

SENATE BILL NO. 932

March 01, 2022, Introduced by Senators POLEHANKI, BAYER, WOJNO, ALEXANDER, IRWIN, MOSS, CHANG, BULLOCK, GEISS and MCCANN and referred to the Committee on Education and Career Readiness.

A bill to amend 1976 PA 451, entitled "The revised school code," by amending sections 502, 503, 507, 522, 523, 528, 552, 553, and 561 (MCL 380.502, 380.503, 380.507, 380.522, 380.523, 380.528, 380.552, 380.553, and 380.561), sections 502, 503, 507, 522, 528, 552, and 561 as amended by 2018 PA 601 and sections 523 and 553 as amended by 2011 PA 277.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 502. (1) A public school academy ~~shall~~**must** be organized

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

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

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

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

28 (c) The board of a community college. However, except as
29 otherwise provided in this subdivision, the board of a community

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

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

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

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

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

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

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

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

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

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

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

20 (iii) The name of the authorizing body.

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

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

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

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

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

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

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

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

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

19 (f) Descriptions of staff responsibilities and of the public
20 school academy's governance structure.

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

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

29 (i) A description of and address for the proposed physical

1 plant in which the public school academy will be located. An
2 applicant may request the authorizing body to issue a contract
3 allowing the public school academy board of directors to operate
4 the same configuration of age or grade levels at more than 1 site.

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

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

22 (6) An authorizing body shall not charge a fee, or require
23 reimbursement of expenses, for considering an application for a
24 contract, for issuing a contract, or for providing oversight of a
25 contract for a public school academy in an amount that exceeds a
26 combined total of 3% of the total state school aid received by the
27 public school academy in the school year in which the fees or
28 expenses are charged. An authorizing body may provide other
29 services for a public school academy and charge a fee for those

1 services, but shall not require such an arrangement as a condition
2 to issuing the contract authorizing the public school academy.

3 (7) A public school academy ~~shall be~~**is** presumed to be legally
4 organized if it has exercised the franchises and privileges of a
5 public school academy for at least 2 years.

6 (8) An authorizing body may enter into an intergovernmental
7 agreement with another authorizing body to issue public school
8 academy contracts. At a minimum, the agreement ~~shall~~**must** further
9 the purposes set forth in section 501, describe which authorizing
10 body shall issue the contract, and set forth which authorizing body
11 will be responsible for monitoring compliance by the board of
12 directors of the public school academy with the contract and all
13 applicable law.

14 (9) Both of the following apply to the issuance of a contract
15 for a public school academy to be located within a community
16 district:

17 (a) An authorizing body shall not issue a contract to organize
18 and operate a new public school academy to be located in a
19 community district unless, before issuing the contract, the
20 governing board of the authorizing body has certified to the
21 department that the authorizing body has been accredited as an
22 authorizing body by a nationally recognized accreditation body. For
23 an authorizing body described in subsection (2)(e), the authorizing
24 body shall not issue a contract to organize and operate a new
25 public school academy to be located in a community district unless,
26 before issuing the contract, the governing board of each of the
27 public agencies that is party to the interlocal agreement has
28 certified to the department that the public agency has been
29 accredited as an authorizing body by a nationally recognized

1 accreditation body.

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

5 (i) Either of the following:

6 (A) The proposed public school academy would operate at the
7 same location as a public school that currently is on the list
8 under **former** section 1280c(1) or **section** 1280g(3), as applicable,
9 of the public schools in this state determined to be among the
10 lowest achieving public schools in this state or has been on the
11 list under **former** section 1280c(1) or **section** 1280g(3), as
12 applicable, during the immediately preceding 3-year period.

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

18 (ii) The proposed public school academy would have
19 substantially the same board of directors, substantially the same
20 leadership, and substantially the same curriculum offerings as the
21 public school that previously operated at that location.

22 **(10) An authorizing body shall not issue a new contract for**
23 **the operation of a public school academy that will operate as the**
24 **successor to a public school academy established under this part,**
25 **urban high school academy established under part 6c, school of**
26 **excellence established under part 6e, or strict discipline academy**
27 **established under sections 1311b to 1311m that is currently being**
28 **operated under a contract issued by another authorizing body and**
29 **either currently is on the list under former section 1280c(1) or**

1 section 1280g(3), as applicable, of the public schools in this
2 state determined to be among the lowest achieving public schools in
3 this state or is being subjected to corrective measures by the
4 authorizing body as described in section 507(8), 528(8), or 561(8),
5 as applicable.

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

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

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

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

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

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

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

24 (g) The number of schools in the proximity of a proposed
25 location of the proposed public school academy that are on the list
26 under **former** section 1280c(1) or **section** 1280g(3), as applicable,
27 of the public schools in this state determined to be among the
28 lowest achieving public schools in this state.

