

SENATE BILL No. 682

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

A bill to amend 1976 PA 451, entitled "The revised school code," by amending sections 503, 507, 523, 528, 553, 561, 1311e, and 1311/ (MCL 380.503, 380.507, 380.523, 380.528, 380.553, 380.561, 380.1311e, and 380.1311/), sections 503, 523, and 553 as amended by 2011 PA 277, sections 507, 528, and 561 as amended by 2016 PA 192, section 1311e as amended by 2009 PA 205, and section 1311/ as added by 1999 PA 23.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 503. (1) An authorizing body is not required to issue a
2 contract to any person or entity. Subject to subsection (2), public
3 school academy contracts shall be issued on a competitive basis. In

1 deciding whether to issue a contract for a proposed public school
2 academy, an authorizing body shall consider all of the following:

3 (a) The resources available for the proposed public school
4 academy.

5 (b) The population to be served by the proposed public school
6 academy.

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

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

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

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

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

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

23 (2) An authorizing body may give priority to a proposed public
24 school academy that is intended to replace a public school academy
25 that has been closed pursuant to section ~~507(5)~~, **507(6)**, that will
26 operate all of the same grade levels as the public school academy
27 that has been closed, and that will work toward operating all of

1 grades 9 to 12 within 6 years after it begins operations unless a
2 matriculation agreement has been entered into with another public
3 school that provides grades 9 to 12.

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

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

25 (5) An authorizing body shall adopt a resolution establishing
26 the method of selection, length of term, and number of members of
27 the board of directors of each public school academy subject to its

1 jurisdiction. The resolution shall be written or amended as
2 necessary to include a requirement that each member of the board of
3 directors must be a citizen of the United States.

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

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

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

17 (c) A description of the process for amending the contract
18 during the term of the contract.

19 (d) All of the matters set forth in the application for the
20 contract.

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

24 (f) A description of and address for the proposed physical
25 plant in which the public school academy will be located. An
26 authorizing body may include a provision in the contract allowing
27 the board of directors of the public school academy to operate the

1 same configuration of age or grade levels at more than 1 site if
2 each configuration of age or grade levels and each site identified
3 in the contract are under the direction and control of the board of
4 directors.

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

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

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

19 (j) A requirement that the board of directors of the public
20 school academy shall ensure compliance with the requirements of
21 1968 PA 317, MCL 15.321 to 15.330.

22 (k) A requirement that the board of directors of the public
23 school academy shall prohibit specifically identified family
24 relationships between members of the board of directors,
25 individuals who have an ownership interest in or who are officers
26 or employees of an educational management organization involved in
27 the operation of the public school academy, and employees of the

1 public school academy. The contract shall identify the specific
2 prohibited relationships consistent with applicable law.

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

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

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

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

22 (iii) Quarterly financial reports submitted to the authorizing
23 body.

24 (iv) A current list of teachers and school administrators
25 working at the public school academy that includes their individual
26 salaries as submitted to the registry of educational personnel;
27 copies of the teaching or school administrator's certificates or

1 permits of current teaching and administrative staff; and evidence
2 of compliance with the criminal background and records checks and
3 unprofessional conduct check required under sections 1230, 1230a,
4 and 1230b for all teachers and administrators working at the public
5 school academy.

6 (v) Curriculum documents and materials given to the
7 authorizing body.

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

9 (vii) Copies of facility leases or deeds, or both, and of any
10 equipment leases.

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

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

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

18 (xi) Any other information specifically required under this
19 act.

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

26 (o) A requirement that the board of directors of the public
27 school academy shall demonstrate all of the following to the

1 satisfaction of the authorizing body with regard to its pupil
2 admission process:

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

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

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

13 (Q) A REQUIREMENT THAT THE BOARD OF DIRECTORS OF THE PUBLIC
14 SCHOOL ACADEMY SHALL NOT CONTRACT WITH AN EDUCATIONAL MANAGEMENT
15 ORGANIZATION THAT HAS ANY BUSINESS AFFILIATION WITH A CHARTER
16 SCHOOL DEVELOPER, WITH A PERSON WITH AN OWNERSHIP INTEREST IN OR
17 RESPONSIBLE FOR THE OVERALL OPERATION OF A CHARTER SCHOOL
18 DEVELOPER, OR WITH A RELATIVE OF A CHARTER SCHOOL DEVELOPER, AND A
19 REQUIREMENT THAT ANY AGREEMENT WITH AN EDUCATIONAL MANAGEMENT
20 ORGANIZATION MUST PROHIBIT THE EDUCATIONAL MANAGEMENT ORGANIZATION
21 FROM DOING BUSINESS WITH A CHARTER SCHOOL DEVELOPER, WITH A PERSON
22 WITH AN OWNERSHIP INTEREST IN OR RESPONSIBLE FOR THE OVERALL
23 OPERATION OF A CHARTER SCHOOL DEVELOPER, OR WITH A RELATIVE OF A
24 CHARTER SCHOOL DEVELOPER, OR WITH A BUSINESS ENTITY OWNED OR
25 CONTROLLED BY A CHARTER SCHOOL DEVELOPER, BY A PERSON WITH AN
26 OWNERSHIP INTEREST IN OR RESPONSIBLE FOR THE OVERALL OPERATION OF A
27 CHARTER SCHOOL DEVELOPER, OR BY A RELATIVE OF A CHARTER SCHOOL

1 DEVELOPER. AS USED IN THIS SUBDIVISION, "EDUCATIONAL MANAGEMENT
2 ORGANIZATION" MEANS THAT TERM AS DEFINED IN SECTION 503C AND
3 "CHARTER SCHOOL DEVELOPER" MEANS AN INDIVIDUAL OR ENTITY THAT
4 SUBMITTED THE APPLICATION FOR THE CONTRACT TO ORGANIZE AND OPERATE
5 THE PUBLIC SCHOOL ACADEMY UNDER SECTION 502(3) OR THAT CAUSED THE
6 APPLICATION TO BE SUBMITTED THROUGH AN AGENT.

