

SENATE BILL No. 679

November 30, 2017, Introduced by Senator HERTEL and referred to the Committee on Education.

A bill to amend 1976 PA 451, entitled "The revised school code," by amending sections 502, 503, 507, 522, 523, 528, 552, 553, and 561 (MCL 380.502, 380.503, 380.507, 380.522, 380.523, 380.528, 380.552, 380.553, and 380.561), sections 502, 507, 522, 528, 552, and 561 as amended by 2016 PA 192 and sections 503, 523, and 553 as amended by 2011 PA 277.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 502. (1) A public school academy shall be organized and
2 administered under the direction of a board of directors in
3 accordance with this part and with bylaws adopted by the board of
4 directors. A public school academy corporation shall be organized

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

9 (2) Subject to ~~subsection (9)~~, **SUBSECTIONS (9) AND (11)**, any
10 of the following may act as an authorizing body to issue a contract
11 to organize and operate 1 or more public school academies under
12 this part:

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

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

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

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

18 (d) The governing board of a state public university. ~~However,~~
19 ~~the combined total number of contracts for public school academies~~
20 ~~issued by all state public universities shall not exceed 300~~
21 ~~through December 31, 2012 and shall not exceed 500 through December~~
22 ~~31, 2014. After December 31, 2014, there is no limit on the~~
23 ~~combined total number of contracts for public school academies that~~
24 ~~may be issued by all state public universities.~~

25 (e) Two or more of the public agencies described in
26 subdivisions (a) to (d) exercising power, privilege, or authority
27 jointly pursuant to an interlocal agreement under the urban

1 cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to
2 124.512.

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

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

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

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

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

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

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

20 (iii) The name of the authorizing body.

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

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

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

27 (e) Documentation meeting the application requirements of the

1 authorizing body, including at least all of the following:

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

3 (ii) A copy of the educational goals of the public school
4 academy and the curricula to be offered and methods of pupil
5 assessment to be used by the public school academy. The educational
6 goals shall include demonstrated improved pupil academic
7 achievement for all groups of pupils. To the extent applicable, the
8 progress of the pupils in the public school academy shall be
9 assessed using both the mathematics and reading portions of the
10 Michigan student test of educational progress (M-STEP) or the
11 Michigan merit examination under section 1279g, as applicable.

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

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

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

21 (f) Descriptions of staff responsibilities and of the public
22 school 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 public school academy will be located.

27 (h) An agreement that the public school academy will comply

1 with the provisions of this part and, subject to the provisions of
2 this part, with all other state law applicable to public bodies and
3 with federal law applicable to public bodies or school districts.

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

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

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

26 (6) An authorizing body shall not charge a fee, or require
27 reimbursement of expenses, for considering an application for a

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

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

12 (8) An authorizing body may enter into an intergovernmental
13 agreement with another authorizing body to issue public school
14 academy contracts. At a minimum, the agreement shall further the
15 purposes set forth in section 501, describe which authorizing body
16 shall issue the contract, and set forth which authorizing body will
17 be responsible for monitoring compliance by the board of directors
18 of the public school academy with the contract and all applicable
19 law.

20 (9) Both of the following apply to the issuance of a contract
21 for a public school academy to be located within a community
22 district:

23 (a) An authorizing body shall not issue a contract to organize
24 and operate a new public school academy to be located in a
25 community district unless, before issuing the contract, the
26 governing board of the authorizing body has certified to the state
27 school reform/redesign officer that the authorizing body has been

1 accredited as an authorizing body by a nationally recognized
2 accreditation body. For an authorizing body described in subsection
3 (2)(e), the authorizing body shall not issue a contract to organize
4 and operate a new public school academy to be located in a
5 community district unless, before issuing the contract, the
6 governing board of each of the public agencies that is party to the
7 interlocal agreement has certified to the state school
8 reform/redesign officer that the public agency has been accredited
9 as an authorizing body by a nationally recognized accreditation
10 body.

11 (b) An authorizing body shall not issue a contract for a new
12 public school academy to be located in a community district if both
13 of the following circumstances exist:

14 (i) Either of the following:

15 (A) Until the accountability system under section 390 has been
16 in effect in the community district for at least 3 full school
17 years, the proposed public school academy would operate at the same
18 location as a public school that currently is on the list under
19 section 1280c(1) of the public schools in this state that the state
20 school reform/redesign office has determined to be among the lowest
21 achieving 5% of all public schools in this state or has been on
22 that list during the immediately preceding 3-year period. Beginning
23 after the accountability system under section 390 has been in
24 effect in the community district for at least 3 full school years,
25 the proposed public school academy would operate at the same
26 location as a public school that has been assigned a grade of "F"
27 under section 390 for 3 of the preceding 5 school years.

1 (B) The proposed public school academy would operate at the
2 same location as a public school academy, urban high school
3 academy, school of excellence, or strict discipline academy that
4 has had its contract revoked or terminated by an authorizing body
5 under the applicable part or section.

6 (ii) The proposed public school academy would have
7 substantially the same board of directors, substantially the same
8 leadership, and substantially the same curriculum offerings as the
9 public school that previously operated at that location.

10 (10) A public school academy that is located within a
11 community district is subject to section 390.

12 (11) AN AUTHORIZING BODY SHALL NOT ISSUE A NEW CONTRACT FOR
13 THE OPERATION OF A PUBLIC SCHOOL ACADEMY THAT WILL OPERATE AS THE
14 SUCCESSOR TO A PUBLIC SCHOOL ACADEMY, URBAN HIGH SCHOOL ACADEMY,
15 SCHOOL OF EXCELLENCE, OR STRICT DISCIPLINE ACADEMY THAT IS
16 CURRENTLY BEING OPERATED UNDER A CONTRACT ISSUED BY ANOTHER
17 AUTHORIZING BODY AND EITHER IS ON THE LIST PUBLISHED UNDER SECTION
18 1280C OF THE PUBLIC SCHOOLS THAT THE DEPARTMENT HAS DETERMINED TO
19 BE AMONG THE LOWEST ACHIEVING 5% OF ALL PUBLIC SCHOOLS IN THIS
20 STATE OR IS BEING SUBJECTED TO CORRECTIVE MEASURES BY THE
21 AUTHORIZING BODY AS DESCRIBED IN SECTION 507(8), 528(8), OR 561(8),
22 AS APPLICABLE.

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

1 (a) The resources available for the proposed public school
2 academy.

3 (b) The population to be served by the proposed public school
4 academy.