29 (h) The number of pupils on waiting lists of public school

1 academies in the proximity of a proposed location of the proposed
2 public school academy.

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

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

29 (4) Within 10 days after issuing a contract for a public

1 school academy, the authorizing body shall submit to the
2 superintendent of public instruction a copy of the contract.

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

9 (6) A contract issued to organize and administer a public
10 school academy ~~shall~~**must** contain at least all of the following:

11 (a) The educational goals the public school academy is to
12 achieve and the methods by which it will be held accountable. The
13 educational goals ~~shall~~**must** include demonstrated improved pupil
14 academic achievement for all groups of pupils. To the extent
15 applicable, the pupil performance of a public school academy ~~shall~~
16 **must** be assessed using at least the Michigan student test of
17 educational progress (M-STEP) or the Michigan merit examination
18 under section 1279g, as applicable.

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

22 (c) A description of the process for amending the contract
23 during the term of the contract.

24 (d) All of the matters set forth in the application for the
25 contract.

26 (e) Procedures for revoking the contract and grounds for
27 revoking the contract, including at least the grounds listed in
28 section 507.

29 (f) A description of and address for the proposed physical

1 plant in which the public school academy will be located. An
2 authorizing body may include a provision in the contract allowing
3 the board of directors of the public school academy to operate the
4 same configuration of age or grade levels at more than 1 site if
5 each configuration of age or grade levels and each site identified
6 in the contract are under the direction and control of the board of
7 directors.

8 (g) Requirements and procedures for financial audits. The
9 financial audits ~~shall~~**must** be conducted at least annually by a
10 certified public accountant in accordance with generally accepted
11 governmental auditing principles.

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

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

22 (j) A requirement that the board of directors of the public
23 school academy shall ensure compliance with the requirements of
24 1968 PA 317, MCL 15.321 to 15.330.

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

1 the operation of the public school academy, and employees of the
2 public school academy. The contract ~~shall~~**must** identify the
3 specific prohibited relationships consistent with applicable law.

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

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

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

16 (ii) A list of currently serving members of the board of
17 directors of the public school academy, including name, address,
18 and term of office; copies of policies approved by the board of
19 directors; board meeting agendas and minutes; a copy of the budget
20 approved by the board of directors and of any amendments to the
21 budget; and copies of bills paid for amounts of \$10,000.00 or more
22 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 and school administrators
26 working at the public school academy that includes their individual
27 salaries as submitted to the registry of educational personnel;
28 copies of the teaching or school administrator's certificates or
29 permits of current teaching and administrative staff; and evidence

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

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

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

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

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

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

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

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

19 (n) A requirement that the authorizing body must review and
 20 may disapprove any agreement between the board of directors of the
 21 public school academy and an educational management organization
 22 before the agreement is final and valid. An authorizing body ~~may~~
 23 **shall** disapprove an agreement described in this subdivision ~~only if~~
 24 the agreement is contrary to the contract or applicable law **or if**
 25 **the educational management organization, or any educational**
 26 **management organization affiliated with it, operates a public**
 27 **school that currently is on the list under former section 1280c(1)**
 28 **or section 1280g(3), as applicable, of public schools in this state**
 29 **determined to be among the lowest achieving public schools in this**

1 **state.**

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

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

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

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

16 **(q) If the contract permits the public school academy to**
17 **operate at more than 1 site, a requirement that the public school**
18 **academy may only exercise that authority after establishing that**
19 **none of its current sites are currently on the list under former**
20 **section 1280c(1) or section 1280g(3), as applicable, of public**
21 **schools in this state determined to be among the lowest achieving**
22 **public schools in this state.**

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

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

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

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

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

1 (e) 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 (8) A public school academy 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 public school academy if
11 the authorizing body or the person acted or reasonably believed he
12 or she acted within the authorizing body's or the person's scope of
13 authority.

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

1 property taxes or another tax.

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

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

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

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

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

28 (c) Establish the method of selection, length of term, and
 29 number of members of the board of directors of each public school

1 academy that it authorizes. The authorizing body shall ensure that
2 the board of directors includes representation from the local
3 community.

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

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

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

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

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

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

26 (3) The authorizing body for a public school academy is the
27 fiscal agent for the public school academy. A state school aid
28 payment for a public school academy ~~shall~~**must** be paid to the
29 authorizing body that is the fiscal agent for that public school

1 academy, and the authorizing body shall then forward the payment to
2 the public school academy. Within 30 days after a contract is
3 submitted to the department by an authorizing body under subsection
4 (1), the department shall issue a district code to the public
5 school academy for which the contract was issued. If the department
6 does not issue a district code within 30 days after a contract is
7 filed, the state treasurer shall assign a temporary district code
8 in order for the public 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 if the authorizing body determines that 1 or more
12 of the following have occurred:

13 (a) Failure of the public 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 public school academy to comply with all
17 applicable law.

