ad valorem property taxes or another tax for any purpose. However,
5 operation of 1 or more public school academies by a school district
6 or intermediate school district does not affect the ability of the
7 school district or intermediate school district to levy ad valorem
8 property taxes or another tax.

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

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

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

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

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

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

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

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

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

25 (a) The educational goals the urban high school academy is to
26 achieve and the methods by which it will be held accountable. The
27 educational goals shall include demonstrated improved pupil

1 academic achievement for all groups of pupils. To the extent
2 applicable, the pupil performance of an urban high school academy
3 shall be assessed using at least a Michigan ~~education assessment~~
4 ~~program (MEAP) test~~ **STUDENT TEST OF EDUCATIONAL PROGRESS (M-STEP)**
5 or the Michigan merit examination developed under section 1279g, as
6 applicable.

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

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

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

18 (e) Procedures for revoking the contract and grounds for
19 revoking the contract.

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

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

26 (h) A requirement that the board of directors shall ensure
27 compliance with the requirements of 1968 PA 317, MCL 15.321 to

1 15.330.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

27 (l) A requirement that the authorizing body must review and

1 may disapprove any agreement between the board of directors and an
2 educational management company before the agreement is final and
3 valid. An authorizing body may disapprove an agreement described in
4 this subdivision only if the agreement is contrary to the contract
5 or applicable law.

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

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

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

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

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

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

25 (n) A requirement that the board of directors shall prohibit
26 any individual from being employed by the urban high school academy
27 in more than 1 full-time position and simultaneously being

1 compensated at a full-time rate for each of those positions.

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

5 (p) The term of the contract and a description of the process
6 and standards for renewal of the contract at the end of the term.
7 The standards for renewal shall include increases in academic
8 achievement for all groups of pupils as measured by assessments and
9 other objective criteria as the most important factor in the
10 decision of whether or not to renew the contract.

11 (Q) A REQUIREMENT THAT, NOT LATER THAN AUGUST 1 OF EACH YEAR,
12 THE BOARD OF DIRECTORS OF THE URBAN HIGH SCHOOL ACADEMY SHALL POST
13 ON ITS WEBSITE, WITH A LINK FROM THE HOMEPAGE, AN ANNUAL PUPIL
14 RECRUITMENT REPORT COVERING THE PRECEDING SCHOOL FISCAL YEAR. AT A
15 MINIMUM, THE ANNUAL PUPIL RECRUITMENT REPORT SHALL INCLUDE, IN A
16 FORM AND MANNER PRESCRIBED BY THE SUPERINTENDENT OF PUBLIC
17 INSTRUCTION, A DESCRIPTION OF ALL RECRUITMENT MEASURES USED BY THE
18 URBAN HIGH SCHOOL ACADEMY OR BY AN EDUCATIONAL MANAGEMENT
19 ORGANIZATION ON BEHALF OF THE URBAN HIGH SCHOOL ACADEMY, ALL COSTS
20 ASSOCIATED WITH THOSE RECRUITMENT MEASURES THAT WERE PAID FOR BY
21 THE URBAN HIGH SCHOOL ACADEMY OR BY THE EDUCATIONAL MANAGEMENT
22 ORGANIZATION, DESCRIPTIONS OF ANY TARGETED RECRUITMENT PLANS, AND
23 DESCRIPTIONS OF ALL DATA USED TO DETERMINE RECRUITMENT TARGETING.
24 FOR THE PURPOSES OF THIS SUBDIVISION, "EDUCATIONAL MANAGEMENT
25 ORGANIZATION" AND "SCHOOL FISCAL YEAR" MEAN THOSE TERMS AS DEFINED
26 IN SECTION 523C AND "RECRUITMENT MEASURES" MEANS ALL EFFORTS TO
27 ADVERTISE OR MARKET THE URBAN HIGH SCHOOL ACADEMY.

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

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

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

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

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

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

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

10 (g) The uniform budgeting and accounting act, 1968 PA 2, MCL
11 141.421 to 141.440a.

12 (h) The revised municipal finance act, 2001 PA 34, MCL
13 141.2101 to 141.2821.

14 (i) The ~~federal~~-no child left behind act of 2001, Public Law
15 107-110. ~~7-115 Stat. 1425.~~

16 (j) Sections 1134, 1135, 1146, 1153, 1263(3), 1267, 1274, and
17 1280.

18 (k) Laws concerning participation in state assessments, data
19 collection systems, state level student growth models, state
20 accountability and accreditation systems, and other public
21 comparative data collection required for public schools.

