

# HOUSE BILL No. 5292

November 30, 2017, Introduced by Reps. Sneller, Wittenberg, Faris, Cochran, Greig, Ellison, Gay-Dagnogo, 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 507, 528, and 561 (MCL 380.507, 380.528, and 380.561), as amended by 2016 PA 192.

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

1           Sec. 507. (1) An authorizing body that issues a contract for a  
2 public school academy under this part shall do all of the  
3 following:

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

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

1 (c) Establish the method of selection, length of term, and  
2 number of members of the board of directors of each public school  
3 academy that it authorizes. The authorizing body shall ensure that  
4 the board of directors includes representation from the local  
5 community.

6 (d) Oversee each public school academy operating under a  
7 contract issued by the authorizing body. The oversight shall be  
8 sufficient to ensure that the board of directors is in compliance  
9 with the terms of the contract and with applicable law.

10 (e) Develop and implement a process for holding a public  
11 school academy accountable for meeting applicable academic  
12 performance standards set forth in the contract and for  
13 implementing corrective action for a public school academy that  
14 does not meet those standards.

15 (f) Take necessary measures to ensure that the board of  
16 directors of a public school academy operates independently of any  
17 educational management company involved in the operations of the  
18 public school academy.

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

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

25 **(I) ENSURE THAT A REPRESENTATIVE OF THE AUTHORIZING BODY**  
26 **ATTENDS EACH MEETING OF THE BOARD OF DIRECTORS OF THE PUBLIC SCHOOL**  
27 **ACADEMY UNDER SECTION 1201.**

1           (J) FOR EACH MEETING OF THE BOARD OF DIRECTORS OF THE PUBLIC  
2 SCHOOL ACADEMY UNDER SECTION 1201, PREPARE A REPORT DETAILING THE  
3 AUTHORIZING BODY'S EFFORTS TO PROVIDE OVERSIGHT OF THE PUBLIC  
4 SCHOOL ACADEMY AS REQUIRED UNDER SUBDIVISION (D) AND SECTION  
5 502(4).

6           (K) PRESENT THE MOST RECENT REPORT PREPARED UNDER SUBDIVISION  
7 (J) AT EACH MEETING OF THE BOARD OF DIRECTORS OF THE PUBLIC SCHOOL  
8 ACADEMY UNDER SECTION 1201.

9           (l) ENSURE THAT THE BYLAWS ADOPTED BY THE BOARD OF DIRECTORS  
10 OF A PUBLIC SCHOOL ACADEMY INCLUDE A REQUIREMENT THAT ANY ACT OF  
11 THE BOARD OF DIRECTORS BE APPROVED BY A MAJORITY OF THE MEMBERS  
12 SERVING ON THE BOARD.

13           (M) OVERSEE ALL CONTRACTS ENTERED INTO BY A PUBLIC SCHOOL  
14 ACADEMY TO ENSURE THAT ALL TERMS AND CONDITIONS OF THE CONTRACT ARE  
15 FULFILLED.

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

19           (3) The authorizing body for a public school academy is the  
20 fiscal agent for the public school academy. A state school aid  
21 payment for a public school academy shall be paid to the  
22 authorizing body that is the fiscal agent for that public school  
23 academy, and the authorizing body shall then forward the payment to  
24 the public school academy. Within 30 days after a contract is  
25 submitted to the department by an authorizing body under subsection  
26 (1), the department shall issue a district code to the public  
27 school academy for which the contract was issued. If the department

1 does not issue a district code within 30 days after a contract is  
2 filed, the state treasurer shall assign a temporary district code  
3 in order for the public school academy to receive funding under the  
4 state school aid act of 1979.

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

8 (a) Failure of the public school academy to demonstrate  
9 improved pupil academic achievement for all groups of pupils or  
10 meet the educational goals set forth in the contract.

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

13 (c) Failure of the public school academy to meet generally  
14 accepted public sector accounting principles and demonstrate sound  
15 fiscal stewardship.

