

SUBSTITUTE FOR
HOUSE BILL NO. 4148

A bill to amend 1976 PA 451, entitled
"The revised school code,"
by amending sections 501, 502, 503, 504, 504a, and 507 (MCL
380.501, 380.502, 380.503, 380.504, 380.504a, and 380.507),
sections 501, 502, 503, 504a, and 507 as amended by 1995 PA 289
and section 504 as amended by 1994 PA 416, and by adding sections
503b and 1320.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 501. (1) A public school academy is a public school
2 under section 2 of article VIII of the state constitution of
3 1963, is a school district for the purposes of section 11 of
4 article IX of the state constitution of 1963 and for the purposes
5 of section 1225 **and section 1351a**, and is subject to the
6 leadership and general supervision of the state board over all
7 public education under section 3 of article VIII of the state

1 constitution of 1963. A public school academy is a body
2 corporate and is a governmental agency. The powers granted to a
3 public school academy under this part constitute the performance
4 of essential public purposes and governmental functions of this
5 state.

6 (2) As used in this part:

7 (a) "Authorizing body" means any of the following **governing**
8 **boards** that ~~issues~~ **issue** a contract as provided in this part:

9 (i) The board of a school district that operates grades K to
10 12.

11 (ii) An intermediate school board.

12 (iii) The board of a community college.

13 (iv) The governing board of ~~a state public university~~ **an**
14 **institution of higher education with statewide jurisdiction.**

15 (b) "Certificated teacher" means an individual who holds a
16 valid teaching certificate issued by the ~~state board~~
17 **superintendent of public instruction** under section 1531.

18 (c) "Community college" means a community college organized
19 under the community college act of 1966, ~~Act No. 331 of the~~
20 ~~Public Acts of 1966, being sections 389.1 to 389.195 of the~~
21 ~~Michigan Compiled Laws,~~ **1966 PA 331, MCL 389.1 to 389.195,** or a
22 federal tribally controlled community college that is recognized
23 under the tribally controlled community college assistance act of
24 1978, Public Law 95-471, 92 Stat. 1325, and is determined by the
25 department to meet the requirements for accreditation by a
26 recognized regional accrediting body.

27 (d) "Contract" means the executive act taken by an

1 authorizing body that evidences the authorization of a public
 2 school academy and that establishes, subject to the
 3 constitutional powers of the state board and applicable law, the
 4 written instrument executed by an authorizing body conferring
 5 certain rights, franchises, privileges, and obligations on a
 6 public school academy, as provided by this part, and confirming
 7 the status of a public school academy as a public school in this
 8 state.

9 **(e) "Educational management company" means that term as**
 10 **defined in section 1320.**

11 **(f) ~~(e)~~ "Entity" means a partnership, nonprofit or business**
 12 **corporation, labor organization, or any other association,**
 13 **corporation, trust, or other legal entity.**

14 **(g) ~~(f) "State public university"~~ "Institution of higher**
 15 **education with statewide jurisdiction" means a state university**
 16 **described in section 4, 5, or 6 of article VIII of the state**
 17 **constitution of 1963 or a federal tribally controlled community**
 18 **college that is recognized under the tribally controlled**
 19 **community college assistance act of 1978, Public Law 95-471, 92**
 20 **Stat. 1325, and is determined by the department to meet the**
 21 **requirements for accreditation by a recognized regional**
 22 **accrediting body.**

23 Sec. 502. (1) A public school academy shall be organized
 24 and administered under the direction of a board of directors in
 25 accordance with this part and with bylaws adopted by the board of
 26 directors. A public school academy corporation shall be
 27 organized under the nonprofit corporation act, ~~Act No. 162 of~~

1 ~~the Public Acts of 1982, being sections 450.2101 to 450.3192 of~~
2 ~~the Michigan Compiled Laws— 1982 PA 162, MCL 450.2101 to~~
3 ~~450.3192~~, except that a public school academy corporation is not
4 required to comply with sections 170 to 177 of ~~Act No. 327 of~~
5 ~~the Public Acts of 1931, being sections 450.170 to 450.177 of the~~
6 ~~Michigan Compiled Laws— 1931 PA 327, MCL 450.170 to 450.177~~. To
7 the extent disqualified under the state or federal constitution,
8 a public school academy shall not be organized by a church or
9 other religious organization and shall not have any
10 organizational or contractual affiliation with or constitute a
11 church or other religious organization.