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

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

4 (5) An urban high school academy is exempt from all taxation
5 on its earnings and property. Unless the property is already fully
6 exempt from real and personal property taxes under the general
7 property tax act, 1893 PA 206, MCL 211.1 to 211.155, property
8 occupied by an urban high school academy and used exclusively for
9 educational purposes is exempt from real and personal property
10 taxes levied for school operating purposes under section 1211, to
11 the extent exempted under that section, and from real and personal
12 property taxes levied under the state education tax act, 1993 PA
13 331, MCL 211.901 to 211.906. Instruments of conveyance to or from
14 an urban high school academy are exempt from all taxation,
15 including taxes imposed by 1966 PA 134, MCL 207.501 to 207.513. An
16 urban high school academy may not levy ad valorem property taxes or
17 any other tax for any purpose.

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

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

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

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

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

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

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

15 (a) The educational goals the school of excellence 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 school of excellence shall
20 be assessed using at least a Michigan ~~education assessment program~~
21 ~~(MEAP) test~~ **STUDENT TEST OF EDUCATIONAL PROGRESS (M-STEP)** or the
22 Michigan merit examination under section 1279g, as applicable.

23 (b) A description of the method to be used to monitor the
24 school of excellence'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 561.

6 (f) A description of and address for the proposed physical
7 plant in which the school of excellence will be located. An
8 authorizing body may include a provision in the contract allowing
9 the board of directors of the school of excellence 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) A certification, signed by an authorized member of the
19 school of excellence board of directors, that the school of
20 excellence will comply with the contract and all applicable law.

21 (i) A requirement that the board of directors shall ensure
22 compliance with the requirements of 1968 PA 317, MCL 15.321 to
23 15.330.

24 (j) A requirement that the board of directors shall prohibit
25 specifically identified family relationships between members of the
26 board of directors, individuals who have an ownership interest in
27 or who are officers or employees of an educational management

1 organization involved in the operation of the school of excellence,
2 and employees of the school of excellence. The contract shall
3 identify the specific prohibited relationships consistent with
4 applicable law.

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

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

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

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

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

26 (iv) A current list of teachers and school administrators
27 working at the school of excellence that includes their individual

1 salaries as submitted to the registry of educational personnel;
2 copies of the teaching or school administrator's certificates or
3 permits of current teaching and administrative staff; and evidence
4 of compliance with the criminal background and records checks and
5 unprofessional conduct check required under sections 1230, 1230a,
6 and 1230b for all teachers and administrators working at the school
7 of excellence.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (p) A requirement that, if requested, the board of directors
27 shall report to the authorizing body the total compensation for

1 each individual working at the school of excellence.

2 (Q) A REQUIREMENT THAT, NOT LATER THAN AUGUST 1 OF EACH YEAR,
3 THE BOARD OF DIRECTORS OF THE SCHOOL OF EXCELLENCE SHALL POST ON
4 ITS WEBSITE, WITH A LINK FROM THE HOMEPAGE, AN ANNUAL PUPIL
5 RECRUITMENT REPORT COVERING THE PRECEDING SCHOOL FISCAL YEAR. AT A
6 MINIMUM, THE ANNUAL PUPIL RECRUITMENT REPORT SHALL INCLUDE, IN A
7 FORM AND MANNER PRESCRIBED BY THE SUPERINTENDENT OF PUBLIC
8 INSTRUCTION, A DESCRIPTION OF ALL RECRUITMENT MEASURES USED BY THE
9 SCHOOL OF EXCELLENCE OR BY AN EDUCATIONAL MANAGEMENT ORGANIZATION
10 ON BEHALF OF THE SCHOOL OF EXCELLENCE, ALL COSTS ASSOCIATED WITH
11 THOSE RECRUITMENT MEASURES THAT WERE PAID FOR BY THE SCHOOL OF
12 EXCELLENCE OR BY THE EDUCATIONAL MANAGEMENT ORGANIZATION,
13 DESCRIPTIONS OF ANY TARGETED RECRUITMENT PLANS, AND DESCRIPTIONS OF
14 ALL DATA USED TO DETERMINE RECRUITMENT TARGETING. FOR THE PURPOSES
15 OF THIS SUBDIVISION, "EDUCATIONAL MANAGEMENT ORGANIZATION" AND
16 "SCHOOL FISCAL YEAR" MEAN THOSE TERMS AS DEFINED IN SECTION 553C
17 AND "RECRUITMENT MEASURES" MEANS ALL EFFORTS TO ADVERTISE OR MARKET
18 THE SCHOOL OF EXCELLENCE.

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

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

22 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to
23 15.246.

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

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

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

27 (f) Laws concerning participation in state assessments, data

1 collection systems, state level student growth models, state
2 accountability and accreditation systems, and other public
3 comparative data collection required for public schools.

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

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

1 ability of the school district or intermediate school district to
2 levy ad valorem property taxes or another tax.

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

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