18 (c) Failure of the public 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) Except for a public school academy that is an alternative
24 school serving a special student population, if the department
25 determines that a public school academy site that has been
26 operating for at least 4 years is among the lowest achieving public
27 schools in this state for the immediately preceding 3 school years,
28 as determined under **former** section 1280c or **section** 1280g, as
29 applicable, not to include any individualized education plan

1 subgroup, the department shall notify the public school academy's
2 authorizing body. Subject to subsection (6), if an authorizing body
3 receives notice from the department under this subsection, the
4 authorizing body shall notify the public school academy and amend
5 the public school academy's contract to eliminate the public school
6 academy's authority to operate the existing age and grade levels at
7 the site and the public school academy shall cease operating the
8 existing age and grade levels at the site, effective at the end of
9 the current school year. Subject to subsection (6), if the public
10 school academy operates at only 1 site, and the authorizing body
11 receives notice from the department under this subsection, the
12 authorizing body shall notify the public school academy and revoke
13 the public school academy's contract, effective at the end of the
14 current school year. **Failure of an authorizing body to comply with
15 this subsection is a failure by the authorizing body to engage in
16 appropriate continuing oversight for the purposes of section
17 502(5).**

18 (6) For a public school academy or site that is subject to a
19 notice to its authorizing body under subsection (5), the department
20 shall consider other public school options available to pupils in
21 the grade levels offered by the public school academy or site who
22 reside in the geographic area served by the public school academy
23 or site. If the department determines that closure of the public
24 school academy or site would result in an unreasonable hardship to
25 these pupils because there are insufficient other public school
26 options reasonably available for these pupils, the department may
27 rescind the notice. If the department rescinds a notice subjecting
28 a public school academy or site to closure, the department shall do
29 so before the end of the school year. If the department rescinds a

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

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

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

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

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

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

1 religious organization.

2 (2) Subject to ~~subsection~~**subsections** (9) **and (10)**, the
3 governing board of a state public university may act as an
4 authorizing body to issue a contract for the organization and
5 operation of an urban high school academy under this part.

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

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

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

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

23 (c) The proposed articles of incorporation ~~, which shall~~**that**
24 **must** include at least all of the following:

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

27 (ii) The purposes for the urban high school academy
28 corporation. This language ~~shall~~**must** provide that the urban high
29 school academy is incorporated ~~pursuant to~~**under** this part and that

1 the urban high school academy corporation is a governmental entity
2 and political subdivision of this state.

3 (iii) The name of the authorizing body.

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

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

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

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

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

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

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

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

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

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

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

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

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

25 (7) An authorizing body shall not charge a fee, or require
26 reimbursement of expenses, for considering an application for a
27 contract, for issuing a contract, or for providing oversight of a
28 contract for an urban high school academy in an amount that exceeds
29 a combined total of 3% of the total state school aid received by

1 the urban high school academy in the school year in which the fees
 2 or expenses are charged. ~~All~~**Both** of the following apply to this
 3 fee:

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

6 (i) Considering applications and issuing or administering
 7 contracts.

8 (ii) Compliance monitoring and oversight of urban high school
 9 academies.

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

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

13 (v) Academic support to urban high school academies or to
 14 pupils or graduates of urban high school academies.

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

16 (vii) Training of teachers, including supervision of teacher
 17 interns.

18 (viii) Other purposes that assist the urban high school
 19 academies or traditional public schools in achieving improved
 20 academic performance.

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

25 (8) An urban high school academy ~~shall be~~**is** presumed to be
 26 legally organized if it has exercised the franchises and privileges
 27 of an urban high school academy for at least 2 years.

28 (9) Both of the following apply to the issuance of a contract
 29 for an urban high school academy to be located within a community

1 district:

2 (a) An authorizing body shall not issue a contract to organize
3 and operate a new urban high school academy to be located in a
4 community district unless, before issuing the contract, the
5 governing board of the authorizing body has certified to the
6 department that the authorizing body has been accredited as an
7 authorizing body by a nationally recognized accreditation body.

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

11 (i) Either of the following:

12 (A) The proposed urban high school academy would operate at
13 the same location as a public school that currently is on the list
14 under **former** section 1280c(1) or **section** 1280g(3), as applicable,
15 of the public schools in this state determined to be among the
16 lowest achieving public schools in this state or has been on that
17 list during the immediately preceding 3-year period.

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

23 (ii) The proposed urban high school academy would have
24 substantially the same board of directors, substantially the same
25 leadership, and substantially the same curriculum offerings as the
26 public school that previously operated at that location.

