

**SUBSTITUTE FOR
SENATE BILL NO. 944**

A bill to amend 1976 PA 451, entitled
"The revised school code,"
by amending sections 503c, 523c, and 553c (MCL 380.503c, 380.523c,
and 380.553c), as added by 2011 PA 277, and by adding section
1311c.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 503c. (1) ~~Beginning with management agreements described~~
2 ~~in this section that are entered into or renewed after the~~
3 ~~effective date of this section, if~~ **If** the board of directors of a
4 public school academy enters into or renews a management agreement
5 with an educational management organization to carry out the
6 operations of the public school academy, both of the following
7 apply:



1 (a) The management agreement ~~shall require~~ **must include a**
2 **requirement that** the educational management organization ~~to provide~~
3 to the board of directors at least annually all of the same
4 information that a school district is required to disclose under
5 section 18(2) of the state school aid act of 1979, MCL 388.1618,
6 for the most recent school fiscal year for which that information
7 is available.

8 (b) Within 30 days after receiving the information under
9 subdivision (a), the board of directors shall make all of the
10 information it receives under subdivision (a) available through a
11 link on the public school academy's website homepage, in a form and
12 manner prescribed by the department.

13 (2) In addition to the requirements under subsection (1),
14 beginning with management agreements described in this section that
15 are entered into or renewed after the effective date of the
16 amendatory act that added this sentence, if the board of directors
17 of a public school academy enters into or renews a management
18 agreement with an educational management organization, all of the
19 following apply:

20 (a) The management agreement must include a requirement that
21 the educational management organization provide to the board of
22 directors, at least annually, financial statements for the
23 educational management organization for the immediately preceding
24 fiscal year that disclose the specific financial expenditures of
25 the money received by the educational management organization under
26 the management agreement, including expenditures made as a result
27 of subcontracts. The financial statements must account for all
28 funds retained as compensation by the educational management
29 organization. Compensation under this subdivision is the difference



1 between the sum of all fees, commissions, payments, and charges
2 assessed to the public school academy by the educational management
3 organization for the operation and management of the public school
4 academy during the educational management organization's fiscal
5 year and the amount actually expended by the educational management
6 organization for the operation and management of the public school
7 academy during the educational management organization's fiscal
8 year.

9 (b) The management agreement must include a requirement that
10 the educational management organization provide to the board of
11 directors, for each employee, officer, or board member of the
12 educational management organization who is involved in the day-to-
13 day operations and staffing at the public school academy,
14 including, but not limited to, the public school academy's
15 leadership team and teachers, whose compensation exceeds
16 \$100,000.00 per year, a list providing a description and cost of
17 each fringe benefit that is included in the individual's
18 compensation package.

19 (c) Within 30 days after receiving the information under
20 subdivisions (a) and (b), the board of directors shall make all of
21 the information it receives under subdivisions (a) and (b) and the
22 management agreement available through a link on the public school
23 academy's website homepage, in a form and manner prescribed by the
24 department.

25 (3) ~~(2)~~—As used in this section:

26 (a) "Educational management organization" means an entity that
27 enters into a management agreement with a public school academy.

28 (b) "Entity" means a partnership, nonprofit or business
29 corporation, or any other association, corporation, trust, or other



1 legal entity.

2 (c) "Management agreement" means an agreement to provide
3 comprehensive educational, administrative, management, or
4 instructional services or staff to a public school academy.

5 (d) "School fiscal year" means the period that begins July 1
6 and ends June 30.

7 Sec. 523c. (1) ~~Beginning with management agreements described~~
8 ~~in this section that are entered into or renewed after the~~
9 ~~effective date of this section, if~~ **If** the board of directors of an
10 urban high school academy enters into or renews a management
11 agreement with an educational management organization to carry out
12 the operations of the urban high school academy, both of the
13 following apply:

14 (a) The management agreement ~~shall require~~ **must include a**
15 **requirement that** the educational management organization ~~to provide~~
16 to the board of directors at least annually all of the same
17 information that a school district is required to disclose under
18 section 18(2) of the state school aid act of 1979, MCL 388.1618,
19 for the most recent school fiscal year for which that information
20 is available.