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

18 (5) Except for a public school academy that is an alternative  
19 school serving a special student population, if the state school  
20 reform/redesign officer determines that a public school academy  
21 site that has been operating for at least 4 years is among the  
22 lowest achieving 5% of all public schools in this state for the  
23 immediately preceding 3 school years, as determined under section  
24 1280c, not to include any individualized education plan subgroup,  
25 the state school reform/redesign officer shall notify the public  
26 school academy's authorizing body. Also, except for a public school  
27 academy that is an alternative school serving a special student

1 population, after the accountability system under section 390 has  
2 been in effect in the community district for at least 3 full school  
3 years, if the state school reform/redesign officer determines that  
4 a public school academy site located in a community district has  
5 been assigned a grade of "F" under section 390 for the immediately  
6 preceding 3 school years, and is not currently undergoing  
7 reconstitution under this section, the state school reform/redesign  
8 officer shall notify the public school academy's authorizing body.  
9 Subject to subsection (6), if an authorizing body receives notice  
10 from the state school reform/redesign officer under this  
11 subsection, the authorizing body shall amend the public school  
12 academy's contract to eliminate the public school academy's  
13 authority to operate the existing age and grade levels at the site  
14 and the public school academy shall cease operating the existing  
15 age and grade levels at the site, effective at the end of the  
16 current school year. Subject to subsection (6), if the public  
17 school academy operates at only 1 site, and the authorizing body  
18 receives notice from the state school reform/redesign officer under  
19 this subsection, the authorizing body shall revoke the public  
20 school academy's contract, effective at the end of the current  
21 school year.

22 (6) For a public school academy or site that is subject to a  
23 notice to its authorizing body under this subsection, the state  
24 school reform/redesign officer shall consider other public school  
25 options available to pupils in the grade levels offered by the  
26 public school academy or site who reside in the geographic area  
27 served by the public school academy or site. If the state school

1 reform/redesign officer determines that closure of the public  
2 school academy or site would result in an unreasonable hardship to  
3 these pupils because there are insufficient other public school  
4 options reasonably available for these pupils, the state school  
5 reform/redesign officer may rescind the notice. If the state school  
6 reform/redesign officer rescinds a notice subjecting a public  
7 school academy or site to closure, the state school reform/redesign  
8 officer shall do so before the end of the school year. If the state  
9 school reform/redesign officer rescinds a notice subjecting a  
10 public school academy or site to closure, the state school  
11 reform/redesign officer shall require the public school academy or  
12 site to implement a school improvement plan that includes measures  
13 to increase pupil growth and improve pupil proficiency, with growth  
14 and proficiency measured by performance on state assessments.

15 (7) Except as otherwise provided in section 502 or 503, the  
16 decision of an authorizing body to issue, not issue, or  
17 reconstitute a contract under this part, or to terminate or revoke  
18 a contract under this section, is solely within the discretion of  
19 the authorizing body, is final, and is not subject to review by a  
20 court or any state agency. An authorizing body that issues, does  
21 not issue, or reconstitutes a contract under this part, or that  
22 terminates or revokes a contract under this section, is not liable  
23 for that action to the public school academy, the public school  
24 academy corporation, a pupil of the public school academy, the  
25 parent or guardian of a pupil of the public school academy, or any  
26 other person.

27 (8) Except as otherwise provided in this section, before an

1 authorizing body revokes a contract, the authorizing body may  
2 consider and take corrective measures to avoid revocation. An  
3 authorizing body may reconstitute the public school academy in a  
4 final attempt to improve student educational performance or to  
5 avoid interruption of the educational process. An authorizing body  
6 shall include a reconstituting provision in the contract that  
7 identifies these corrective measures, including, but not limited  
8 to, canceling a contract with an educational management  
9 organization, if any, withdrawing approval of a contract under  
10 section 506, or appointing a new board of directors or a trustee to  
11 take over operation of the public school academy.

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

24 (10) Not more than 10 days after a public school academy's  
25 contract terminates or is revoked, the authorizing body shall  
26 notify the superintendent of public instruction in writing of the  
27 name of the public school academy whose contract has terminated or

1 been revoked and the date of contract termination or revocation.