27 **(10) An authorizing body shall not issue a new contract for**
28 **the operation of an urban high school academy that will operate as**
29 **the successor to a public school academy established under part 6a,**

1 urban high school academy established under this part, school of
 2 excellence established under part 6e, or strict discipline academy
 3 established under sections 1311b to 1311m that is currently being
 4 operated under a contract issued by another authorizing body and
 5 either currently is on the list under former section 1280c(1) or
 6 section 1280g(3), as applicable, of public schools in this state
 7 determined to be among the lowest achieving public schools in this
 8 state or is being subjected to corrective measures by the
 9 authorizing body as described in section 507(8), 528(8), or 561(8),
 10 as applicable.

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

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

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

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

29 (d) The proposed school has received commitments for financial

1 and educational support from the entity applying for the contract.

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

4 (2) A contract issued to organize and administer an urban high
5 school academy ~~shall~~**must** contain at least all of the following:

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

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

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

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

26 (e) Procedures for revoking the contract and grounds for
27 revoking the contract.

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

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

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

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

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

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

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

29 (ii) A list of currently serving members of the board of

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

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

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

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

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

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

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

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

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

29 (xi) Any other information specifically required under this

1 act.

2 (l) A requirement that the authorizing body must review and may
 3 disapprove any agreement between the board of directors and an
 4 educational management company before the agreement is final and
 5 valid. An authorizing body ~~may~~**shall** disapprove an agreement
 6 described in this subdivision ~~only~~ if the agreement is contrary to
 7 the contract or applicable law **or if the educational management**
 8 **company, or any educational management company affiliated with it,**
 9 **operates a public school that currently is on the list under former**
 10 **section 1280c(1) or section 1280g(3), as applicable, of public**
 11 **schools in this state determined to be among the lowest achieving**
 12 **public schools in this state.**

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

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

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

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

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

29 (iii) That the open enrollment period for the urban high school

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

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

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

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

16 **(q) If the contract permits the urban high school academy to**
17 **operate at more than 1 site, a requirement that the urban high**
18 **school academy may only exercise that authority after establishing**
19 **that none of its current sites are currently on the list under**
20 **former section 1280c(1) or section 1280g(3), as applicable, of**
21 **public schools in this state determined to be among the lowest**
22 **achieving public schools in this state.**

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

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

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

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

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

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

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

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

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

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

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

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

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

24 (5) An urban high school academy is exempt from all taxation
25 on its earnings and property. Unless the property is already fully
26 exempt from real and personal property taxes under the general
27 property tax act, 1893 PA 206, MCL 211.1 to 211.155, property
28 occupied by an urban high school academy and used exclusively for
29 educational purposes is exempt from real and personal property

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

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

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

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

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

1 (c) Adopt a resolution establishing the method of selection,
2 length of term, and number of members of the board of directors of
3 each urban high school academy that it authorizes. The resolution
4 shall ~~shall~~ **must** be written or amended as necessary to include a
5 requirement that each member of the board of directors must be a
6 citizen of the United States.

7 (d) Oversee the operations of each urban high school academy
8 operating under a contract issued by the authorizing body. The
9 oversight shall ~~shall~~ **must** be sufficient to ensure that the urban high
10 school academy is in compliance with the terms of the contract and
11 with applicable law. An authorizing body may enter into an
12 agreement with 1 or more other authorizing bodies to oversee an
13 urban high school academy operating under a contract issued by the
14 authorizing body.

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

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

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

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

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

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

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

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

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

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

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

1 (5) Except for an urban high school academy that is an
2 alternative school serving a special student population, if the
3 department determines that an urban high school academy site that
4 has been operating for at least 4 years is among the lowest
5 achieving public schools in this state for the immediately
6 preceding 3 school years, as determined under **former** section 1280c
7 or **section** 1280g, as applicable, not to include any individualized
8 education plan subgroup, the department shall notify the urban high
9 school academy's authorizing body. Subject to subsection (6), if an
10 authorizing body receives notice from the department under this
11 subsection, the authorizing body shall notify the urban high school
12 academy and amend the urban high school academy's contract to
13 eliminate the urban high school academy's authority to operate the
14 existing age and grade levels at the site and the urban high school
15 academy shall cease operating the existing age and grade levels at
16 the site, effective at the end of the current school year. Subject
17 to subsection (6), if the urban high school academy operates at
18 only 1 site, and the authorizing body receives notice from the
19 department under this subsection, the authorizing body shall notify
20 the urban high school academy and revoke the urban high school
21 academy's contract, effective at the end of the current school
22 year. **Failure of an authorizing body to comply with this subsection**
23 **is a failure by the authorizing body to engage in appropriate**
24 **continuing oversight for the purposes of section 522(6).**

25 (6) For an urban high school academy or site that is subject
26 to a notice to its authorizing body under subsection (5), the
27 department shall consider other public school options available to
28 pupils in the grade levels offered by the urban high school academy
29 or site who reside in the geographic area served by the urban high