21 (b) Within 30 days after receiving the information under
22 subdivision (a), the board of directors shall make all of the
23 information it receives under subdivision (a) available through a
24 link on the urban high school academy's website homepage, in a form
25 and manner prescribed by the department.

26 **(2) In addition to the requirements under subsection (1),**
27 **beginning with management agreements described in this section that**
28 **are entered into or renewed after the effective date of the**
29 **amendatory act that added this sentence, if the board of directors**



1 of an urban high school academy enters into or renews a management
2 agreement with an educational management organization, all of the
3 following apply:

4 (a) The management agreement must include a requirement that
5 the educational management organization provide to the board of
6 directors, at least annually, financial statements for the
7 educational management organization for the immediately preceding
8 fiscal year that disclose the specific financial expenditures of
9 the money received by the educational management organization under
10 the management agreement, including expenditures made as a result
11 of subcontracts. The financial statements must account for all
12 funds retained as compensation by the educational management
13 organization. Compensation under this subdivision is the difference
14 between the sum of all fees, commissions, payments, and charges
15 assessed to the urban high school academy by the educational
16 management organization for the operation and management of the
17 urban high school academy during the educational management
18 organization's fiscal year and the amount actually expended by the
19 educational management organization for the operation and
20 management of the urban high school academy during the educational
21 management organization's fiscal year.

22 (b) The management agreement must include a requirement that
23 the educational management organization provide to the board of
24 directors, for each employee, officer, or board member of the
25 educational management organization who is involved in the day-to-
26 day operations and staffing at the urban high school academy,
27 including, but not limited to, the urban high school academy's
28 leadership team and teachers, whose compensation exceeds
29 \$100,000.00 per year, a list providing a description and cost of



1 each fringe benefit that is included in the individual's
2 compensation package.

3 (c) Within 30 days after receiving the information under
4 subdivisions (a) and (b), the board of directors shall make all of
5 the information it receives under subdivisions (a) and (b) and the
6 management agreement available through a link on the urban high
7 school academy's website homepage, in a form and manner prescribed
8 by the department.

9 (3) ~~(2)~~—As used in this section:

10 (a) "Educational management organization" means an entity that
11 enters into a management agreement with an urban high school
12 academy.

13 (b) "Entity" means a partnership, nonprofit or business
14 corporation, or any other association, corporation, trust, or other
15 legal entity.

16 (c) "Management agreement" means an agreement to provide
17 comprehensive educational, administrative, management, or
18 instructional services or staff to an urban high school academy.

19 (d) "School fiscal year" means the period that begins July 1
20 and ends June 30.

21 Sec. 553c. (1) ~~Beginning with management agreements described~~
22 ~~in this section that are entered into or renewed after the~~
23 ~~effective date of this section, if~~ **If** the board of directors of a
24 school of excellence enters into or renews a management agreement
25 with an educational management organization to carry out the
26 operations of the school of excellence, both of the following
27 apply:

28 (a) The management agreement ~~shall require~~ **must include a**
29 **requirement that** the educational management organization ~~to provide~~



1 to the board of directors at least annually all the same
2 information that a school district is required to disclose under
3 section 18(2) of the state school aid act of 1979, MCL 388.1618,
4 for the most recent school fiscal year for which that information
5 is available.

6 (b) Within 30 days after receiving the information under
7 subdivision (a), the board of directors shall make all of the
8 information it receives under subdivision (a) available through a
9 link on the school of excellence's website homepage, in a form and
10 manner prescribed by the department.

11 (2) In addition to the requirements under subsection (1),
12 beginning with management agreements described in this section that
13 are entered into or renewed after the effective date of the
14 amendatory act that added this sentence, if the board of directors
15 of a school of excellence enters into or renews a management
16 agreement with an educational management organization, all of the
17 following apply:

18 (a) The management agreement must include a requirement that
19 the educational management organization provide to the board of
20 directors, at least annually, financial statements for the
21 educational management organization for the immediately preceding
22 fiscal year that disclose the specific financial expenditures of
23 the money received by the educational management organization under
24 the management agreement, including expenditures made as a result
25 of subcontracts. The financial statements must account for all
26 funds retained as compensation by the educational management
27 organization. Compensation under this subdivision is the difference
28 between the sum of all fees, commissions, payments, and charges
29 assessed to the school of excellence by the educational management



1 organization for the operation and management of the school of
2 excellence during the educational management organization's fiscal
3 year and the amount actually expended by the educational management
4 organization for the operation and management of the school of
5 excellence during the educational management organization's fiscal
6 year.