7 (R) A REQUIREMENT THAT THE PUBLIC SCHOOL ACADEMY MUST NOT
8 ENTER INTO OR MAINTAIN A MANAGEMENT AGREEMENT WITH AN EDUCATIONAL
9 MANAGEMENT ORGANIZATION IF AN OWNER, MEMBER, OFFICER, OR EMPLOYEE
10 OF THE EDUCATIONAL MANAGEMENT ORGANIZATION HAS SERVED ON THE BOARD
11 OF DIRECTORS OF A PUBLIC SCHOOL ACADEMY UNDER THIS PART, URBAN HIGH
12 SCHOOL ACADEMY UNDER PART 6C, SCHOOL OF EXCELLENCE UNDER PART 6E,
13 OR STRICT DISCIPLINE ACADEMY UNDER SECTIONS 1311B TO 1311M AT ANY
14 TIME DURING THE IMMEDIATELY PRECEDING 2-YEAR PERIOD. AS USED IN
15 THIS SUBDIVISION, "EDUCATIONAL MANAGEMENT ORGANIZATION" AND
16 "MANAGEMENT AGREEMENT" MEAN THOSE TERMS AS DEFINED IN SECTION 503C.

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

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

20 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to
21 15.246.

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

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

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

25 (f) Laws concerning participation in state assessments, data
26 collection systems, state level student growth models, state
27 accountability and accreditation systems, and other public

1 comparative data collection required for public schools.

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

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

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

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

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

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

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

27 (c) Establish the method of selection, length of term, and

1 number of members of the board of directors of each public school
2 academy that it authorizes. The authorizing body shall ensure that
3 the board of directors includes representation from the local
4 community.

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

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

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

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

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

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

27 (3) The authorizing body for a public school academy is the

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

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

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

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

21 (c) Failure of the public school academy to meet generally
22 accepted public sector accounting principles and demonstrate sound
23 fiscal stewardship.

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

26 (5) IF AN AUTHORIZING BODY DETERMINES THAT A PUBLIC SCHOOL
27 ACADEMY HAS FAILED TO COMPLY WITH A TERM OF ITS CONTRACT THAT IS

1 REQUIRED UNDER SECTION 503(6)(Q) OR (R), THE AUTHORIZING BODY SHALL
2 PROVIDE WRITTEN NOTICE TO THE PUBLIC SCHOOL ACADEMY OF THE
3 VIOLATION AND ORDER THE PUBLIC SCHOOL ACADEMY TO COMPLY WITH THAT
4 CONTRACT TERM WITHIN 30 DAYS AFTER THE ISSUANCE OF THE WRITTEN
5 NOTICE AND ORDER. IF THE PUBLIC SCHOOL ACADEMY DOES NOT COMPLY WITH
6 THAT CONTRACT TERM WITHIN 30 DAYS AFTER THE ISSUANCE OF THE WRITTEN
7 NOTICE AND ORDER, THE AUTHORIZING BODY SHALL REVOKE THE PUBLIC
8 SCHOOL ACADEMY'S CONTRACT, EFFECTIVE AT THE END OF THE CURRENT
9 SCHOOL YEAR.

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

1 authorizing body. Subject to subsection ~~(6)~~, ~~(7)~~, if an authorizing
2 body receives notice from the state school reform/redesign officer
3 under this subsection, the authorizing body shall amend the public
4 school academy's contract to eliminate the public school academy's
5 authority to operate the existing age and grade levels at the site
6 and the public school academy shall cease operating the existing
7 age and grade levels at the site, effective at the end of the
8 current school year. Subject to subsection ~~(6)~~, ~~(7)~~, if the public
9 school academy operates at only 1 site, and the authorizing body
10 receives notice from the state school reform/redesign officer under
11 this subsection, the authorizing body shall revoke the public
12 school academy's contract, effective at the end of the current
13 school year.

14 (7) ~~(6)~~—For a public school academy or site that is subject to
15 a notice to its authorizing body under this subsection, the state
16 school reform/redesign officer shall consider other public school
17 options available to pupils in the grade levels offered by the
18 public school academy or site who reside in the geographic area
19 served by the public school academy or site. If the state school
20 reform/redesign officer determines that closure of the public
21 school academy or site would result in an unreasonable hardship to
22 these pupils because there are insufficient other public school
23 options reasonably available for these pupils, the state school
24 reform/redesign officer may rescind the notice. If the state school
25 reform/redesign officer rescinds a notice subjecting a public
26 school academy or site to closure, the state school reform/redesign
27 officer shall do so before the end of the school year. If the state

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

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

19 (9) ~~(8)~~—Except as otherwise provided in this section, before
20 an authorizing body revokes a contract, the authorizing body may
21 consider and take corrective measures to avoid revocation. An
22 authorizing body may reconstitute the public school academy in a
23 final attempt to improve student educational performance or to
24 avoid interruption of the educational process. An authorizing body
25 shall include a reconstituting provision in the contract that
26 identifies these corrective measures, including, but not limited
27 to, canceling a contract with an educational management

1 organization, if any, withdrawing approval of a contract under
2 section 506, or appointing a new board of directors or a trustee to
3 take over operation of the public school academy.

4 (10) ~~(9)~~—If an 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 public school academy 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 (11) ~~(10)~~—Not more than 10 days after a public school
17 academy's contract terminates or is revoked, the authorizing body
18 shall notify the superintendent of public instruction in writing of
19 the name of the public school academy whose contract has terminated
20 or been revoked and the date of contract termination or revocation.