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

14 (7) ~~Except~~ **Subject to subsection (5) and except** as otherwise
 15 provided in section 522, the decision of an authorizing body to
 16 issue, not issue, or reconstitute a contract under this part, or to
 17 terminate or revoke a contract under this section, is solely within
 18 the discretion of the authorizing body, is final, and is not
 19 subject to review by a court or any state agency. An authorizing
 20 body that issues, does not issue, or reconstitutes a contract under
 21 this part, or that terminates or revokes a contract under this
 22 section, is not liable for that action to the urban high school
 23 academy, the urban high school academy corporation, a pupil of the
 24 urban high school academy, the parent or guardian of a pupil of the
 25 urban high school academy, or any other person.

26 (8) Except as otherwise provided in this section, before an
 27 authorizing body revokes a contract, the authorizing body may
 28 consider and take corrective measures to avoid revocation. An
 29 authorizing body may reconstitute the urban high school academy in

1 a final attempt to improve student educational performance or to
2 avoid interruption of the educational process. An authorizing body
3 shall include a reconstituting provision in the contract that
4 identifies these corrective measures, including, but not limited
5 to, removing 1 or more members of the board of directors,
6 withdrawing approval to contract under section 527, or appointing a
7 new board of directors or a trustee to take over operation of the
8 urban high school academy.

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

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

27 (11) If an urban high school academy's contract terminates or
28 is revoked, title to all real and personal property, interest in
29 real or personal property, and other assets owned by the urban high

1 school academy ~~shall~~ revert to the state. This property ~~shall~~ **must**
2 be distributed in accordance with the following:

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

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

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

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

26 (e) As part of the plan of distribution of assets, the urban
27 high school academy board of directors shall designate the director
28 of the department of technology, management, and budget, or his or
29 her designee, to dispose of all real property of the urban high

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

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

22 Sec. 552. (1) ~~An~~ **Subject to subsections (14), (19), and (20),**
 23 **an** authorizing body may issue contracts under this subsection to
 24 organize and operate a school of excellence. All of the following
 25 apply to the issuance of a contract by an authorizing body under
 26 this subsection:

27 (a) The issuance of the contract must be approved by the
 28 superintendent of public instruction. The superintendent of public
 29 instruction shall approve issuance of a contract if he or she

1 determines that the proposed school of excellence is modeled after
2 a high-performing school or program.

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

7 (c) A school of excellence authorized under this subsection
8 ~~shall~~**must** not be located in a school district that has a
9 graduation rate of over 75%, on average, for the most recent 3
10 school years for which the data are available, as determined by the
11 department.

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

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

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

29 (c) The entity applying for the school of excellence that is a

1 cyber school demonstrates experience in delivering a quality
2 education program that improves pupil academic achievement. In
3 determining whether this requirement is met, an authorizing body
4 shall refer to the standards for quality online learning
5 established by the ~~national association of charter school~~
6 ~~authorizers~~ **National Association of Charter School Authorizers** or
7 other similar nationally recognized standards for quality online
8 learning.

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

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

22 (3) For a public school academy operating under part 6a that
23 meets the requirements of subsection (4), with the approval of its
24 authorizing body, the board of directors of the public school
25 academy may adopt a resolution choosing to convert the public
26 school academy to a school of excellence under this part. If the
27 board of directors of a public school academy that meets the
28 requirements of subsection (4) is issued a contract as a school of
29 excellence under this subsection, all the following apply:

1 (a) The public school academy ~~shall cease~~**ceases** to operate as
 2 a public school academy under part 6a and ~~shall operate~~**operates** as
 3 a school of excellence upon the issuance of a contract or at
 4 another time as determined by the authorizing body.

5 (b) The public school academy ~~shall be~~**is** considered to be a
 6 school of excellence for all purposes upon the issuance of a
 7 contract or at another time as determined by the authorizing body,
 8 but ~~shall retain~~**retains** its corporate identity.

9 (c) The conversion of a public school academy under part 6a to
 10 a school of excellence operating under this part ~~shall not~~**does not**
 11 impair any agreement, mortgage, loan, bond, note or other
 12 instrument of indebtedness, or any other agreement entered into by
 13 a public school academy while it was operating under part 6a.

14 (d) The contract issued to the public school academy under
 15 part 6a ~~shall automatically terminate~~**terminates** upon the issuance
 16 of a contract or at another time as determined by the authorizing
 17 body.

18 (4) Subsection (3) applies to a public school academy that is
 19 determined by the department to meet ~~all~~**both** of the following, as
 20 applicable:

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

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

28 (ii) On average over a 3-year period, at least 70% of the
 29 pupils enrolled in the public school academy achieved a score of

1 proficient or better on the Michigan education assessment program
 2 mathematics and reading tests or successor state assessment program
 3 and at least 50% of the pupils enrolled in the public school
 4 academy met the income eligibility criteria for the federal free or
 5 reduced-price lunch program, as determined under the Richard B.
 6 Russell national school lunch act, 42 USC 1751 to 1769j, and
 7 reported to the department.