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

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

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

9       (c) Adopt a resolution establishing the method of selection,  
10 length of term, and number of members of the board of directors of  
11 each urban high school academy that it authorizes. The resolution  
12 shall be written or amended as necessary to include a requirement  
13 that each member of the board of directors must be a citizen of the  
14 United States.

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

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



1 (f) Take necessary measures to ensure that an urban high  
2 school academy board of directors operates independently of any  
3 educational management company involved in the operations of the  
4 urban high school academy.

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

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

11 **(I) ENSURE THAT A REPRESENTATIVE OF THE AUTHORIZING BODY**  
12 **ATTENDS EACH MEETING OF THE BOARD OF DIRECTORS OF THE URBAN HIGH**  
13 **SCHOOL ACADEMY UNDER SECTION 1201.**

14 **(J) FOR EACH MEETING OF THE BOARD OF DIRECTORS OF THE URBAN**  
15 **HIGH SCHOOL ACADEMY UNDER SECTION 1201, PREPARE A REPORT DETAILING**  
16 **THE AUTHORIZING BODY'S EFFORTS TO PROVIDE OVERSIGHT OF THE URBAN**  
17 **HIGH SCHOOL ACADEMY AS REQUIRED UNDER SUBDIVISION (D).**

18 **(K) PRESENT THE MOST RECENT REPORT PREPARED UNDER SUBDIVISION**  
19 **(J) AT EACH MEETING OF THE BOARD OF DIRECTORS OF THE URBAN HIGH**  
20 **SCHOOL ACADEMY UNDER SECTION 1201.**

21 **(L) ENSURE THAT THE BYLAWS ADOPTED BY THE BOARD OF DIRECTORS**  
22 **OF AN URBAN HIGH SCHOOL ACADEMY INCLUDE A REQUIREMENT THAT ANY ACT**  
23 **OF THE BOARD OF DIRECTORS BE APPROVED BY A MAJORITY OF THE MEMBERS**  
24 **SERVING ON THE BOARD.**

25 **(M) OVERSEE ALL CONTRACTS ENTERED INTO BY AN URBAN HIGH SCHOOL**  
26 **ACADEMY TO ENSURE THAT ALL TERMS AND CONDITIONS OF THE CONTRACT ARE**  
27 **FULFILLED.**

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

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

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

20           (a) Failure of the urban high school academy to demonstrate  
21 improved pupil academic achievement for all groups of pupils or  
22 meet the educational goals set forth in the contract.

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

25           (c) Failure of the urban high school academy to meet generally  
26 accepted public sector accounting principles and demonstrate sound  
27 fiscal stewardship.

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

3 (5) Except for an urban high school academy that is an  
4 alternative school serving a special student population, if the  
5 state school reform/redesign officer determines that an urban high  
6 school academy site that has been operating for at least 4 years is  
7 among the lowest achieving 5% of all public schools in this state  
8 for the immediately preceding 3 school years, as determined under  
9 section 1280c, not to include any individualized education plan  
10 subgroup, the state school reform/redesign officer shall notify the  
11 urban high school academy's authorizing body. Also, except for an  
12 urban high school academy that is an alternative school serving a  
13 special student population, after the accountability system under  
14 section 390 has been in effect in the community district for at  
15 least 3 full school years, if the state school reform/redesign  
16 officer determines that an urban high school academy site located  
17 in a community district has been assigned a grade of "F" under  
18 section 390 for the immediately preceding 3 school years, and is  
19 not currently undergoing reconstitution under this section, the  
20 state school reform/redesign officer shall notify the urban high  
21 school academy's authorizing body. Subject to subsection (6), if an  
22 authorizing body receives notice from the state school  
23 reform/redesign officer under this subsection, the authorizing body  
24 shall amend the urban high school academy's contract to eliminate  
25 the urban high school academy's authority to operate the existing  
26 age and grade levels at the site and the urban high school academy  
27 shall cease operating the existing age and grade levels at the

1 site, effective at the end of the current school year. Subject to  
2 subsection (6), if the urban high school academy operates at only 1  
3 site, and the authorizing body receives notice from the state  
4 school reform/redesign officer under this subsection, the  
5 authorizing body shall revoke the urban high school academy's  
6 contract, effective at the end of the current school year.