21 Sec. 523. (1) An authorizing body is not required to issue a
22 contract to any entity. Urban high school academy contracts shall
23 be issued on a competitive basis taking into consideration the
24 resources available for the proposed urban high school academy, the
25 population to be served by the proposed urban high school academy,
26 and the educational goals to be achieved by the proposed urban high
27 school academy. In evaluating if an applicant is qualified, the

1 authorizing body shall examine the proposed performance standards,
2 proposed academic program, financial viability of the applicant,
3 and the ability of the proposed board of directors to meet the
4 contract goals and objectives. An authorizing body shall give
5 priority to applicants that demonstrate all of the following:

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

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

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

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

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

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

18 (a) The educational goals the urban high school academy is to
19 achieve and the methods by which it will be held accountable. The
20 educational goals shall include demonstrated improved pupil
21 academic achievement for all groups of pupils. To the extent
22 applicable, the pupil performance of an urban high school academy
23 shall be assessed using at least a Michigan ~~education assessment~~
24 ~~program (MEAP)~~ **STUDENT test OF EDUCATIONAL PROGRESS (M-STEP)** or the
25 Michigan merit examination developed under section 1279g, as
26 applicable.

27 (b) A description of the method to be used to monitor the

1 urban high school academy's compliance with applicable law and its
2 performance in meeting its targeted educational objectives.

3 (c) A description of the process for amending the contract
4 during the term of the contract. An authorizing body may approve
5 amendment of the contract with respect to any provision contained
6 in the contract.

7 (d) A certification, signed by an authorized member of the
8 urban high school academy board of directors, that the urban high
9 school academy will comply with the contract and all applicable
10 law.

11 (e) Procedures for revoking the contract and grounds for
12 revoking the contract.

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

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

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

22 (i) A requirement that the board of directors shall prohibit
23 specifically identified family relationships between members of the
24 board of directors, individuals who have an ownership interest in
25 or who are officers or employees of an educational management
26 company involved in the operation of the urban high school academy,
27 and employees of the urban high school academy. The contract shall

1 identify the specific prohibited relationships consistent with
2 applicable law.

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

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

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

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

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

25 (iv) A current list of teachers working at the urban high
26 school academy that includes their individual salaries as submitted
27 to the registry of educational personnel; copies of the teaching

1 certificates or permits of current teaching staff; and evidence of
2 compliance with the criminal background and records checks and
3 unprofessional conduct check required under sections 1230, 1230a,
4 and 1230b for all teachers and administrators working at the urban
5 high school academy.

6 (v) Curriculum documents and materials given to the
7 authorizing body.

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

9 (vii) Copies of facility leases or deeds, or both, and of any
10 equipment leases.

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

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

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

18 (xi) Any other information specifically required under this
19 act.

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

26 (m) A requirement that the board of directors shall
27 demonstrate all of the following to the satisfaction of the

1 authorizing body with regard to its pupil admission process:

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

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

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

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

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

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

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

25 (p) The term of the contract and a description of the process
26 and standards for renewal of the contract at the end of the term.
27 The standards for renewal shall include increases in academic

1 achievement for all groups of pupils as measured by assessments and
2 other objective criteria as the most important factor in the
3 decision of whether or not to renew the contract.

4 (Q) A REQUIREMENT THAT THE BOARD OF DIRECTORS OF THE URBAN
5 HIGH SCHOOL ACADEMY SHALL NOT CONTRACT WITH AN EDUCATIONAL
6 MANAGEMENT ORGANIZATION THAT HAS ANY BUSINESS AFFILIATION WITH A
7 CHARTER SCHOOL DEVELOPER, WITH A PERSON WITH AN OWNERSHIP INTEREST
8 IN OR RESPONSIBLE FOR THE OVERALL OPERATION OF A CHARTER SCHOOL
9 DEVELOPER, OR WITH A RELATIVE OF A CHARTER SCHOOL DEVELOPER, AND A
10 REQUIREMENT THAT ANY AGREEMENT WITH AN EDUCATIONAL MANAGEMENT
11 ORGANIZATION MUST PROHIBIT THE EDUCATIONAL MANAGEMENT ORGANIZATION
12 FROM DOING BUSINESS WITH A CHARTER SCHOOL DEVELOPER, WITH A PERSON
13 WITH AN OWNERSHIP INTEREST IN OR RESPONSIBLE FOR THE OVERALL
14 OPERATION OF A CHARTER SCHOOL DEVELOPER, OR WITH A RELATIVE OF A
15 CHARTER SCHOOL DEVELOPER, OR WITH A BUSINESS ENTITY OWNED OR
16 CONTROLLED BY A CHARTER SCHOOL DEVELOPER, BY A PERSON WITH AN
17 OWNERSHIP INTEREST IN OR RESPONSIBLE FOR THE OVERALL OPERATION OF A
18 CHARTER SCHOOL DEVELOPER, OR BY A RELATIVE OF A CHARTER SCHOOL
19 DEVELOPER. AS USED IN THIS SUBDIVISION, "EDUCATIONAL MANAGEMENT
20 ORGANIZATION" MEANS THAT TERM AS DEFINED IN SECTION 523C AND
21 "CHARTER SCHOOL DEVELOPER" MEANS AN INDIVIDUAL OR ENTITY THAT
22 SUBMITTED THE APPLICATION FOR THE CONTRACT TO ORGANIZE AND OPERATE
23 THE URBAN HIGH SCHOOL ACADEMY UNDER SECTION 522(4) OR THAT CAUSED
24 THE APPLICATION TO BE SUBMITTED THROUGH AN AGENT.