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

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

25 (6) ~~Any~~**Subject to subsections (14), (19), and (20), any** of
 26 the following may act as an authorizing body to issue a contract to
 27 organize and operate 1 or more schools of excellence under this
 28 part:

29 (a) The board of a school district. However, except as

1 otherwise provided in this subdivision, the board of a school
2 district shall not issue a contract for a school of excellence to
3 operate outside the school district's boundaries, and a school of
4 excellence authorized by the board of a school district shall not
5 operate outside that school district's boundaries. If the board of
6 a school district issues a contract for a school of excellence that
7 is a cyber school, the contract may authorize the school of
8 excellence that is a cyber school to operate outside that school
9 district's boundaries.

10 (b) An intermediate school board. However, except as otherwise
11 provided in this subdivision, the board of an intermediate school
12 district shall not issue a contract for a school of excellence to
13 operate outside the intermediate school district's boundaries, and
14 a school of excellence authorized by the board of an intermediate
15 school district shall not operate outside that intermediate school
16 district's boundaries. If the board of an intermediate school
17 district issues a contract for a school of excellence that is a
18 cyber school, the contract may authorize the school of excellence
19 that is a cyber school to operate outside that intermediate school
20 district's boundaries.

21 (c) The board of a community college. Except as otherwise
22 provided in this subdivision, the board of a community college
23 shall not issue a contract for a school of excellence to operate
24 outside the boundaries of the community college district, and a
25 school of excellence authorized by the board of a community college
26 shall not operate outside the boundaries of the community college
27 district. If the board of a community college issues a contract for
28 a school of excellence that is a cyber school, the contract may
29 authorize the school of excellence that is a cyber school to

1 operate outside the boundaries of the community college district.
2 The board of a community college also may issue a contract for not
3 more than 1 school of excellence to operate on the grounds of an
4 active or closed federal military installation located outside the
5 boundaries of the community college district, or may operate a
6 school of excellence itself on the grounds of such a federal
7 military installation, if the federal military installation is not
8 located within the boundaries of any community college district and
9 the community college has previously offered courses on the grounds
10 of the federal military installation for at least 10 years.

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

12 (e) Two or more of the public agencies described in
13 subdivisions (a) to (d) exercising power, privilege, or authority
14 jointly pursuant to an interlocal agreement under the urban
15 cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to
16 124.512.

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

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

22 (b) Subject to the resolution adopted by the authorizing body
23 under section 553(4), a list of the proposed members of the board
24 of directors of the school of excellence and a description of the
25 qualifications and method for appointment or election of members of
26 the board of directors.

27 (c) The proposed articles of incorporation, ~~which shall~~**that**
28 **must** include at least all of the following:

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

1 (ii) The purposes for the school of excellence corporation.
 2 This language ~~shall~~**must** provide that the school of excellence is
 3 incorporated ~~pursuant to~~**under** this part and that the school of
 4 excellence is a governmental entity.

5 (iii) The name of the authorizing body.

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

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

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

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

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

14 (ii) A copy of the educational goals of the school of
 15 excellence and the curricula to be offered and methods of pupil
 16 assessment to be used by the school of excellence. The educational
 17 goals ~~shall~~**must** include demonstrated improved pupil academic
 18 achievement for all groups of pupils. To the extent applicable, the
 19 progress of the pupils in the school of excellence ~~shall~~**must** be
 20 assessed using both the mathematics and reading portions of the
 21 Michigan student test of educational progress (M-STEP) or the
 22 Michigan merit examination under section 1279g, as applicable.

23 (iii) The admission policy and criteria to be maintained by the
 24 school of excellence. The admission policy and criteria ~~shall~~**must**
 25 comply with section 556. This part of the application also ~~shall~~
 26 **must** include a description of how the applicant will provide to the
 27 general public adequate notice that a school of excellence is being
 28 created and adequate information on the admission policy, criteria,
 29 and process.

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

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

4 (f) Descriptions of staff responsibilities and of the school
5 of excellence governance structure.

6 (g) For an application to the board of a school district, an
7 intermediate school board, or board of a community college,
8 identification of the school district and intermediate school
9 district in which the school of excellence will be located.

10 (h) An agreement that the school of excellence will comply
11 with the provisions of this part and, subject to the provisions of
12 this part, with all other state law applicable to public bodies and
13 with federal law applicable to public bodies or school districts.

14 (i) A description of and address for the proposed physical
15 plant in which the school of excellence will be located. An
16 applicant may request the authorizing body to issue a contract
17 allowing the board of directors of the school of excellence to
18 operate the same configuration of age or grade levels at more than
19 1 site.

