

# HOUSE BILL NO. 5234

October 25, 2023, Introduced by Reps. Scott, Koleszar, Weiss, Churches, Hoskins, McKinney, Conlin, Glanville and Morse and referred to the Committee on Education.

A bill to amend 1976 PA 451, entitled  
"The revised school code,"  
by amending section 523 (MCL 380.523), as amended by 2011 PA 277.

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

1           Sec. 523. (1) An authorizing body is not required to issue a  
2 contract to any entity. Urban high school academy contracts ~~shall~~  
3 **must** be issued on a competitive basis taking into consideration the  
4 resources available for the proposed urban high school academy, the  
5 population to be served by the proposed urban high school academy,

1 and the educational goals to be achieved by the proposed urban high  
 2 school academy. In evaluating if an applicant is qualified, the  
 3 authorizing body shall examine the proposed performance standards,  
 4 proposed academic program, financial viability of the applicant,  
 5 and the ability of the proposed board of directors to meet the  
 6 contract goals and objectives. An authorizing body shall give  
 7 priority to applicants that demonstrate all of the following:

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

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

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

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

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

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

20 (a) The educational goals the urban high school academy is to  
 21 achieve and the methods by which it will be held accountable. The  
 22 educational goals ~~shall~~**must** include demonstrated improved pupil  
 23 academic achievement for all groups of pupils. To the extent  
 24 applicable, the pupil performance of an urban high school academy  
 25 ~~shall~~**must** be assessed using at least ~~a~~**the** Michigan education  
 26 ~~assessment program (MEAP) test~~**student test of educational progress**  
 27 **(M-STEP)** or the Michigan merit examination developed under section  
 28 1279g, as applicable.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

23           (iv) A current list of teachers working at the urban high  
24 school academy that includes their individual salaries as submitted  
25 to the registry of educational personnel; copies of the teaching  
26 certificates or permits of current teaching staff; and evidence of  
27 compliance with the criminal background and records checks and  
28 unprofessional conduct check required under sections 1230, 1230a,  
29 and 1230b for all teachers and administrators working at the urban

1 high school academy.

2 (v) Curriculum documents and materials given to the  
3 authorizing body.

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

5 (vii) Copies of facility leases or deeds, or both, and of any  
6 equipment leases.

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

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

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

14 (xi) Any other information specifically required under this  
15 act.

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

22 (m) A requirement that the board of directors ~~shall~~  
23 demonstrate all of the following to the satisfaction of the  
24 authorizing body with regard to its pupil admission process:

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

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

1 (A) Reasonable efforts to advertise all enrollment openings to  
2 organizations and media that regularly serve and advocate for  
3 individuals with disabilities within the boundaries of the  
4 intermediate school district in which the urban high school academy  
5 is located.

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

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

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

16 (o) 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 urban high school academy.

19 (p) The term of the contract and a description of the process  
20 and standards for renewal of the contract at the end of the term.  
21 The standards for renewal ~~shall~~ **must** include increases in academic  
22 achievement for all groups of pupils as measured by assessments and  
23 other objective criteria as the most important factor in the  
24 decision of whether ~~or not~~ to renew the contract.

25 **(q) Unless prohibited by a local ordinance or local zoning**  
26 **authority, a requirement that the name of the authorizing body and**  
27 **the educational management organization, if applicable, appear on**  
28 **all signage, advertising, and promotional material for the urban**  
29 **high school academy. This requirement applies only to a sign**

1 erected, repaired, or installed after the effective date of the  
 2 amendatory act that added this subdivision and to any advertising  
 3 or promotional material created or distributed on or after the  
 4 effective date of the amendatory act that added this subdivision.  
 5 As used in this subdivision, "educational management organization"  
 6 means that term as defined in section 523c.

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

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

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

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

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

14 **(d)** ~~(e)~~ 1978 PA 566, MCL 15.181 to 15.185.

15 **(e)** ~~(f)~~ 1968 PA 317, MCL 15.321 to 15.330.

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

18 **(g)** ~~(h)~~ The revised municipal finance act, 2001 PA 34, MCL  
 19 141.2101 to 141.2821.

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

22 **(i)** ~~(j)~~ Sections 1134, 1135, 1146, 1153, 1263(3), 1267, 1274,  
 23 and 1280.

24 **(j)** ~~(k)~~ Laws concerning participation in state assessments,  
 25 data collection systems, state level student growth models, state  
 26 accountability and accreditation systems, and other public  
 27 comparative data collection required for public schools.

28 (4) An urban high school academy and its incorporators, board  
 29 members, officers, employees, and volunteers have governmental

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

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

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

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