25 (R) A REQUIREMENT THAT THE URBAN HIGH SCHOOL ACADEMY MUST NOT
26 ENTER INTO OR MAINTAIN A MANAGEMENT AGREEMENT WITH AN EDUCATIONAL
27 MANAGEMENT ORGANIZATION IF AN OWNER, MEMBER, OFFICER, OR EMPLOYEE

1 OF THE EDUCATIONAL MANAGEMENT ORGANIZATION HAS SERVED ON THE BOARD
2 OF DIRECTORS OF A PUBLIC SCHOOL ACADEMY UNDER PART 6A, URBAN HIGH
3 SCHOOL ACADEMY UNDER THIS PART, SCHOOL OF EXCELLENCE UNDER PART 6E,
4 OR STRICT DISCIPLINE ACADEMY UNDER SECTIONS 1311B TO 1311M AT ANY
5 TIME DURING THE IMMEDIATELY PRECEDING 2-YEAR PERIOD. AS USED IN
6 THIS SUBDIVISION, "EDUCATIONAL MANAGEMENT ORGANIZATION" AND
7 "MANAGEMENT AGREEMENT" MEAN THOSE TERMS AS DEFINED IN SECTION 523C.

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

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

11 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to
12 15.246.

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

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

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

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

17 (g) The uniform budgeting and accounting act, 1968 PA 2, MCL
18 141.421 to 141.440a.

19 (h) The revised municipal finance act, 2001 PA 34, MCL
20 141.2101 to 141.2821.

21 (i) The federal no child left behind act of 2001, Public Law
22 107-110, 115 Stat. 1425.

23 (j) Sections 1134, 1135, 1146, 1153, 1263(3), 1267, 1274, and
24 1280.

25 (k) Laws concerning participation in state assessments, data
26 collection systems, state level student growth models, state
27 accountability and accreditation systems, and other public

1 comparative data collection required for public schools.

2 (4) An urban high school academy and its incorporators, board
3 members, officers, employees, and volunteers have governmental
4 immunity as provided in section 7 of 1964 PA 170, MCL 691.1407. An
5 authorizing body and its board members, officers, and employees are
6 immune from civil liability, both personally and professionally,
7 for any acts or omissions in authorizing or oversight of an urban
8 high school academy if the authorizing body or the person acted or
9 reasonably believed he or she acted within the authorizing body's
10 or the person's scope of authority.

11 (5) An urban high school academy is exempt from all taxation
12 on its earnings and property. Unless the property is already fully
13 exempt from real and personal property taxes under the general
14 property tax act, 1893 PA 206, MCL 211.1 to 211.155, property
15 occupied by an urban high school academy and used exclusively for
16 educational purposes is exempt from real and personal property
17 taxes levied for school operating purposes under section 1211, to
18 the extent exempted under that section, and from real and personal
19 property taxes levied under the state education tax act, 1993 PA
20 331, MCL 211.901 to 211.906. Instruments of conveyance to or from
21 an urban high school academy are exempt from all taxation,
22 including taxes imposed by 1966 PA 134, MCL 207.501 to 207.513. An
23 urban high school academy may not levy ad valorem property taxes or
24 any other tax for any purpose.

25 (6) An urban high school academy may acquire by purchase,
26 gift, devise, lease, sublease, installment purchase agreement, land
27 contract, option, or any other means, hold, and own in its own name

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

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

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

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

19 (c) Adopt a resolution establishing the method of selection,
20 length of term, and number of members of the board of directors of
21 each urban high school academy that it authorizes. The resolution
22 shall be written or amended as necessary to include a requirement
23 that each member of the board of directors must be a citizen of the
24 United States.

25 (d) Oversee the operations of each urban high school academy
26 operating under a contract issued by the authorizing body. The
27 oversight shall be sufficient to ensure that the urban high school

1 academy is in compliance with the terms of the contract and with
2 applicable law. An authorizing body may enter into an agreement
3 with 1 or more other authorizing bodies to oversee an urban high
4 school academy operating under a contract issued by the authorizing
5 body.

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

11 (f) Take necessary measures to ensure that an urban high
12 school academy board of directors operates independently of any
13 educational management company involved in the operations of the
14 urban high school academy.

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

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

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

24 (3) The authorizing body for an urban high school academy is
25 the fiscal agent for the urban high school academy. A state school
26 aid payment for an urban high school academy shall be paid to the
27 authorizing body that is the fiscal agent for that urban high

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

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

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

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

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

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

23 (5) IF AN AUTHORIZING BODY DETERMINES THAT AN URBAN HIGH
24 SCHOOL ACADEMY HAS FAILED TO COMPLY WITH A TERM OF ITS CONTRACT
25 THAT IS REQUIRED UNDER SECTION 523(2)(Q) OR (R), THE AUTHORIZING
26 BODY SHALL PROVIDE WRITTEN NOTICE TO THE URBAN HIGH SCHOOL ACADEMY
27 OF THE VIOLATION AND ORDER THE URBAN HIGH SCHOOL ACADEMY TO COMPLY

1 WITH THAT CONTRACT TERM WITHIN 30 DAYS AFTER THE ISSUANCE OF THE
2 WRITTEN NOTICE AND ORDER. IF THE URBAN HIGH SCHOOL ACADEMY DOES NOT
3 COMPLY WITH THAT CONTRACT TERM WITHIN 30 DAYS AFTER THE ISSUANCE OF
4 THE WRITTEN NOTICE AND ORDER, THE AUTHORIZING BODY SHALL REVOKE THE
5 URBAN HIGH SCHOOL ACADEMY'S CONTRACT, EFFECTIVE AT THE END OF THE
6 CURRENT SCHOOL YEAR.