12 (2) Any of the following **governing boards** may act as an
13 authorizing body to issue a contract to organize and operate 1 or
14 more public school academies under this part:

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

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

27 (c) The board of a community college. However, except as

1 otherwise provided in this subdivision, ~~the board of a community~~
2 ~~college shall not issue a contract for a public school academy to~~
3 ~~operate in a school district organized as a school district of~~
4 ~~the first class, a public school academy authorized by the board~~
5 ~~of a community college shall not operate in a school district~~
6 ~~organized as a school district of the first class,~~ the board of
7 a community college shall not issue a contract for a public
8 school academy to operate outside the boundaries of the community
9 college district ~~—~~ and a public school academy authorized by
10 the board of a community college shall not operate outside the
11 boundaries of the community college district. The board of a
12 community college also may issue a contract for not more than 1
13 public school academy to operate on the grounds of an active or
14 closed federal military installation located outside the
15 boundaries of the community college district, or may operate a
16 public school academy itself on the grounds of such a federal
17 military installation, if the federal military installation is
18 not located within the boundaries of any community college
19 district and the community college has previously offered courses
20 on the grounds of the federal military installation for at least
21 10 years. **A contract issued by the board of a federal tribally**
22 **controlled community college under this subdivision before the**
23 **effective date of the 2003 amendatory act that amended this**
24 **section shall continue to be considered to be issued under this**
25 **subdivision rather than under subdivision (d).**

26 (d) The governing board of ~~a state public university~~ **an**
27 **institution of higher education with statewide jurisdiction.**

1 However, the combined total number of contracts for public school
 2 academies issued by all ~~state public universities~~ **governing**
 3 **boards of institutions of higher education with statewide**
 4 **jurisdiction** shall not exceed ~~85 through 1996, and, after the~~
 5 ~~initial evaluation under section 501a, shall not exceed 100~~
 6 ~~through 1997, 125 through 1998, or 150~~ **180 through 2003, 210**
 7 **through 2004, 240 through 2005, 270 through 2006, 300 through**
 8 **2007, 330 through 2008, 360 through 2009, 390 through 2010, 420**
 9 **through 2011, or 450** thereafter. Further, the total number of
 10 contracts issued by any 1 ~~state public university~~ **governing**
 11 **board of an institution of higher education with statewide**
 12 **jurisdiction** shall not exceed ~~50 through 1996, and thereafter~~
 13 ~~shall not exceed~~ 50% of the maximum combined total number that
 14 may be issued under this subdivision.

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

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

20 (b) Subject to the resolution adopted by the authorizing body
 21 under section ~~503(4)~~ **507(1)(c)**, a list of the proposed members
 22 of the board of directors of the public school academy and a
 23 description of the qualifications and method for appointment or
 24 election of members of the board of directors.

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

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

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

6 (iii) The name of the authorizing body.

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

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

11 (d) A copy of the proposed bylaws of the public school
12 academy.

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

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

16 (ii) A copy of the educational goals of the public school
17 academy and the curricula to be offered and methods of pupil
18 assessment to be used by the public school academy. To the
19 extent applicable, the progress of the pupils in the public
20 school academy shall be assessed using at least a Michigan
21 education assessment program (MEAP) test or an assessment
22 instrument developed under section 1279. ~~for a state-endorsed~~
23 ~~high school diploma.~~

24 (iii) The admission policy and criteria to be maintained by
25 the public school academy. The admission policy and criteria
26 shall comply with section 504. This part of the application also
27 shall include a description of how the applicant will provide to

1 the general public adequate notice that a public school academy
2 is being created and adequate information on the admission
3 policy, criteria, and process.

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

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

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

8 (g) For an application to the board of a school district, an
9 intermediate school board, or board of a community college,
10 identification of the local and intermediate school districts in
11 which the public school academy will be located.

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

17 (i) For a public school academy authorized by a school
18 district, an assurance that employees of the public school
19 academy will be covered by the collective bargaining agreements
20 that apply to other employees of the school district employed in
21 similar classifications in schools that are not public school
22 academies.