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

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

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

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

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

18 (h) The number of pupils on waiting lists of public school
19 academies in the proximity of a proposed location of the proposed
20 public school academy.

21 (2) An authorizing body may give priority to a proposed public
22 school academy that is intended to replace a public school academy
23 that has been closed pursuant to section 507(5), that will operate
24 all of the same grade levels as the public school academy that has
25 been closed, and that will work toward operating all of grades 9 to
26 12 within 6 years after it begins operations unless a matriculation
27 agreement has been entered into with another public school that

1 provides grades 9 to 12.

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

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

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

1 directors must be a citizen of the United States.

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

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

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

15 (c) A description of the process for amending the contract
16 during the term of the contract.

17 (d) All of the matters set forth in the application for the
18 contract.

19 (e) Procedures for revoking the contract and grounds for
20 revoking the contract, including at least the grounds listed in
21 section 507.

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

1 in the contract are under the direction and control of the board of
2 directors.

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

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

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

17 (j) A requirement that the board of directors of the public
18 school academy shall ensure compliance with the requirements of
19 1968 PA 317, MCL 15.321 to 15.330.

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

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

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

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

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

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

22 (iv) A current list of teachers and school administrators
23 working at the public school academy that includes their individual
24 salaries as submitted to the registry of educational personnel;
25 copies of the teaching or school administrator's certificates or
26 permits of current teaching and administrative staff; and evidence
27 of compliance with the criminal background and records checks and

1 unprofessional conduct check required under sections 1230, 1230a,
2 and 1230b for all teachers and administrators working at the public
3 school academy.

4 (v) Curriculum documents and materials given to the
5 authorizing body.

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

7 (vii) Copies of facility leases or deeds, or both, and of any
8 equipment leases.

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

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

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

16 (xi) Any other information specifically required under this
17 act.

18 (n) A requirement that the authorizing body must review and
19 may disapprove any agreement between the board of directors of the
20 public school academy and an educational management organization
21 before the agreement is final and valid. An authorizing body ~~may~~
22 **SHALL** disapprove an agreement described in this subdivision ~~only if~~
23 the agreement is contrary to the contract or applicable law **OR IF**
24 **THE EDUCATIONAL MANAGEMENT ORGANIZATION, OR ANY EDUCATIONAL**
25 **MANAGEMENT ORGANIZATION AFFILIATED WITH IT, OPERATES A PUBLIC**
26 **SCHOOL THAT IS ON THE LIST PUBLISHED UNDER SECTION 1280C OF THE**
27 **PUBLIC SCHOOLS THAT THE DEPARTMENT HAS DETERMINED TO BE AMONG THE**

1 **LOWEST ACHIEVING 5% OF ALL PUBLIC SCHOOLS IN THIS STATE.**

2 (o) A requirement that the board of directors of the public
3 school academy shall demonstrate all of the following to the
4 satisfaction of the authorizing body with regard to its pupil
5 admission process:

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

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

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

16 **(Q) IF THE CONTRACT PERMITS THE PUBLIC SCHOOL ACADEMY TO**
17 **OPERATE AT MORE THAN 1 SITE, A REQUIREMENT THAT THE PUBLIC SCHOOL**
18 **ACADEMY MAY ONLY EXERCISE THAT AUTHORITY AFTER ESTABLISHING THAT**
19 **NONE OF ITS CURRENT SITES ARE ON THE LIST PUBLISHED UNDER SECTION**
20 **1280C OF THE PUBLIC SCHOOLS THAT THE DEPARTMENT HAS DETERMINED TO**
21 **BE AMONG THE LOWEST ACHIEVING 5% OF ALL PUBLIC SCHOOLS IN THIS**
22 **STATE.**

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

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

26 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to
27 15.246.

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

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

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

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

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

17 (9) A public school academy is exempt from all taxation on its
18 earnings and property. Instruments of conveyance to or from a
19 public school academy are exempt from all taxation including taxes
20 imposed by 1966 PA 134, MCL 207.501 to 207.513. Unless the property
21 is already fully exempt from real and personal property taxes under
22 the general property tax act, 1893 PA 206, MCL 211.1 to 211.155,
23 property occupied by a public school academy and used exclusively
24 for educational purposes is exempt from real and personal property
25 taxes levied for school operating purposes under section 1211, to
26 the extent exempted under that section, and from real and personal
27 property taxes levied under the state education tax act, 1993 PA

1 331, MCL 211.901 to 211.906. A public school academy may not levy
2 ad valorem property taxes or another tax for any purpose. However,
3 operation of 1 or more public school academies by a school district
4 or intermediate school district does not affect the ability of the
5 school district or intermediate school district to levy ad valorem
6 property taxes or another tax.

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

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

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

1 following:

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

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

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

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

15 (e) Develop and implement a process for holding a public
16 school academy accountable for meeting applicable academic
17 performance standards set forth in the contract and for
18 implementing corrective action for a public school academy that
19 does not meet those standards.

20 (f) Take necessary measures to ensure that the board of
21 directors of a public school academy operates independently of any
22 educational management company involved in the operations of the
23 public school academy.

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

27 (h) Ensure that the board of directors of the public school

1 academy maintains and releases information as necessary to comply
2 with applicable law.

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

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

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

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

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

27 (c) Failure of the public school academy to meet generally

1 accepted public sector accounting principles and demonstrate sound
2 fiscal stewardship.

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

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

1 and the public school academy shall cease operating the existing
2 age and grade levels at the site, effective at the end of the
3 current school year. Subject to subsection (6), if the public
4 school academy operates at only 1 site, and the authorizing body
5 receives notice from the state school reform/redesign officer under
6 this subsection, the authorizing body shall revoke the public
7 school academy's contract, effective at the end of the current
8 school year. **FAILURE OF AN AUTHORIZING BODY TO COMPLY WITH THIS**
9 **SUBSECTION IS A FAILURE BY THE AUTHORIZING BODY TO ENGAGE IN**
10 **APPROPRIATE CONTINUING OVERSIGHT FOR THE PURPOSES OF SECTION**
11 **502(5).**

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

1 reform/redesign officer shall require the public school academy or
2 site to implement a school improvement plan that includes measures
3 to increase pupil growth and improve pupil proficiency, with growth
4 and proficiency measured by performance on state assessments.