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

1 shall amend the urban high school academy's contract to eliminate
2 the urban high school academy's authority to operate the existing
3 age and grade levels at the site and the urban high school academy
4 shall cease operating the existing age and grade levels at the
5 site, effective at the end of the current school year. Subject to
6 subsection ~~(6)~~, ~~(7)~~, if the urban high school academy operates at
7 only 1 site, and the authorizing body receives notice from the
8 state school reform/redesign officer under this subsection, the
9 authorizing body shall revoke the urban high school academy's
10 contract, effective at the end of the current school year.

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

1 the urban high school academy or site to implement a school
2 improvement plan that includes measures to increase pupil growth
3 and improve pupil proficiency, with growth and proficiency measured
4 by performance on state assessments.

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

17 (9) ~~(8)~~—Except as otherwise provided in this section, before
18 an 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 urban high school academy in
21 a 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, removing 1 or more members of the board of directors,
26 withdrawing approval to contract under section 527, or appointing a
27 new board of directors or a trustee to take over operation of the

1 urban high school academy.

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

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

20 (12) ~~(11)~~—If an urban high school academy's contract
21 terminates or is revoked, title to all real and personal property,
22 interest in real or personal property, and other assets owned by
23 the urban high school academy shall revert to the state. This
24 property shall be distributed in accordance with the following:

25 (a) Within 30 days following the termination or revocation,
26 the board of directors of an urban high school academy shall hold a
27 public meeting to adopt a plan of distribution of assets and to

1 approve the dissolution of the urban high school academy
2 corporation, all in accordance with chapter 8 of the nonprofit
3 corporation act, 1982 PA 162, MCL 450.2801 to 450.2864.

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

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

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

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

1 18.1251.

2 (f) If the board of directors of an urban high school academy
3 fails to take any necessary action under this section, the state
4 treasurer, or his or her designee, may suspend the urban high
5 school academy board of directors and appoint a trustee to carry
6 out the board's plan of distribution of assets. Upon appointment,
7 the trustee shall have all the rights, powers, and privileges under
8 law that the urban high school academy board of directors had
9 before being 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 urban high school academy debt secured by the property or
13 interest in property, whether real or personal, the urban high
14 school academy board of directors, or a trustee appointed under
15 this section, shall forward any remaining money to the state
16 treasurer. Following receipt, the state treasurer, or his or her
17 designee, shall deposit this remaining money in the state school
18 aid fund.

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

27 (2) If a person or entity applies to the board of a school

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

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

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

27 (5) A contract issued to organize and administer a school of

1 excellence shall contain at least all of the following:

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

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

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

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

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

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

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

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

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

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

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

1 excellence:

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

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

11 (iii) Quarterly financial reports submitted to the authorizing
12 body.

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

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

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

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

27 (viii) Copies of any management contracts or services

1 contracts approved by the board of directors.

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

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

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

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

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

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

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

24 (A) Reasonable efforts to advertise all enrollment openings to
25 organizations and media that regularly serve and advocate for
26 individuals with disabilities or children with limited English-
27 speaking ability within the boundaries of the intermediate school

1 district in which the school of excellence is located.

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

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

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

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

16 (Q) A REQUIREMENT THAT THE BOARD OF DIRECTORS OF THE SCHOOL OF
17 EXCELLENCE SHALL NOT CONTRACT WITH AN EDUCATIONAL MANAGEMENT
18 ORGANIZATION THAT HAS ANY BUSINESS AFFILIATION WITH A CHARTER
19 SCHOOL DEVELOPER, WITH A PERSON WITH AN OWNERSHIP INTEREST IN OR
20 RESPONSIBLE FOR THE OVERALL OPERATION OF A CHARTER SCHOOL
21 DEVELOPER, OR WITH A RELATIVE OF A CHARTER SCHOOL DEVELOPER, AND A
22 REQUIREMENT THAT ANY AGREEMENT WITH AN EDUCATIONAL MANAGEMENT
23 ORGANIZATION MUST PROHIBIT THE EDUCATIONAL MANAGEMENT ORGANIZATION
24 FROM DOING BUSINESS WITH A CHARTER SCHOOL DEVELOPER, WITH A PERSON
25 WITH AN OWNERSHIP INTEREST IN OR RESPONSIBLE FOR THE OVERALL
26 OPERATION OF A CHARTER SCHOOL DEVELOPER, OR WITH A RELATIVE OF A
27 CHARTER SCHOOL DEVELOPER, OR WITH A BUSINESS ENTITY OWNED OR

1 CONTROLLED BY A CHARTER SCHOOL DEVELOPER, BY A PERSON WITH AN
2 OWNERSHIP INTEREST IN OR RESPONSIBLE FOR THE OVERALL OPERATION OF A
3 CHARTER SCHOOL DEVELOPER, OR BY A RELATIVE OF A CHARTER SCHOOL
4 DEVELOPER. AS USED IN THIS SUBDIVISION, "EDUCATIONAL MANAGEMENT
5 ORGANIZATION" MEANS THAT TERM AS DEFINED IN SECTION 553C AND
6 "CHARTER SCHOOL DEVELOPER" MEANS AN INDIVIDUAL OR ENTITY THAT
7 SUBMITTED THE APPLICATION FOR THE CONTRACT TO ORGANIZE AND OPERATE
8 THE SCHOOL OF EXCELLENCE UNDER SECTION 552(7) OR THAT CAUSED THE
9 APPLICATION TO BE SUBMITTED THROUGH AN AGENT.