7 (6) For an urban high school academy or site that is subject  
8 to a notice to its authorizing body under this subsection, the  
9 state school reform/redesign officer shall consider other public  
10 school options available to pupils in the grade levels offered by  
11 the urban high school academy or site who reside in the geographic  
12 area served by the urban high school academy or site. If the state  
13 school reform/redesign officer determines that closure of the urban  
14 high school academy or site would result in an unreasonable  
15 hardship to these pupils because there are insufficient other  
16 public school options reasonably available for these pupils, the  
17 state school reform/redesign officer may rescind the notice. If the  
18 state school reform/redesign officer rescinds a notice subjecting  
19 an urban high school academy or site to closure, the state school  
20 reform/redesign officer shall do so before the end of the school  
21 year. If the state school reform/redesign officer rescinds a notice  
22 subjecting an urban high school academy or site to closure, the  
23 state school reform/redesign officer shall require the urban high  
24 school academy or site to implement a school improvement plan that  
25 includes measures to increase pupil growth and improve pupil  
26 proficiency, with growth and proficiency measured by performance on  
27 state assessments.

1           (7) Except as otherwise provided in section 522, the decision  
2 of an authorizing body to issue, not issue, or reconstitute a  
3 contract under this part, or to terminate or revoke a contract  
4 under this section, is solely within the discretion of the  
5 authorizing body, is final, and is not subject to review by a court  
6 or any state agency. An authorizing body that issues, does not  
7 issue, or reconstitutes a contract under this part, or that  
8 terminates or revokes a contract under this section, is not liable  
9 for that action to the urban high school academy, the urban high  
10 school academy corporation, a pupil of the urban high school  
11 academy, the parent or guardian of a pupil of the urban high school  
12 academy, or any other person.

13           (8) Except as otherwise provided in this section, before an  
14 authorizing body revokes a contract, the authorizing body may  
15 consider and take corrective measures to avoid revocation. An  
16 authorizing body may reconstitute the urban high school academy in  
17 a final attempt to improve student educational performance or to  
18 avoid interruption of the educational process. An authorizing body  
19 shall include a reconstituting provision in the contract that  
20 identifies these corrective measures, including, but not limited  
21 to, removing 1 or more members of the board of directors,  
22 withdrawing approval to contract under section 527, or appointing a  
23 new board of directors or a trustee to take over operation of the  
24 urban high school academy.

25           (9) If an authorizing body revokes a contract, the authorizing  
26 body shall work with a school district or another public school, or  
27 with a combination of these entities, to ensure a smooth transition

1 for the affected pupils. If the revocation occurs during the school  
2 year, the authorizing body, as the fiscal agent for the urban high  
3 school academy under this part, shall return any school aid funds  
4 held by the authorizing body that are attributable to the affected  
5 pupils to the state treasurer for deposit into the state school aid  
6 fund. The state treasurer shall distribute funds to the public  
7 school in which the pupils enroll after the revocation pursuant to  
8 a methodology established by the department and the center for  
9 educational performance and information.

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

16 (11) If an urban high school academy's contract terminates or  
17 is revoked, title to all real and personal property, interest in  
18 real or personal property, and other assets owned by the urban high  
19 school academy shall revert to the state. This property shall be  
20 distributed in accordance with the following:

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

27 (b) The urban high school academy shall file a certificate of

1 dissolution with the department of licensing and regulatory affairs  
2 within 10 business days following board approval.

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

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

17 (e) As part of the plan of distribution of assets, the urban  
18 high school academy board of directors shall designate the director  
19 of the department of technology, management, and budget, or his or  
20 her designee, to dispose of all real property of the urban high  
21 school academy corporation in accordance with the directives  
22 developed for disposition of surplus land and facilities under  
23 section 251 of the management and budget act, 1984 PA 431, MCL  
24 18.1251.