5 (7) ~~Except~~ **SUBJECT TO SUBSECTION (5) AND EXCEPT** as otherwise
6 provided in section 502 or 503, the decision of an authorizing body
7 to issue, not issue, or reconstitute a contract under this part, or
8 to terminate or revoke a contract under this section, is solely
9 within the discretion of the authorizing body, is final, and is not
10 subject to review by a court or any state agency. An authorizing
11 body that issues, does not issue, or reconstitutes a contract under
12 this part, or that terminates or revokes a contract under this
13 section, is not liable for that action to the public school
14 academy, the public school academy corporation, a pupil of the
15 public school academy, the parent or guardian of a pupil of the
16 public school academy, or any other person.

17 (8) Except as otherwise provided in this section, before an
18 authorizing body revokes a contract, the authorizing body may
19 consider and take corrective measures to avoid revocation. An
20 authorizing body may reconstitute the public school academy in a
21 final attempt to improve student educational performance or to
22 avoid interruption of the educational process. An authorizing body
23 shall include a reconstituting provision in the contract that
24 identifies these corrective measures, including, but not limited
25 to, canceling a contract with an educational management
26 organization, if any, withdrawing approval of a contract under
27 section 506, or appointing a new board of directors or a trustee to

1 take over operation of the public school academy.

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

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

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

1 academy shall not be organized by a church or other religious
2 organization and shall not have any organizational or contractual
3 affiliation with or constitute a church or other religious
4 organization.

5 (2) Subject to ~~subsection (9)~~, **SUBSECTIONS (9) AND (11)**, the
6 governing board of a state public university may act as an
7 authorizing body to issue a contract for the organization and
8 operation of an urban high school academy under this part.

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

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

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

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

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

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

3 (ii) The purposes for the urban high school academy
4 corporation. This language shall provide that the urban high school
5 academy is incorporated pursuant to this part and that the urban
6 high school academy corporation is a governmental entity and
7 political subdivision of this state.

8 (iii) The name of the authorizing body.

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

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

13 (d) A copy of the proposed bylaws of the urban high school
14 academy.

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

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

18 (ii) A copy of the educational goals of the urban high school
19 academy and the curricula to be offered and methods of pupil
20 assessment to be used by the urban high school academy. The
21 educational goals shall include demonstrated improved pupil
22 academic achievement for all groups of pupils. To the extent
23 applicable, the progress of the pupils in the urban high school
24 academy shall be assessed using both the mathematics and reading
25 portions of the Michigan student test of educational progress (M-
26 STEP) or the Michigan merit examination under section 1279g, as
27 applicable.

1 (iii) The admission policy and criteria to be maintained by
2 the urban high school academy. The admission policy and criteria
3 shall comply with section 524. This part of the application also
4 shall include a description of how the applicant will provide to
5 the general public adequate notice that an urban high school
6 academy is being created and adequate information on the admission
7 policy, criteria, and process.

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

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

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

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

18 (5) If a particular state public university issues a contract
19 that allows an urban high school academy to operate the same
20 configuration of grades at more than 1 site, as provided in section
21 524(1), each of those sites shall be under the direction of the
22 board of directors that is a party to the contract.

23 (6) If the superintendent of public instruction finds that an
24 authorizing body is not engaging in appropriate continuing
25 oversight of 1 or more urban high school academies operating under
26 a 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 urban high 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 (7) An authorizing body shall not charge a fee, or require
6 reimbursement of expenses, for considering an application for a
7 contract, for issuing a contract, or for providing oversight of a
8 contract for an urban high school academy in an amount that exceeds
9 a combined total of 3% of the total state school aid received by
10 the urban high school academy in the school year in which the fees
11 or expenses are charged. All of the following apply to this fee:

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

14 (i) Considering applications and issuing or administering
15 contracts.

16 (ii) Compliance monitoring and oversight of urban high school
17 academies.

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

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

21 (v) Academic support to urban high school academies or to
22 pupils or graduates of urban high school academies.

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

24 (vii) Training of teachers, including supervision of teacher
25 interns.

26 (viii) Other purposes that assist the urban high school
27 academies or traditional public schools in achieving improved

1 academic performance.

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

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

9 (9) Both of the following apply to the issuance of a contract
10 for an urban high school academy to be located within a community
11 district:

12 (a) An authorizing body shall not issue a contract to organize
13 and operate a new urban high school academy to be located in a
14 community district unless, before issuing the contract, the
15 governing board of the authorizing body has certified to the state
16 school reform/redesign officer that the authorizing body has been
17 accredited as an authorizing body by a nationally recognized
18 accreditation body.

19 (b) An authorizing body shall not issue a contract for a new
20 urban high school academy to be located in a community district if
21 both of the following circumstances exist:

22 (i) Either of the following:

23 (A) Until the accountability system under section 390 has been
24 in effect in the community district for at least 3 full school
25 years, the proposed urban high school academy would operate at the
26 same location as a public school that currently is on the list
27 under section 1280c(1) of the public schools in this state that the

1 state school reform/redesign office has determined to be among the
2 lowest achieving 5% of all public schools in this state or has been
3 on that list during the immediately preceding 3-year period.

4 Beginning after the accountability system under section 390 has
5 been in effect in the community district for at least 3 full school
6 years, the proposed urban high school academy would operate at the
7 same location as a public school that has been assigned a grade of
8 "F" under section 390 for 3 of the preceding 5 school years.

9 (B) The proposed urban high school academy would operate at
10 the same location as a public school academy, urban high school
11 academy, school of excellence, or strict discipline academy that
12 has had its contract revoked or terminated by an authorizing body
13 under the applicable part or section.

14 (ii) The proposed urban high school academy would have
15 substantially the same board of directors, substantially the same
16 leadership, and substantially the same curriculum offerings as the
17 public school that previously operated at that location.

18 (10) An urban high school academy that is located within a
19 community district is subject to section 390.

20 (11) AN AUTHORIZING BODY SHALL NOT ISSUE A NEW CONTRACT FOR
21 THE OPERATION OF AN URBAN HIGH SCHOOL ACADEMY THAT WILL OPERATE AS
22 THE SUCCESSOR TO A PUBLIC SCHOOL ACADEMY, URBAN HIGH SCHOOL
23 ACADEMY, SCHOOL OF EXCELLENCE, OR STRICT DISCIPLINE ACADEMY THAT IS
24 CURRENTLY BEING OPERATED UNDER A CONTRACT ISSUED BY ANOTHER
25 AUTHORIZING BODY AND EITHER IS ON THE LIST PUBLISHED UNDER SECTION
26 1280C OF THE PUBLIC SCHOOLS THAT THE DEPARTMENT HAS DETERMINED TO
27 BE AMONG THE LOWEST ACHIEVING 5% OF ALL PUBLIC SCHOOLS IN THIS

1 STATE OR IS BEING SUBJECTED TO CORRECTIVE MEASURES BY THE
2 AUTHORIZING BODY AS DESCRIBED IN SECTION 507(8), 528(8), OR 561(8),
3 AS APPLICABLE.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 generally accepted governmental auditing principles.