10 (R) A REQUIREMENT THAT THE SCHOOL OF EXCELLENCE MUST NOT ENTER
11 INTO OR MAINTAIN A MANAGEMENT AGREEMENT WITH AN EDUCATIONAL
12 MANAGEMENT ORGANIZATION IF AN OWNER, MEMBER, OFFICER, OR EMPLOYEE
13 OF THE EDUCATIONAL MANAGEMENT ORGANIZATION HAS SERVED ON THE BOARD
14 OF DIRECTORS OF A PUBLIC SCHOOL ACADEMY UNDER PART 6A, URBAN HIGH
15 SCHOOL ACADEMY UNDER PART 6C, SCHOOL OF EXCELLENCE UNDER THIS PART,
16 OR STRICT DISCIPLINE ACADEMY UNDER SECTIONS 1311B TO 1311M AT ANY
17 TIME DURING THE IMMEDIATELY PRECEDING 2-YEAR PERIOD. AS USED IN
18 THIS SUBDIVISION, "EDUCATIONAL MANAGEMENT ORGANIZATION" AND
19 "MANAGEMENT AGREEMENT" MEAN THOSE TERMS AS DEFINED IN SECTION 553C.

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

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

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

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

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

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

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

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

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

1 district or intermediate school district does not affect the
2 ability of the school district or intermediate school district to
3 levy ad valorem property taxes or another tax.

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

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

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

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

25 (c) Establish the method of selection, length of term, and
26 number of members of the board of directors of each school of
27 excellence that it authorizes. The authorizing body shall ensure

1 that the board of directors includes representation from the local
2 community.

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

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

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

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

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

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

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

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

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

20 (b) Failure of the school of excellence to comply with all
21 applicable law.

22 (c) Failure of the school of excellence to meet generally
23 accepted public sector accounting principles and demonstrate sound
24 fiscal stewardship.

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

27 **(5) IF AN AUTHORIZING BODY DETERMINES THAT A SCHOOL OF**

1 EXCELLENCE HAS FAILED TO COMPLY WITH A TERM OF ITS CONTRACT THAT IS
2 REQUIRED UNDER SECTION 553(5)(Q) OR (R), THE AUTHORIZING BODY SHALL
3 PROVIDE WRITTEN NOTICE TO THE SCHOOL OF EXCELLENCE OF THE VIOLATION
4 AND ORDER THE SCHOOL OF EXCELLENCE TO COMPLY WITH THAT CONTRACT
5 TERM WITHIN 30 DAYS AFTER THE ISSUANCE OF THE WRITTEN NOTICE AND
6 ORDER. IF THE SCHOOL OF EXCELLENCE DOES NOT COMPLY WITH THAT
7 CONTRACT TERM WITHIN 30 DAYS AFTER THE ISSUANCE OF THE WRITTEN
8 NOTICE AND ORDER, THE AUTHORIZING BODY SHALL REVOKE THE SCHOOL OF
9 EXCELLENCE'S CONTRACT, EFFECTIVE AT THE END OF THE CURRENT SCHOOL
10 YEAR.

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

1 reform/redesign officer shall notify the school of excellence's
2 authorizing body. Subject to subsection ~~(6)~~, ~~(7)~~, if an authorizing
3 body receives notice from the state school reform/redesign officer
4 under this subsection, the authorizing body shall amend the school
5 of excellence's contract to eliminate the school of excellence's
6 authority to operate the existing age and grade levels at the site
7 and the school of excellence shall cease operating the existing age
8 and grade levels at the site, effective at the end of the current
9 school year. Subject to subsection ~~(6)~~, ~~(7)~~, if the school of
10 excellence operates at only 1 site or is a cyber school, and the
11 authorizing body receives notice from the state school
12 reform/redesign officer under this subsection, the authorizing body
13 shall revoke the school of excellence's contract, effective at the
14 end of the current school year.

15 (7) ~~(6)~~—For a school of excellence or site that is subject to
16 a notice to its authorizing body under this subsection, the state
17 school reform/redesign officer shall consider other public school
18 options available to pupils in the grade levels offered by the
19 school of excellence or site who reside in the geographic area
20 served by the school of excellence or site. If the state school
21 reform/redesign officer determines that closure of the school of
22 excellence or site would result in an unreasonable hardship to
23 these pupils because there are insufficient other public school
24 options reasonably available for these pupils, the state school
25 reform/redesign officer may rescind the notice. If the state school
26 reform/redesign officer rescinds a notice subjecting a school of
27 excellence or site to closure, the state school reform/redesign

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

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

22 (9) ~~(8)~~—Except as otherwise provided in this section, before
23 the authorizing body revokes a contract, the authorizing body may
24 consider and take corrective measures to avoid revocation. The
25 authorizing body may reconstitute the school of excellence in a
26 final attempt to improve student educational performance or to
27 avoid interruption of the educational process. The authorizing body

1 shall include a reconstituting provision in the contract that
2 identifies these corrective measures, including, but not limited
3 to, canceling a contract with an educational management
4 organization, if any, withdrawing approval to contract under
5 section 560, or appointing a new board of directors or a trustee to
6 take over operation of the school of excellence.

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

19 (11) ~~(10)~~ Not more than 10 days after a school of excellence's
20 contract terminates or is revoked, the authorizing body shall
21 notify the superintendent of public instruction in writing of the
22 name of the school of excellence whose contract has terminated or
23 been revoked and the date of contract termination or revocation.

24 (12) ~~(11)~~—If a school of excellence's contract terminates or
25 is revoked, title to all real and personal property, interest in
26 real or personal property, and other assets owned by the school of
27 excellence shall revert to the state. This property shall be

1 distributed in accordance with the following:

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

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

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

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

25 (e) As part of the plan of distribution of assets, the school
26 of excellence board of directors shall designate the director of
27 the department of technology, management, and budget, or his or her

1 designee, to dispose of all real property of the school of
2 excellence corporation in accordance with the directives developed
3 for disposition of surplus land and facilities under section 251 of
4 the management and budget act, 1984 PA 431, MCL 18.1251.