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

28 (9) If the superintendent of public instruction finds that an
29 authorizing body is not engaging in appropriate continuing

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

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

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

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

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

29 ~~(14) If the department determines that the combined total~~

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

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

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

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

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

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

~~28 (c) If the department determines that the combined total
29 statewide final audited membership for all pupils in membership in~~

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

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

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

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

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

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

1 ~~shall submit to the department a report that details the per pupil~~
2 ~~costs of operating the online learning. The report shall include,~~
3 ~~on a per-pupil basis, at least all of the following costs:~~

4 ~~(a) Textbooks, instructional materials, and supplies,~~
5 ~~including electronic instructional material.~~

6 ~~(b) Computer and other electronic equipment, including~~
7 ~~internet and telephone access.~~

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

9 ~~(d) Purchased courses and curricula.~~

10 ~~(e) Fees associated with oversight and regulation.~~

11 ~~(f) Travel costs associated with school activities and~~
12 ~~testing.~~

13 ~~(g) Facilities costs.~~

14 ~~(h) Costs associated with special education.~~

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

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

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

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

24 **(17)** ~~(20)~~The board of directors of a school of excellence
25 that is a cyber school, or the board of a school district,
26 intermediate school district, or public school academy that
27 operates an online or other distance learning program, shall submit
28 a monthly report to the department, in the form and manner
29 prescribed by the department, that reports the number of pupils

1 enrolled in the school of excellence that is a cyber school, or in
 2 the online or other distance learning program, during the
 3 immediately preceding month.

4 **(18)** ~~(21)~~—The board of directors of a school of excellence
 5 that is a cyber school shall ensure that, when a pupil enrolls in
 6 the school of excellence that is a cyber school, the pupil and his
 7 or her parent or legal guardian are provided with a parent-student
 8 orientation. If the pupil is at least age 18 or is an emancipated
 9 minor, the orientation may be provided to just the pupil.

10 **(19)** ~~(22)~~—Both of the following apply to the issuance of a
 11 contract for a school of excellence to be located within a
 12 community district:

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

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

29 (i) Either of the following:

1 (A) The proposed school of excellence would operate at the
2 same location as a public school that currently is on the list
3 under **former** section 1280c(1) or **section** 1280g(3), as applicable,
4 of the public schools in this state determined to be among the
5 lowest achieving public schools in this state or has been on that
6 list during the immediately preceding 3-year period.

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

12 (ii) The proposed school of excellence would have substantially
13 the same board of directors, substantially the same leadership, and
14 substantially the same curriculum offerings as the public school
15 that previously operated at that location.

16 **(20) An authorizing body shall not issue a new contract for**
17 **the operation of a school of excellence that will operate as the**
18 **successor to a public school academy established under part 6a,**
19 **urban high school academy established under part 6c, school of**
20 **excellence established under this part, or strict discipline**
21 **academy established under sections 1311b to 1311m that is currently**
22 **being operated under a contract issued by another authorizing body**
23 **and either currently is on the list under former section 1280c(1)**
24 **or section 1280g(3), as applicable, of public schools in this state**
25 **determined to be among the lowest achieving public schools in this**
26 **state or is being subjected to corrective measures by the**
27 **authorizing body as described in section 507(8), 528(8), or 561(8),**
28 **as applicable.**

29 Sec. 553. (1) An authorizing body is not required to issue a

1 contract to any person or entity. Schools of excellence contracts
2 ~~shall~~**must** be issued on a competitive basis taking into
3 consideration the resources available for the proposed school of
4 excellence, the population to be served by the proposed school of
5 excellence, the educational goals to be achieved by the proposed
6 school of excellence, and the applicant's track record, if any, in
7 operating public school academies or other public schools.

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

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

29 (4) An authorizing body shall adopt a resolution establishing

1 the method of selection, length of term, and number of members of
2 the board of directors of each school of excellence subject to its
3 jurisdiction. The resolution ~~shall~~**must** be written or amended as
4 necessary to include a requirement that each member of the board of
5 directors must be a citizen of the United States.

6 (5) A contract issued to organize and administer a school of
7 excellence ~~shall~~**must** contain at least all of the following:

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

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

19 (c) A description of the process for amending the contract
20 during the term of the contract.

21 (d) All of the matters set forth in the application for the
22 contract.

23 (e) Procedures for revoking the contract and grounds for
24 revoking the contract, including at least the grounds listed in
25 section 561.

26 (f) A description of and address for the proposed physical
27 plant in which the school of excellence will be located. An
28 authorizing body may include a provision in the contract allowing
29 the board of directors of the school of excellence 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~~**must** be conducted at least annually by a
7 certified public accountant in accordance with generally accepted
8 governmental auditing principles.