2 (h) A requirement that the board of directors shall ensure
3 compliance with the requirements of 1968 PA 317, MCL 15.321 to
4 15.330.

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

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

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

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

26 (ii) A list of currently serving members of the board of
27 directors of the urban high school academy, including name,

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

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

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

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

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

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

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

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

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

1 (xi) Any other information specifically required under this
2 act.

3 (l) A requirement that the authorizing body must review and
4 may disapprove any agreement between the board of directors and an
5 educational management company before the agreement is final and
6 valid. An authorizing body ~~may~~**SHALL** disapprove an agreement
7 described in this subdivision ~~only~~ if the agreement is contrary to
8 the contract or applicable law **OR IF THE EDUCATIONAL MANAGEMENT**
9 **ORGANIZATION, OR ANY EDUCATIONAL MANAGEMENT ORGANIZATION AFFILIATED**
10 **WITH IT, OPERATES A PUBLIC SCHOOL THAT IS ON THE LIST PUBLISHED**
11 **UNDER SECTION 1280C OF THE PUBLIC SCHOOLS THAT THE DEPARTMENT HAS**
12 **DETERMINED TO BE AMONG THE LOWEST ACHIEVING 5% OF ALL PUBLIC**
13 **SCHOOLS IN THIS STATE.**

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

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

19 (ii) That the urban high school academy has made the following
20 additional efforts to recruit pupils who are eligible for special
21 education programs and 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 within the boundaries of the
25 intermediate school district in which the urban high school academy
26 is located.

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

1 statement that appropriate special education services will be made
2 available to pupils attending the school as required by law.

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

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

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

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

19 **(Q) IF THE CONTRACT PERMITS THE URBAN HIGH SCHOOL ACADEMY TO**
20 **OPERATE AT MORE THAN 1 SITE, A REQUIREMENT THAT THE URBAN HIGH**
21 **SCHOOL ACADEMY MAY ONLY EXERCISE THAT AUTHORITY AFTER ESTABLISHING**
22 **THAT NONE OF ITS CURRENT SITES ARE ON THE LIST PUBLISHED UNDER**
23 **SECTION 1280C OF THE PUBLIC SCHOOLS THAT THE DEPARTMENT HAS**
24 **DETERMINED TO BE AMONG THE LOWEST ACHIEVING 5% OF ALL PUBLIC**
25 **SCHOOLS IN THIS STATE.**

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

- 1 (a) The open meetings act, 1976 PA 267, MCL 15.261 to 15.275.
- 2 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to
3 15.246.
- 4 (c) 1947 PA 336, MCL 423.201 to 423.217.
- 5 (d) 1965 PA 166, MCL 408.551 to 408.558.
- 6 (e) 1978 PA 566, MCL 15.181 to 15.185.
- 7 (f) 1968 PA 317, MCL 15.321 to 15.330.
- 8 (g) The uniform budgeting and accounting act, 1968 PA 2, MCL
9 141.421 to 141.440a.
- 10 (h) The revised municipal finance act, 2001 PA 34, MCL
11 141.2101 to 141.2821.
- 12 (i) The ~~federal~~-no child left behind act of 2001, Public Law
13 107-110. ~~7-115 Stat. 1425.~~
- 14 (j) Sections 1134, 1135, 1146, 1153, 1263(3), 1267, 1274, and
15 1280.
- 16 (k) Laws concerning participation in state assessments, data
17 collection systems, state level student growth models, state
18 accountability and accreditation systems, and other public
19 comparative data collection required for public schools.
- 20 (4) An urban high school academy and its incorporators, board
21 members, officers, employees, and volunteers have governmental
22 immunity as provided in section 7 of 1964 PA 170, MCL 691.1407. An
23 authorizing body and its board members, officers, and employees are
24 immune from civil liability, both personally and professionally,
25 for any acts or omissions in authorizing or oversight of an urban
26 high school academy if the authorizing body or the person acted or
27 reasonably believed he or she acted within the authorizing body's

1 or the person's scope of authority.

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

16 (6) An urban high school academy may acquire by purchase,
17 gift, devise, lease, sublease, installment purchase agreement, land
18 contract, option, or any other means, hold, and own in its own name
19 buildings and other property for school purposes, and interests
20 therein, and other real and personal property, including, but not
21 limited to, interests in property subject to mortgages, security
22 interests, or other liens, necessary or convenient to fulfill its
23 purposes. For the purposes of condemnation, an urban high school
24 academy may proceed under the uniform condemnation procedures act,
25 1980 PA 87, MCL 213.51 to 213.75, excluding sections 6 to 9 of that
26 act, MCL 213.56 to 213.59, or other applicable statutes, but only
27 with the express, written permission of the authorizing body in

1 each instance of condemnation and only after just compensation has
2 been determined and paid.

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

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

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

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

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

24 (e) Develop and implement a process for holding an urban high
25 school academy board of directors accountable for meeting
26 applicable academic performance standards set forth in the contract
27 and for implementing corrective action for an urban high school

1 academy that does not meet those standards.

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

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

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

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

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

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

4 (a) Failure of the urban high school academy 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 urban high school academy to comply with
8 all applicable law.