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

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

21 Sec. 1311e. (1) An authorizing body is not required to issue a
22 contract to any person or entity. Contracts for strict discipline
23 academies shall be issued on a competitive basis taking into
24 consideration the resources available for the proposed strict
25 discipline academy, the population to be served by the proposed
26 strict discipline academy, and the educational goals to be achieved
27 by the proposed strict discipline academy.

1 (2) If a person or entity applies to the board of a school
2 district for a contract to organize and operate 1 or more strict
3 discipline academies within the boundaries of the school district
4 and the board does not issue the contract, the person or entity may
5 petition the board to place the question of issuing the contract on
6 the ballot to be decided by the school electors of the school
7 district. The petition shall contain all of the information
8 required to be in the contract application under section 1311d and
9 shall be signed by a number of school electors of the school
10 district equal to at least 15% of the total number of school
11 electors of that school district. The petition shall be filed with
12 the secretary of the board. If the board receives a petition
13 meeting the requirements of this subsection, the board shall place
14 the question of issuing the contract on the ballot at its next
15 annual school election held at least 60 days after receiving the
16 petition. If a majority of the school electors of the school
17 district voting on the question vote to issue the contract, the
18 board shall issue the contract.

19 (3) Within 10 days after issuing a contract for a strict
20 discipline academy, the board of the authorizing body shall submit
21 to the state board a copy of the contract and of the application
22 under section 1311d.

23 (4) 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 strict discipline academy subject to
26 its jurisdiction.

27 (5) A contract issued to organize and administer a strict

1 discipline academy shall contain at least all of the following:

2 (a) The educational goals the strict discipline academy is to
3 achieve and the methods by which it will be held accountable. To
4 the extent applicable, the pupil performance of a strict discipline
5 academy shall be assessed using at least a Michigan ~~education~~
6 ~~assessment program (MEAP)~~ **STUDENT test OF EDUCATIONAL PROGRESS (M-**
7 **STEP)** or the Michigan merit examination developed under section
8 1279g, as applicable.

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

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

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

16 (e) For a strict discipline academy authorized by a school
17 district, an agreement that employees of the strict discipline
18 academy will be covered by the collective bargaining agreements
19 that apply to employees of the school district employed in similar
20 classifications in schools that are not strict discipline
21 academies.

22 (f) Procedures for revoking the contract and grounds for
23 revoking the contract, including at least the grounds listed in
24 section 1311/.

25 (g) A description of and address for the proposed physical
26 plant in which the strict discipline academy will be located.

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

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

4 (i) The term of the contract and a description of the process
5 and standards for renewal of the contract at the end of the term.
6 The standards for renewal shall include student growth as measured
7 by assessments and other objective criteria as a significant factor
8 in the decision of whether or not to renew the contract.

9 (J) A REQUIREMENT THAT THE BOARD OF DIRECTORS OF THE STRICT
10 DISCIPLINE ACADEMY SHALL NOT CONTRACT WITH AN EDUCATIONAL
11 MANAGEMENT ORGANIZATION THAT HAS ANY BUSINESS AFFILIATION WITH A
12 CHARTER SCHOOL DEVELOPER, WITH A PERSON WITH AN OWNERSHIP INTEREST
13 IN OR RESPONSIBLE FOR THE OVERALL OPERATION OF A CHARTER SCHOOL
14 DEVELOPER, OR WITH A RELATIVE OF A CHARTER SCHOOL DEVELOPER, AND A
15 REQUIREMENT THAT ANY AGREEMENT WITH AN EDUCATIONAL MANAGEMENT
16 ORGANIZATION MUST PROHIBIT THE EDUCATIONAL MANAGEMENT ORGANIZATION
17 FROM DOING BUSINESS WITH A CHARTER SCHOOL DEVELOPER, WITH A PERSON
18 WITH AN OWNERSHIP INTEREST IN OR RESPONSIBLE FOR THE OVERALL
19 OPERATION OF A CHARTER SCHOOL DEVELOPER, OR WITH A RELATIVE OF A
20 CHARTER SCHOOL DEVELOPER, OR WITH A BUSINESS ENTITY OWNED OR
21 CONTROLLED BY A CHARTER SCHOOL DEVELOPER, BY A PERSON WITH AN
22 OWNERSHIP INTEREST IN OR RESPONSIBLE FOR THE OVERALL OPERATION OF A
23 CHARTER SCHOOL DEVELOPER, OR BY A RELATIVE OF A CHARTER SCHOOL
24 DEVELOPER. AS USED IN THIS SUBDIVISION, "EDUCATIONAL MANAGEMENT
25 ORGANIZATION" MEANS AN ENTITY THAT ENTERS INTO A MANAGEMENT
26 AGREEMENT WITH A STRICT DISCIPLINE ACADEMY AND "CHARTER SCHOOL
27 DEVELOPER" MEANS AN INDIVIDUAL OR ENTITY THAT SUBMITTED THE

1 APPLICATION FOR THE CONTRACT TO ORGANIZE AND OPERATE THE PUBLIC
2 SCHOOL ACADEMY UNDER SECTION 1311D(3) OR THAT CAUSED THE
3 APPLICATION TO BE SUBMITTED THROUGH AN AGENT.