7 (b) The management agreement must include a requirement that
8 the educational management organization provide to the board of
9 directors, for each employee, officer, or board member of the
10 educational management organization who is involved in the day-to-
11 day operations and staffing at the school of excellence, including,
12 but not limited to, the school of excellence's leadership team and
13 teachers, whose compensation exceeds \$100,000.00 per year, a list
14 providing a description and cost of each fringe benefit that is
15 included in the individual's compensation package.

16 (c) Within 30 days after receiving the information under
17 subdivisions (a) and (b), the board of directors shall make all of
18 the information it receives under subdivisions (a) and (b) and the
19 management agreement available through a link on the school of
20 excellence's website homepage, in a form and manner prescribed by
21 the department.

22 (3) ~~(2)~~—As used in this section:

23 (a) "Educational management organization" means an entity that
24 enters into a management agreement with a school of excellence.

25 (b) "Entity" means a partnership, nonprofit or business
26 corporation, or any other association, corporation, trust, or other
27 legal entity.

28 (c) "Management agreement" means an agreement to provide
29 comprehensive educational, administrative, management, or



1 instructional services or staff to a school of excellence.

2 (d) "School fiscal year" means the period that begins July 1
3 and ends June 30.

4 Sec. 1311c. (1) Beginning with management agreements that are
5 entered into or renewed after the effective date of the amendatory
6 act that added this sentence, if the board of directors of a strict
7 discipline academy enters into or renews a management agreement
8 with an educational management organization, all of the following
9 apply:

10 (a) The management agreement must include a requirement that
11 the educational management organization provide to the board of
12 directors at least annually all the same information that a school
13 district is required to disclose under section 18(2) of the state
14 school aid act of 1979, MCL 388.1618, for the most recent school
15 fiscal year for which that information is available.

16 (b) The management agreement must include a requirement that
17 the educational management organization provide to the board of
18 directors, at least annually, financial statements for the
19 educational management organization for the immediately preceding
20 fiscal year that disclose the specific financial expenditures of
21 the money received by the educational management organization under
22 the management agreement, including expenditures made as a result
23 of subcontracts. The financial statements must account for all
24 funds retained as compensation by the educational management
25 organization. Compensation under this subdivision is the difference
26 between the sum of all fees, commissions, payments, and charges
27 assessed to the strict discipline academy by the educational
28 management organization for the operation and management of the
29 strict discipline academy during the educational management



1 organization's fiscal year and the amount actually expended by the
2 educational management organization for the operation and
3 management of the strict discipline academy during the educational
4 management organization's fiscal year.

5 (c) The management agreement must include a requirement that
6 the educational management organization provide to the board of
7 directors, for each employee, officer, or board member of the
8 educational management organization who is involved in the day-to-
9 day operations and staffing at the strict discipline academy,
10 including, but not limited to, the strict discipline academy's
11 leadership team and teachers, whose compensation exceeds
12 \$100,000.00 per year, a list providing a description and cost of
13 each fringe benefit that is included in the individual's
14 compensation package.

15 (d) Within 30 days after receiving the information under
16 subdivisions (a), (b), and (c), the board of directors shall make
17 all of the information it receives under subdivisions (a), (b), and
18 (c) and the management agreement available through a link on the
19 strict discipline academy's website homepage, in a form and manner
20 prescribed by the department.

21 (2) As used in this section:

22 (a) "Educational management organization" means an entity that
23 enters into a management agreement with a strict discipline
24 academy.

25 (b) "Entity" means a partnership, nonprofit or business
26 corporation, or any other association, corporation, trust, or other
27 legal entity.

28 (c) "Management agreement" means an agreement to provide
29 comprehensive educational, administrative, management, or



1 instructional services or staff to a strict discipline academy.

2 (d) "School fiscal year" means the period that begins July 1
3 and ends June 30.

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