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

1 in a community district has been assigned a grade of "F" under
2 section 390 for the immediately preceding 3 school years, and is
3 not currently undergoing reconstitution under this section, the
4 state school reform/redesign officer shall notify the urban high
5 school academy's authorizing body. Subject to subsection (6), if an
6 authorizing body receives notice from the state school
7 reform/redesign officer under this subsection, the authorizing body
8 shall amend the urban high school academy's contract to eliminate
9 the urban high school academy's authority to operate the existing
10 age and grade levels at the site and the urban high school academy
11 shall cease operating the existing age and grade levels at the
12 site, effective at the end of the current school year. Subject to
13 subsection (6), if the urban high school academy operates at only 1
14 site, and the authorizing body receives notice from the state
15 school reform/redesign officer under this subsection, the
16 authorizing body shall revoke the urban high school academy's
17 contract, effective at the end of the current school year. **FAILURE**
18 **OF AN AUTHORIZING BODY TO COMPLY WITH THIS SUBSECTION IS A FAILURE**
19 **BY THE AUTHORIZING BODY TO ENGAGE IN APPROPRIATE CONTINUING**
20 **OVERSIGHT FOR THE PURPOSES OF SECTION 522(6).**

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

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

15 (7) ~~Except~~ **SUBJECT TO SUBSECTION (5) AND EXCEPT** as otherwise
16 provided in section 522, the decision of an authorizing body to
17 issue, not issue, or reconstitute a contract under this part, or to
18 terminate or revoke a contract under this section, is solely within
19 the discretion of the authorizing body, is final, and is not
20 subject to review by a court or any state agency. An authorizing
21 body that issues, does not issue, or reconstitutes a contract under
22 this part, or that terminates or revokes a contract under this
23 section, is not liable for that action to the urban high school
24 academy, the urban high school academy corporation, a pupil of the
25 urban high school academy, the parent or guardian of a pupil of the
26 urban high school academy, or any 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 urban high school academy in
4 a 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, removing 1 or more members of the board of directors,
9 withdrawing approval to contract under section 527, or appointing a
10 new board of directors or a trustee to take over operation of the
11 urban high 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 urban high
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 an urban high school
25 academy's contract terminates or is revoked, the authorizing body
26 shall notify the superintendent of public instruction in writing of
27 the name of the urban high school academy whose contract has

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

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

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

14 (b) The urban high school academy shall file a certificate of
15 dissolution with the department of licensing and regulatory affairs
16 within 10 business days following board approval.

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

27 (d) The state treasurer, or his or her designee, shall monitor

1 the urban high school academy's winding up of the dissolved
2 corporation in accordance with the plan of distribution of assets
3 approved or provided under subdivision (c).

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

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

20 (g) Following the sale of the real or personal property or
21 interests in the real or personal property, and after payment of
22 any urban high school academy debt secured by the property or
23 interest in property, whether real or personal, the urban high
24 school academy board of directors, or a trustee appointed under
25 this section, shall forward any remaining money to the state
26 treasurer. Following receipt, the state treasurer, or his or her
27 designee, shall deposit this remaining money in the state school

1 aid fund.

2 Sec. 552. (1) ~~An~~ **SUBJECT TO SUBSECTIONS (14), (19), AND (21),**
3 **AN** authorizing body may issue contracts under this subsection to
4 organize and operate a school of excellence. All of the following
5 apply to the issuance of a contract by an authorizing body under
6 this subsection:

7 (a) The issuance of the contract must be approved by the
8 superintendent of public instruction. The superintendent of public
9 instruction shall approve issuance of a contract if he or she
10 determines that the proposed school of excellence is modeled after
11 a high-performing school or program.

12 (b) The first 5 contracts issued by all authorizing bodies
13 under this subsection shall be for schools of excellence that offer
14 1 or more of high school grades 9 to 12, or any combination of
15 those grades, as specified in the contract.

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

20 (2) Subject to the limitations in this subsection and
21 subsections (14), ~~and (15),~~ **(19), AND (21)**, an authorizing body may
22 issue contracts under this subsection for 1 or more schools of
23 excellence that are cyber schools. The combined total number of
24 contracts issued by all statewide authorizing bodies under this
25 subsection for schools of excellence that are cyber schools shall
26 not exceed 15. The board of a school district, an intermediate
27 school board, the board of a community college that is not a

1 statewide authorizing body, or 2 or more public agencies acting
2 jointly as described in subsection (6)(e) may not act as the
3 authorizing body for more than 1 school of excellence that is a
4 cyber school. An authorizing body shall not issue a contract for a
5 school of excellence that is a cyber school unless the school of
6 excellence that is a cyber school meets all of the following
7 requirements:

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

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

10 (c) The entity applying for the school of excellence that is a
11 cyber school demonstrates experience in delivering a quality
12 education program that improves pupil academic achievement. In
13 determining whether this requirement is met, an authorizing body
14 shall refer to the standards for quality online learning
15 established by the ~~national association~~ **NATIONAL ASSOCIATION** of
16 ~~charter school authorizers~~ **CHARTER SCHOOL AUTHORIZERS** or other
17 similar nationally recognized standards for quality online
18 learning.

19 (d) The enrollment in the school of excellence that is a cyber
20 school is limited to not more than 2,500 pupils in membership for
21 the first school year of operation of the school of excellence that
22 is a cyber school, not more than 5,000 pupils in membership for the
23 second school year of operation of the school of excellence that is
24 a cyber school, and not more than 10,000 pupils in membership for
25 the third and subsequent school years of operation of the school of
26 excellence that is a cyber school. As used in this subdivision,
27 "membership" means that term as defined in section 6 of the state

1 school aid act of 1979, MCL 388.1606.

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

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

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

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

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

26 (d) The contract issued to the public school academy under
27 part 6a shall automatically terminate upon the issuance of a

1 contract or at another time as determined by the authorizing body.

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

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

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

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

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

26 (5) A school of excellence shall be organized and administered
27 under the direction of a board of directors in accordance with this

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

10 (6) ~~Any~~ **SUBJECT TO SUBSECTIONS (14), (19), AND (21), ANY** of
11 the following may act as an authorizing body to issue a contract to
12 organize and operate 1 or more schools of excellence under this
13 part:

14 (a) The board of a school district. However, except as
15 otherwise provided in this subdivision, the board of a school
16 district shall not issue a contract for a school of excellence to
17 operate outside the school district's boundaries, and a school of
18 excellence authorized by the board of a school district shall not
19 operate outside that school district's boundaries. If the board of
20 a school district issues a contract for a school of excellence that
21 is a cyber school, the contract may authorize the school of
22 excellence that is a cyber school to operate outside that school
23 district's boundaries.

24 (b) An intermediate school board. However, except as otherwise
25 provided in this subdivision, the board of an intermediate school
26 district shall not issue a contract for a school of excellence to
27 operate outside the intermediate school district's boundaries, and

1 a school of excellence authorized by the board of an intermediate
2 school district shall not operate outside that intermediate school
3 district's boundaries. If the board of an intermediate school
4 district issues a contract for a school of excellence that is a
5 cyber school, the contract may authorize the school of excellence
6 that is a cyber school to operate outside that intermediate school
7 district's boundaries.