4 (K) A REQUIREMENT THAT THE STRICT DISCIPLINE ACADEMY MUST NOT
5 ENTER INTO OR MAINTAIN A MANAGEMENT AGREEMENT WITH AN EDUCATIONAL
6 MANAGEMENT ORGANIZATION IF AN OWNER, MEMBER, OFFICER, OR EMPLOYEE
7 OF THE EDUCATIONAL MANAGEMENT ORGANIZATION HAS SERVED ON THE BOARD
8 OF DIRECTORS OF A PUBLIC SCHOOL ACADEMY UNDER PART 6A, URBAN HIGH
9 SCHOOL ACADEMY UNDER PART 6C, SCHOOL OF EXCELLENCE UNDER PART 6E,
10 OR STRICT DISCIPLINE ACADEMY UNDER SECTIONS 1311B TO 1311M AT ANY
11 TIME DURING THE IMMEDIATELY PRECEDING 2-YEAR PERIOD. AS USED IN
12 THIS SUBDIVISION, "EDUCATIONAL MANAGEMENT ORGANIZATION" MEANS AN
13 ENTITY THAT ENTERS INTO A MANAGEMENT AGREEMENT WITH A STRICT
14 DISCIPLINE ACADEMY, AND "MANAGEMENT AGREEMENT" MEANS AN AGREEMENT
15 TO PROVIDE COMPREHENSIVE EDUCATIONAL, ADMINISTRATIVE, MANAGEMENT,
16 OR INSTRUCTIONAL SERVICES OR STAFF TO A STRICT DISCIPLINE ACADEMY.

17 (6) A strict discipline academy shall comply with all
18 applicable law, including all of the following:

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

20 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to
21 15.246.

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

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

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

25 (f) Except for part 6a, all provisions of this act that
26 explicitly apply to public school academies established under part
27 6a.

1 (7) A strict discipline academy and its incorporators, board
2 members, officers, employees, and volunteers have governmental
3 immunity as provided in section 7 of 1964 PA 170, MCL 691.1407. An
4 authorizing body and its board members, officers, and employees are
5 immune from civil liability, both personally and professionally,
6 for any acts or omissions in authorizing a strict discipline
7 academy if the authorizing body or the person acted or reasonably
8 believed he or she acted within the authorizing body's or the
9 person's scope of authority.

10 (8) A strict discipline academy is exempt from all taxation on
11 its earnings and property. Instruments of conveyance to or from a
12 strict discipline academy are exempt from all taxation including
13 taxes imposed by 1966 PA 134, MCL 207.501 to 207.513. A strict
14 discipline academy may not levy ad valorem property taxes or any
15 other tax for any purpose. However, operation of 1 or more strict
16 discipline academies by a school district or intermediate school
17 district does not affect the ability of the school district or
18 intermediate school district to levy ad valorem property taxes or
19 any other tax.

20 (9) A strict discipline academy may acquire by purchase, gift,
21 devise, lease, sublease, installment purchase agreement, land
22 contract, option, or by any other means, hold and own in its own
23 name buildings and other property for school purposes, and
24 interests therein, and other real and personal property, including,
25 but not limited to, interests in property subject to mortgages,
26 security interests, or other liens, necessary or convenient to
27 fulfill its purposes. For the purposes of condemnation, a strict

1 discipline academy may proceed under the uniform condemnation
2 procedures act, 1980 PA 87, MCL 213.51 to 213.75, excluding
3 sections 6 to 9 of that act, MCL 213.56 to 213.59, or other
4 applicable statutes, but only with the express, written permission
5 of the authorizing body in each instance of condemnation and only
6 after just compensation has been determined and paid.

7 Sec. 1311/. (1) The authorizing body for a strict discipline
8 academy is the fiscal agent for the strict discipline academy. A
9 state school aid payment for a strict discipline academy shall be
10 paid to the authorizing body that is the fiscal agent for that
11 strict discipline academy, which shall then forward the payment to
12 the strict discipline academy. An authorizing body has the
13 responsibility to oversee a strict discipline academy's compliance
14 with the contract and all applicable law. A contract issued under
15 sections 1311b to 1311/ may be revoked by the authorizing body that
16 issued the contract if the authorizing body determines that 1 or
17 more of the following has occurred:

18 (a) Failure of the strict discipline academy to abide by and
19 meet the educational goals set forth in the contract.

20 (b) Failure of the strict discipline academy to comply with
21 all applicable law.

22 (c) Failure of the strict discipline academy to meet generally
23 accepted public sector accounting principles.

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

26 **(2) IF AN AUTHORIZING BODY DETERMINES THAT A STRICT DISCIPLINE**
27 **ACADEMY HAS FAILED TO COMPLY WITH A TERM OF ITS CONTRACT THAT IS**

1 REQUIRED UNDER SECTION 1311E(5) (J) OR (K), THE AUTHORIZING BODY
2 SHALL PROVIDE WRITTEN NOTICE TO THE STRICT DISCIPLINE ACADEMY OF
3 THE VIOLATION AND ORDER THE STRICT DISCIPLINE ACADEMY TO COMPLY
4 WITH THAT CONTRACT TERM WITHIN 30 DAYS AFTER THE ISSUANCE OF THE
5 WRITTEN NOTICE AND ORDER. IF THE STRICT DISCIPLINE ACADEMY DOES NOT
6 COMPLY WITH THAT CONTRACT TERM WITHIN 30 DAYS AFTER THE ISSUANCE OF
7 THE WRITTEN NOTICE AND ORDER, THE AUTHORIZING BODY SHALL REVOKE THE
8 STRICT DISCIPLINE ACADEMY'S CONTRACT, EFFECTIVE AT THE END OF THE
9 CURRENT SCHOOL YEAR.

10 (3) ~~(2)~~—The decision of an authorizing body to revoke a
11 contract under this section is solely within the discretion of the
12 authorizing body, is final, and is not subject to review by a court
13 or any state agency. An authorizing body that revokes a contract
14 under this section is not liable for that action to the strict
15 discipline academy, strict discipline academy corporation, a pupil
16 of the strict discipline academy, the parent or guardian of a pupil
17 of the strict discipline academy, or any other person.

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