25 (f) If the board of directors of an urban high school academy  
26 fails to take any necessary action under this section, the state  
27 treasurer, or his or her designee, may suspend the urban high

1 school academy board of directors and appoint a trustee to carry  
2 out the board's plan of distribution of assets. Upon appointment,  
3 the trustee shall have all the rights, powers, and privileges under  
4 law that the urban high school academy board of directors had  
5 before being suspended.

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

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

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

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

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

27 (d) Oversee the operations of each school of excellence



1 operating under a contract issued by the authorizing body. The  
2 oversight shall be sufficient to ensure that the school of  
3 excellence is in compliance with the terms of the contract and with  
4 applicable law. This subdivision does not relieve any other  
5 governmental entity of its enforcement or supervisory  
6 responsibility.

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

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

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

19 (h) Ensure that the board of directors of the school of  
20 excellence maintains and releases information as necessary to  
21 comply with applicable law.

22 **(I) ENSURE THAT A REPRESENTATIVE OF THE AUTHORIZING BODY**  
23 **ATTENDS EACH MEETING OF THE BOARD OF DIRECTORS OF THE SCHOOL OF**  
24 **EXCELLENCE UNDER SECTION 1201.**

25 **(J) FOR EACH MEETING OF THE BOARD OF DIRECTORS OF THE SCHOOL**  
26 **OF EXCELLENCE UNDER SECTION 1201, PREPARE A REPORT DETAILING THE**  
27 **AUTHORIZING BODY'S EFFORTS TO PROVIDE OVERSIGHT OF THE SCHOOL OF**

1 EXCELLENCE AS REQUIRED UNDER SUBDIVISION (D) AND SECTION 552(8) .

2 (K) PRESENT THE MOST RECENT REPORT PREPARED UNDER SUBDIVISION  
3 (J) AT EACH MEETING OF THE BOARD OF DIRECTORS OF THE SCHOOL OF  
4 EXCELLENCE UNDER SECTION 1201 .

5 (l) ENSURE THAT THE BYLAWS ADOPTED BY THE BOARD OF DIRECTORS  
6 OF A SCHOOL OF EXCELLENCE INCLUDE A REQUIREMENT THAT ANY ACT OF THE  
7 BOARD OF DIRECTORS BE APPROVED BY A MAJORITY OF THE MEMBERS SERVING  
8 ON THE BOARD .

9 (M) OVERSEE ALL CONTRACTS ENTERED INTO BY A SCHOOL OF  
10 EXCELLENCE TO ENSURE THAT ALL TERMS AND CONDITIONS OF THE CONTRACT  
11 ARE FULFILLED .

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

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

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

4 (a) Failure of the school of excellence to demonstrate  
5 improved pupil academic achievement for all groups of pupils or  
6 meet the educational goals set forth in the contract.

7 (b) Failure of the school of excellence to comply with all  
8 applicable law.

9 (c) Failure of the school of excellence to meet generally  
10 accepted public sector accounting principles and demonstrate sound  
11 fiscal stewardship.

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

14 (5) Except for a school of excellence that is an alternative  
15 school serving a special student population, if the state school  
16 reform/redesign officer determines that a school of excellence site  
17 that has been operating for at least 4 years is among the lowest  
18 achieving 5% of all public schools in this state for the  
19 immediately preceding 3 school years, as determined under section  
20 1280c, not to include any individualized education plan subgroup,  
21 the state school reform/redesign officer shall notify the school of  
22 excellence's authorizing body. Also, except for a school of  
23 excellence that is an alternative school serving a special student  
24 population, after the accountability system under section 390 has  
25 been in effect in the community district for at least 3 full school  
26 years, if the state school reform/redesign officer determines that  
27 a school of excellence site located in a community district has