8 (c) The board of a community college. Except as otherwise
9 provided in this subdivision, the board of a community college
10 shall not issue a contract for a school of excellence to operate
11 outside the boundaries of the community college district, and a
12 school of excellence authorized by the board of a community college
13 shall not operate outside the boundaries of the community college
14 district. If the board of a community college issues a contract for
15 a school of excellence that is a cyber school, the contract may
16 authorize the school of excellence that is a cyber school to
17 operate outside the boundaries of the community college district.
18 The board of a community college also may issue a contract for not
19 more than 1 school of excellence to operate on the grounds of an
20 active or closed federal military installation located outside the
21 boundaries of the community college district, or may operate a
22 school of excellence 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 (e) Two or more of the public agencies described in
2 subdivisions (a) to (d) exercising power, privilege, or authority
3 jointly pursuant to an interlocal agreement under the urban
4 cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to
5 124.512.

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

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

11 (b) Subject to the resolution adopted by the authorizing body
12 under section 553(4), a list of the proposed members of the board
13 of directors of the school of excellence and a description of the
14 qualifications and method for appointment or election of members of
15 the board of directors.

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

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

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

20 This language shall provide that the school of excellence is
21 incorporated pursuant to this part and that the school of
22 excellence is a governmental entity.

23 (iii) The name of the authorizing body.

24 (iv) The proposed time when the articles of incorporation will
25 be effective.

26 (v) Other matters considered expedient to be in the articles
27 of incorporation.

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

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

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

5 (ii) A copy of the educational goals of the school of
6 excellence and the curricula to be offered and methods of pupil
7 assessment to be used by the school of excellence. The educational
8 goals shall include demonstrated improved pupil academic
9 achievement for all groups of pupils. To the extent applicable, the
10 progress of the pupils in the school of excellence shall be
11 assessed using both the mathematics and reading portions of the
12 Michigan student test of educational progress (M-STEP) or the
13 Michigan merit examination under section 1279g, as applicable.

14 (iii) The admission policy and criteria to be maintained by
15 the school of excellence. The admission policy and criteria shall
16 comply with section 556. This part of the application also shall
17 include a description of how the applicant will provide to the
18 general public adequate notice that a school of excellence is being
19 created and adequate information on the admission policy, criteria,
20 and process.

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

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

24 (f) Descriptions of staff responsibilities and of the school
25 of excellence governance structure.

26 (g) For an application to the board of a school district, an
27 intermediate school board, or board of a community college,

1 identification of the school district and intermediate school
2 district in which the school of excellence will be located.

3 (h) An agreement that the school of excellence will comply
4 with the provisions of this part and, subject to the provisions of
5 this part, with all other state law applicable to public bodies and
6 with federal law applicable to public bodies or school districts.

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

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

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

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

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

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

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

21 (13) A school of excellence that is a cyber school may make
22 available to other public schools for purchase any of the course
23 offerings that the cyber school offers to its own pupils.

24 ~~(14) If the department determines that the combined total~~
25 ~~statewide final audited membership for all pupils in membership in~~
26 ~~schools of excellence that are cyber schools for the 2012-2013~~
27 ~~state fiscal year exceeds a number equal to 1% of the combined~~

1 ~~total statewide final audited membership for all pupils in~~
2 ~~membership in public schools for the 2011-2012 state fiscal year,~~
3 ~~then all of the following apply:~~

4 ~~—— (a) An authorizing body may not issue a new contract for a new~~
5 ~~school of excellence that is a cyber school to begin operations in~~
6 ~~the 2013-2014 school year.~~

7 ~~—— (b) A school of excellence that is a cyber school may not~~
8 ~~enroll any new pupils in the school of excellence that is a cyber~~
9 ~~school in the 2013-2014 school year.~~

10 (14) ~~(15)~~ Beginning July 1, 2013, if the department determines
11 that the combined total statewide final audited membership for all
12 pupils in membership in schools of excellence that are cyber
13 schools for a state fiscal year exceeds a number equal to 2% of the
14 combined total statewide final audited membership for all pupils in
15 membership in public schools for the 2011-2012 state fiscal year,
16 then all of the following apply:

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

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

25 (c) If the department determines that the combined total
26 statewide final audited membership for all pupils in membership in
27 schools of excellence that are cyber schools for a state fiscal

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

8 (15) ~~(16)~~ For the purposes of ~~subsections (14) and (15)~~,
9 **SUBSECTION (14)**, not later than July 1 of each year, the department
10 shall determine the percentage of the combined total statewide
11 final audited membership for all pupils in membership in public
12 schools that are pupils in membership in schools of excellence that
13 are cyber schools for the state fiscal year that includes that July
14 1.

15 (16) ~~(17)~~ As used in this section:

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

18 (b) "Statewide authorizing body" means the governing board of
19 a state public university or the board of a federal tribally
20 controlled community college that is recognized under the tribally
21 controlled colleges and universities assistance act of 1978, 25 USC
22 1801 to 1864, and is determined by the department to meet the
23 requirements for accreditation by a recognized regional accrediting
24 body.

25 ~~—— (18) Not later than October 1, 2012, if a district, an~~
26 ~~intermediate school district, a public school academy, or the~~
27 ~~education achievement system offers online learning, the board or~~

1 ~~board of directors of the district, intermediate school district,~~
2 ~~or public school academy, or the education achievement system,~~
3 ~~shall submit to the department a report that details the per pupil~~
4 ~~costs of operating the online learning. The report shall include,~~
5 ~~on a per pupil basis, at least all of the following costs:~~

6 ~~—— (a) Textbooks, instructional materials, and supplies,~~
7 ~~including electronic instructional material.~~

8 ~~—— (b) Computer and other electronic equipment, including~~
9 ~~internet and telephone access.~~

10 ~~—— (c) Salaries and benefits for the online learning employees.~~

11 ~~—— (d) Purchased courses and curricula.~~

12 ~~—— (e) Fees associated with oversight and regulation.~~

13 ~~—— (f) Travel costs associated with school activities and~~
14 ~~testing.~~

15 ~~—— (g) Facilities costs.~~

16 ~~—— (h) Costs associated with special education.~~

17 ~~—— (19) Not later than December 31, 2012, the department shall~~
18 ~~issue a report to the legislature including the following:~~

19 ~~—— (a) A review of the data submitted under subsection (14).~~

20 ~~—— (b) A comparison with costs of substantially similar programs~~
21 ~~in other states and relevant national research on the costs of~~
22 ~~online learning.~~

23 ~~—— (c) Any conclusions concerning factors or characteristics of~~
24 ~~online learning programs that make a difference in the costs of~~
25 ~~operating the programs.~~

26 ~~(17) (20) The board of directors of a school of excellence~~
27 ~~that is a cyber school, or the board of a school district,~~

1 intermediate school district, or public school academy that
2 operates an online or other distance learning program, shall submit
3 a monthly report to the department, in the form and manner
4 prescribed by the department, that reports the number of pupils
5 enrolled in the school of excellence that is a cyber school, or in
6 the online or other distance learning program, during the
7 immediately preceding month.