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

12 (i) A requirement that the board of directors shall ensure
13 compliance with the requirements of 1968 PA 317, MCL 15.321 to
14 15.330.

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

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

27 (l) A requirement that the board of directors of the school of
28 excellence shall collect, maintain, and make available to the
29 public and the authorizing body, in accordance with applicable law

1 and the contract, at least all of the following information
2 concerning the operation and management of the school of
3 excellence:

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

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

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

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

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

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

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

29 (viii) Copies of any management contracts or services contracts

1 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~~**shall** disapprove an agreement
13 described in this subdivision ~~only~~if the agreement is contrary to
14 contract or applicable law **or if the educational management**
15 **organization, or any educational management organization affiliated**
16 **with it, operates a public school that currently is on the list**
17 **under former section 1280c(1) or section 1280g(3), as applicable,**
18 **of public schools in this state determined to be among the lowest**
19 **achieving public schools in this state.**

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

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

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

29 (A) Reasonable efforts to advertise all enrollment openings to

1 organizations and media that regularly serve and advocate for
2 individuals with disabilities or children with limited English-
3 speaking ability within the boundaries of the intermediate school
4 district in which the school of excellence is located.

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

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

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

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

19 **(q) If the contract permits the school of excellence to**
20 **operate at more than 1 site, a requirement that the school of**
21 **excellence may only exercise that authority after establishing that**
22 **none of its current sites are currently on the list under former**
23 **section 1280c(1) or section 1280g(3), as applicable, of public**
24 **schools in this state determined to be among the lowest achieving**
25 **public schools in this state.**

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

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

29 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to

1 15.246.

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

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

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

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

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

19 (8) A school of excellence is exempt from all taxation on its
20 earnings and property. Unless the property is already fully exempt
21 from real and personal property taxes under the general property
22 tax act, 1893 PA 206, MCL 211.1 to 211.155, property occupied by a
23 school of excellence and used exclusively for educational purposes
24 is exempt from real and personal property taxes levied for school
25 operating purposes under section 1211, to the extent exempted under
26 that section, and from real and personal property taxes levied
27 under the state education tax act, 1993 PA 331, MCL 211.901 to
28 211.906. Instruments of conveyance to or from a school of
29 excellence are exempt from all taxation including taxes imposed by

1 1966 PA 134, MCL 207.501 to 207.513. A school of excellence may not
2 levy ad valorem property taxes or another tax for any purpose.
3 However, operation of 1 or more schools of excellence by a school
4 district or intermediate school district does not affect the
5 ability of the school district or intermediate school district to
6 levy ad valorem property taxes or another tax.

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

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

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

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

28 (c) Establish the method of selection, length of term, and
29 number of members of the board of directors of each school of

1 excellence that it authorizes. The authorizing body shall ensure
2 that the board of directors includes representation from the local
3 community.

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

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

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

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

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

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

29 (3) The authorizing body for a school of excellence is the

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

21 (c) Failure of the school of excellence 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) Except for a school of excellence that is an alternative
27 school serving a special student population, if the department
28 determines that a school of excellence site that has been operating
29 for at least 4 years is among the lowest achieving public schools

1 in this state for the immediately preceding 3 school years, as
2 determined under **former** section 1280c or **section** 1280g, as
3 applicable, not to include any individualized education plan
4 subgroup, the department shall notify the school of excellence's
5 authorizing body. Subject to subsection (6), if an authorizing body
6 receives notice from the department under this subsection, the
7 authorizing body shall notify the school of excellence and amend
8 the school of excellence's contract to eliminate the school of
9 excellence's authority to operate the existing age and grade levels
10 at the site and the school of excellence shall cease operating the
11 existing age and grade levels at the site, effective at the end of
12 the current school year. Subject to subsection (6), if the school
13 of excellence operates at only 1 site or is a cyber school, and the
14 authorizing body receives notice from the department under this
15 subsection, the authorizing body shall notify the school of
16 excellence and revoke the school of excellence's contract,
17 effective at the end of the current school year. **Failure of an**
18 **authorizing body to comply with this subsection is a failure by the**
19 **authorizing body to engage in appropriate continuing oversight for**
20 **the purposes of section 552(9).**

21 (6) For a school of excellence or site that is subject to a
22 notice to its authorizing body under subsection (5), the department
23 shall consider other public school options available to pupils in
24 the grade levels offered by the school of excellence or site who
25 reside in the geographic area served by the school of excellence or
26 site. If the department determines that closure of the school of
27 excellence or site would result in an unreasonable hardship to
28 these pupils because there are insufficient other public school
29 options reasonably available for these pupils, the department may

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

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

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

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

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

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

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

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

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

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

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

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

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

29 (f) If the board of directors of a school of excellence fails

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

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

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