1 been assigned a grade of "F" under section 390 for the immediately  
2 preceding 3 school years, and is not currently undergoing  
3 reconstitution under this section, the state school reform/redesign  
4 officer shall notify the school of excellence's authorizing body.  
5 Subject to subsection (6), if an authorizing body receives notice  
6 from the state school reform/redesign officer under this  
7 subsection, the authorizing body shall amend the school of  
8 excellence's contract to eliminate the school of excellence's  
9 authority to operate the existing age and grade levels at the site  
10 and the school of excellence shall cease operating the existing age  
11 and grade levels at the site, effective at the end of the current  
12 school year. Subject to subsection (6), if the school of excellence  
13 operates at only 1 site or is a cyber school, and the authorizing  
14 body receives notice from the state school reform/redesign officer  
15 under this subsection, the authorizing body shall revoke the school  
16 of excellence's contract, effective at the end of the current  
17 school year.

18 (6) For a school of excellence or site that is subject to a  
19 notice to its authorizing body under this subsection, the state  
20 school reform/redesign officer shall consider other public school  
21 options available to pupils in the grade levels offered by the  
22 school of excellence or site who reside in the geographic area  
23 served by the school of excellence or site. If the state school  
24 reform/redesign officer determines that closure of the school of  
25 excellence or site would result in an unreasonable hardship to  
26 these pupils because there are insufficient other public school  
27 options reasonably available for these pupils, the state school

1 reform/redesign officer may rescind the notice. If the state school  
2 reform/redesign officer rescinds a notice subjecting a school of  
3 excellence or site to closure, the state school reform/redesign  
4 officer shall do so before the end of the school year. If the state  
5 school reform/redesign officer rescinds a notice subjecting a  
6 school of excellence or site to closure, the state school  
7 reform/redesign officer shall require the school of excellence or  
8 site to implement a school improvement plan that includes measures  
9 to increase pupil growth and improve pupil proficiency, with growth  
10 and proficiency measured by performance on state assessments.

11 (7) Except for a contract issued by a school district pursuant  
12 to a vote by the school electors on a ballot question under section  
13 553(2), and except as otherwise provided in section 552, the  
14 decision of the authorizing body to issue, not issue, or  
15 reconstitute a contract under this part, or to terminate or revoke  
16 a contract under this section, is solely within the discretion of  
17 the authorizing body, is final, and is not subject to review by a  
18 court or any other state agency. If the authorizing body issues,  
19 does not issue, or reconstitutes a contract under this part, or  
20 terminates or revokes a contract under this section, the  
21 authorizing body is not liable for that action to the school of  
22 excellence, the school of excellence corporation, a pupil of the  
23 school of excellence, the parent or guardian of a pupil of the  
24 school of excellence, or any other person.

25 (8) Except as otherwise provided in this section, before the  
26 authorizing body revokes a contract, the authorizing body may  
27 consider and take corrective measures to avoid revocation. The

1 authorizing body may reconstitute the school of excellence in a  
2 final attempt to improve student educational performance or to  
3 avoid interruption of the educational process. The authorizing body  
4 shall include a reconstituting provision in the contract that  
5 identifies these corrective measures, including, but not limited  
6 to, canceling a contract with an educational management  
7 organization, if any, withdrawing approval to contract under  
8 section 560, or appointing a new board of directors or a trustee to  
9 take over operation of the school of excellence.

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

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

27 (11) If a school of excellence's contract terminates or is

1 revoked, title to all real and personal property, interest in real  
2 or personal property, and other assets owned by the school of  
3 excellence shall revert to the state. This property shall be  
4 distributed in accordance with the following:

5 (a) Within 30 days following the termination or revocation,  
6 the board of directors of a school of excellence shall hold a  
7 public meeting to adopt a plan of distribution of assets and to  
8 approve the dissolution of the school of excellence corporation,  
9 all in accordance with chapter 8 of the nonprofit corporation act,  
10 1982 PA 162, MCL 450.2801 to 450.2864.

11 (b) The school of excellence shall file a certificate of  
12 dissolution with the department of licensing and regulatory affairs  
13 within 10 business days following board approval.

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

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

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

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

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

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