8 (18) ~~(21)~~—The board of directors of a school of excellence
9 that is a cyber school shall ensure that, when a pupil enrolls in
10 the school of excellence that is a cyber school, the pupil and his
11 or her parent or legal guardian are provided with a parent-student
12 orientation. If the pupil is at least age 18 or is an emancipated
13 minor, the orientation may be provided to just the pupil.

14 (19) ~~(22)~~—Both of the following apply to the issuance of a
15 contract for a school of excellence to be located within a
16 community district:

17 (a) An authorizing body shall not issue a contract to organize
18 and operate a new school of excellence to be located in a community
19 district unless, before issuing the contract, the governing board
20 of the authorizing body has certified to the state school
21 reform/redesign officer that the authorizing body has been
22 accredited as an authorizing body by a nationally recognized
23 accreditation body. For an authorizing body described in subsection
24 (6)(e), the authorizing body shall not issue a contract to organize
25 and operate a new school of excellence to be located in a community
26 district unless, before issuing the contract, the governing board
27 of each of the public agencies that is party to the interlocal

1 agreement has certified to the state school reform/redesign officer
2 that the public agency has been accredited as an authorizing body
3 by a nationally recognized accreditation body.

4 (b) An authorizing body shall not issue a contract for a new
5 school of excellence to be located in a community district if both
6 of the following circumstances exist:

7 (i) Either of the following:

8 (A) Until the accountability system under section 390 has been
9 in effect in the community district for at least 3 full school
10 years, the proposed school of excellence would operate at the same
11 location as a public school that currently is on the list under
12 section 1280c(1) of the public schools in this state that the state
13 school reform/redesign office has determined to be among the lowest
14 achieving 5% of all public schools in this state or has been on
15 that list during the immediately preceding 3-year period. Beginning
16 after the accountability system under section 390 has been in
17 effect in the community district for at least 3 full school years,
18 the proposed school of excellence would operate at the same
19 location as a public school that has been assigned a grade of "F"
20 under section 390 for 3 of the preceding 5 school years.

21 (B) The proposed school of excellence would operate at the
22 same location as a public school academy, urban high school
23 academy, school of excellence, or strict discipline academy that
24 has had its contract revoked or terminated by an authorizing body
25 under the applicable part or section.

26 (ii) The proposed school of excellence would have
27 substantially the same board of directors, substantially the same

1 leadership, and substantially the same curriculum offerings as the
2 public school that previously operated at that location.

3 (20) ~~(23)~~—A school of excellence that is located within a
4 community district is subject to section 390.

5 (21) AN AUTHORIZING BODY SHALL NOT ISSUE A NEW CONTRACT FOR
6 THE OPERATION OF A SCHOOL OF EXCELLENCE THAT WILL OPERATE AS THE
7 SUCCESSOR TO A PUBLIC SCHOOL ACADEMY, URBAN HIGH SCHOOL ACADEMY,
8 SCHOOL OF EXCELLENCE, OR STRICT DISCIPLINE ACADEMY THAT IS
9 CURRENTLY BEING OPERATED UNDER A CONTRACT ISSUED BY ANOTHER
10 AUTHORIZING BODY AND EITHER IS ON THE LIST PUBLISHED UNDER SECTION
11 1280C OF THE PUBLIC SCHOOLS THAT THE DEPARTMENT HAS DETERMINED TO
12 BE AMONG THE LOWEST ACHIEVING 5% OF ALL PUBLIC SCHOOLS IN THIS
13 STATE OR IS BEING SUBJECTED TO CORRECTIVE MEASURES BY THE
14 AUTHORIZING BODY AS DESCRIBED IN SECTION 507(8), 528(8), OR 561(8),
15 AS APPLICABLE.

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

24 (2) If a person or entity applies to the board of a school
25 district for a contract to organize and operate 1 or more schools
26 of excellence within the boundaries of the school district and the
27 board does not issue the contract, the person or entity may

1 petition the board to place the question of issuing the contract on
2 the ballot to be decided by the school electors of the school
3 district. The petition shall contain all of the information
4 required to be in the contract application under section 552 and
5 shall be signed by a number of school electors of the school
6 district equal to at least 5% of the total number of school
7 electors of that school district. The petition shall be filed with
8 the school district filing official. If the board receives a
9 petition meeting the requirements of this subsection, the board
10 shall have the question of issuing the contract placed on the
11 ballot at its next regular school election held at least 60 days
12 after receiving the petition. If a majority of the school electors
13 of the school district voting on the question vote to issue the
14 contract, the board shall issue the contract.

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

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

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

26 (a) The educational goals the school of excellence is to
27 achieve and the methods by which it will be held accountable. The

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

7 (b) A description of the method to be used to monitor the
8 school of excellence'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.

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

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

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

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

1 governmental auditing principles.

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (ix) All health and safety reports and certificates, including
27 those relating to fire safety, environmental matters, asbestos

1 inspection, boiler inspection, and food service.

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

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

6 (m) A requirement that the authorizing body must review and
7 may disapprove any agreement between the board of directors and an
8 educational management organization before the agreement is final
9 and valid. An authorizing body ~~may~~**SHALL** disapprove an agreement
10 described in this subdivision ~~only~~ if the agreement is contrary to
11 contract or applicable law **OR IF THE EDUCATIONAL MANAGEMENT**
12 **ORGANIZATION, OR ANY EDUCATIONAL MANAGEMENT ORGANIZATION AFFILIATED**
13 **WITH IT, OPERATES A PUBLIC SCHOOL THAT IS ON THE LIST PUBLISHED**
14 **UNDER SECTION 1280C OF THE PUBLIC SCHOOLS THAT THE DEPARTMENT HAS**
15 **DETERMINED TO BE AMONG THE LOWEST ACHIEVING 5% OF ALL PUBLIC**
16 **SCHOOLS IN THIS STATE.**

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

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

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

26 (A) Reasonable efforts to advertise all enrollment openings to
27 organizations and media that regularly serve and advocate for

1 individuals with disabilities or children with limited English-
2 speaking ability within the boundaries of the intermediate school
3 district in which the school of excellence is located.

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

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

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

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

18 **(Q) IF THE CONTRACT PERMITS THE SCHOOL OF EXCELLENCE TO**
19 **OPERATE AT MORE THAN 1 SITE, A REQUIREMENT THAT THE SCHOOL OF**
20 **EXCELLENCE MAY ONLY EXERCISE THAT AUTHORITY AFTER ESTABLISHING THAT**
21 **NONE OF ITS CURRENT SITES ARE ON THE LIST PUBLISHED UNDER SECTION**
22 **1280C OF THE PUBLIC SCHOOLS THAT THE DEPARTMENT HAS DETERMINED TO**
23 **BE AMONG THE LOWEST ACHIEVING 5% OF ALL PUBLIC SCHOOLS IN THIS**
24 **STATE.**

25 (6) A school of excellence 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 (7) A school of excellence 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 school of excellence if the
16 authorizing body or the person acted or reasonably believed he or
17 she acted within the authorizing body's or the person's scope of
18 authority.

19 (8) A school of excellence is exempt from all taxation on its
20 earnings and property. Unless the property is already fully exempt
21 from real and personal property taxes under the general property
22 tax act, 1893 PA 206, MCL 211.1 to 211.155, property occupied by a
23 school of excellence and used exclusively for educational purposes
24 is exempt from real and personal property taxes levied for school
25 operating purposes under section 1211, to the extent exempted under
26 that section, and from real and personal property taxes levied
27 under the state education tax act, 1993 PA 331, MCL 211.901 to

1 211.906. Instruments of conveyance to or from a school of
2 excellence are exempt from all taxation including taxes imposed by
3 1966 PA 134, MCL 207.501 to 207.513. A school of excellence may not
4 levy ad valorem property taxes or another tax for any purpose.
5 However, operation of 1 or more schools of excellence by a school
6 district or intermediate school district does not affect the
7 ability of the school district or intermediate school district to
8 levy ad valorem property taxes or another tax.

9 (9) A school of excellence 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 school of
17 excellence may proceed under the uniform condemnation procedures
18 act, 1980 PA 87, MCL 213.51 to 213.75, excluding sections 6 to 9 of
19 that act, MCL 213.56 to 213.59, or other applicable statutes, but
20 only with the express, written permission of the authorizing body
21 in each instance of condemnation and only after just compensation
22 has been determined and paid.

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

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

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

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

8 (d) Oversee the operations of each school of excellence
9 operating under a contract issued by the authorizing body. The
10 oversight shall be sufficient to ensure that the school of
11 excellence is in compliance with the terms of the contract and with
12 applicable law. This subdivision does not relieve any other
13 governmental entity of its enforcement or supervisory
14 responsibility.

15 (e) Develop and implement a process for holding a school of
16 excellence board of directors accountable for meeting applicable
17 academic performance standards set forth in the contract and for
18 implementing corrective action for a school of excellence that does
19 not meet those standards.

20 (f) Take necessary measures to ensure that a school of
21 excellence board of directors operates independently of any
22 educational management organization involved in the operations of
23 the school of excellence.

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

27 (h) Ensure that the board of directors of the school of

1 excellence maintains and releases information as necessary to
2 comply with applicable law.

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

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

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

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

25 (b) Failure of the school of excellence to comply with all
26 applicable law.

27 (c) Failure of the school of excellence to meet generally

1 accepted public sector accounting principles and demonstrate sound
2 fiscal stewardship.

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

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

1 and the school of excellence shall cease operating the existing age
2 and grade levels at the site, effective at the end of the current
3 school year. Subject to subsection (6), if the school of excellence
4 operates at only 1 site or is a cyber school, and the authorizing
5 body receives notice from the state school reform/redesign officer
6 under this subsection, the authorizing body shall revoke the school
7 of excellence's contract, effective at the end of the current
8 school year. **FAILURE OF AN AUTHORIZING BODY TO COMPLY WITH THIS**
9 **SUBSECTION IS A FAILURE BY THE AUTHORIZING BODY TO ENGAGE IN**
10 **APPROPRIATE CONTINUING OVERSIGHT FOR THE PURPOSES OF SECTION**
11 **552(9).**

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

1 reform/redesign officer shall require the school of excellence or
2 site to implement a school improvement plan that includes measures
3 to increase pupil growth and improve pupil proficiency, with growth
4 and proficiency measured by performance on state assessments.

5 (7) Except for a contract issued by a school district pursuant
6 to a vote by the school electors on a ballot question under section
7 553(2), **SUBJECT TO SUBSECTION (5)**, and except as otherwise provided
8 in section 552, the decision of the authorizing body to issue, not
9 issue, or reconstitute a contract under this part, or to terminate
10 or revoke a contract under this section, is solely within the
11 discretion of the authorizing body, is final, and is not subject to
12 review by a court or any other state agency. If the authorizing
13 body issues, does not issue, or reconstitutes a contract under this
14 part, or terminates or revokes a contract under this section, the
15 authorizing body is not liable for that action to the school of
16 excellence, the school of excellence corporation, a pupil of the
17 school of excellence, the parent or guardian of a pupil of the
18 school of excellence, or any other person.

19 (8) Except as otherwise provided in this section, before the
20 authorizing body revokes a contract, the authorizing body may
21 consider and take corrective measures to avoid revocation. The
22 authorizing body may reconstitute the school of excellence in a
23 final attempt to improve student educational performance or to
24 avoid interruption of the educational process. The authorizing body
25 shall include a reconstituting provision in the contract that
26 identifies these corrective measures, including, but not limited
27 to, canceling a contract with an educational management

1 organization, if any, withdrawing approval to contract under
2 section 560, or appointing a new board of directors or a trustee to
3 take over operation of the school of excellence.

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

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

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

26 (a) Within 30 days following the termination or revocation,
27 the board of directors of a school of excellence shall hold a

1 public meeting to adopt a plan of distribution of assets and to
2 approve the dissolution of the school of excellence corporation,
3 all in accordance with chapter 8 of the nonprofit corporation act,
4 1982 PA 162, MCL 450.2801 to 450.2864.

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

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

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

22 (e) As part of the plan of distribution of assets, the school
23 of excellence board of directors shall designate the director of
24 the department of technology, management, and budget, or his or her
25 designee, to dispose of all real property of the school of
26 excellence corporation in accordance with the directives developed
27 for disposition of surplus land and facilities under section 251 of

1 the management and budget act, 1984 PA 431, MCL 18.1251.

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

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

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