23 (j) A description of and address for the proposed ~~physical~~
24 ~~plant in which~~ **site or sites for** the public school academy.
25 ~~will be located.~~

26 ~~—— (4) An authorizing body shall oversee, or shall contract with~~
27 ~~an intermediate school district, community college, or state~~

1 ~~public university to oversee, each public school academy~~
2 ~~operating under a contract issued by the authorizing body. The~~
3 ~~oversight shall be sufficient to ensure that the authorizing body~~
4 ~~can certify that the public school academy is in compliance with~~
5 ~~statute, rules, and the terms of the contract.~~

6 (4) ~~-(5)-~~ If the ~~state board~~ **department** finds that an
7 authorizing body is not engaging in appropriate continuing
8 oversight of 1 or more public school academies operating under a
9 contract issued by the authorizing body, the ~~state board~~
10 **department** may suspend the power of the authorizing body to issue
11 new contracts to organize and operate public school academies. A
12 contract issued by the authorizing body during the suspension is
13 void. A contract issued by the authorizing body before the
14 suspension is not affected by the suspension.

15 (5) ~~-(6)-~~ An authorizing body shall not charge a fee, or
16 require reimbursement of expenses, for considering an application
17 for a contract, for issuing a contract, or for providing
18 oversight of a contract for a public school academy in an amount
19 that exceeds a combined total of 3% of the total state school aid
20 received by the public school academy in the school year in which
21 the fees or expenses are charged. **All of the following apply to**
22 **this fee:**

23 (a) **As set forth in the contract, an authorizing body may use**
24 **a portion of this fee to provide technical assistance to the**
25 **public school academy.**

26 (b) **An authorizing body shall not use any portion of this fee**
27 **for any purpose other than considering applications and issuing**

1 contracts under this part or for oversight of, technical
2 assistance to, and direct academic support to public school
3 academies.

4 (c) An authorizing body may provide other services for a
5 public school academy and charge a fee for those services, but
6 shall not require such an arrangement as a condition to issuing
7 the contract authorizing the public school academy.

8 (6) ~~(7)~~ A public school academy shall be presumed to be
9 legally organized if it has exercised the franchises and
10 privileges of a public school academy for at least 2 years.

11 (7) If an authorizing body of a public school academy
12 consolidates or otherwise merges with another entity that is
13 eligible to serve as an authorizing body under this part, the
14 contract for the public school academy remains valid and the
15 successor entity shall be considered to be the authorizing body
16 for the public school academy and shall perform all of the duties
17 of the authorizing body under this part.

18 (8) If an authorizing body of a public school academy is
19 dissolved or otherwise ceases to exist, the contract for the
20 public school academy remains valid, and the public school
21 academy may continue to operate, for a period of 90 days. The
22 board of directors of the public school academy may arrange for
23 the contract to be reauthorized during this period by another
24 authorizing body. The superintendent of public instruction may
25 extend this period in his or her discretion if he or she
26 determines that an extension is in the best interests of the
27 pupils of the public school academy. If the contract is not

1 reauthorized within this period, the contract is void. The
2 limitations of subsection (2) on the number of contracts that may
3 be issued do not apply to a contract that is reauthorized under
4 this subsection.

5 Sec. 503. (1) An authorizing body is not required to issue
6 a contract to any person or entity. Public school academy
7 contracts shall be issued on a competitive basis taking into
8 consideration the resources available for the proposed public
9 school academy, the population to be served by the proposed
10 public school academy, and the educational goals to be achieved
11 by the proposed public school academy.

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

1 electors of the school district voting on the question vote to
2 issue the contract, the board shall issue the contract.

3 ~~(3) Within 10 days after issuing a contract for a public~~
4 ~~school academy, the board of the authorizing body shall submit to~~
5 ~~the state board a copy of the contract and of the application~~
6 ~~under section 502.~~

7 ~~——(4) An authorizing body shall adopt a resolution establishing~~
8 ~~the method of selection, length of term, and number of members of~~
9 ~~the board of directors of each public school academy subject to~~
10 ~~its jurisdiction.~~

11 (3) ~~(5)~~ A contract issued to organize and administer a
12 public school academy shall contain at least all of the
13 following:

14 (a) The educational goals the public school academy is to
15 achieve and the methods by which it will be held accountable. To
16 the extent applicable, the pupil performance of a public school
17 academy shall be assessed using at least a Michigan education
18 assessment program (MEAP) test or an assessment instrument
19 developed under section 1279. ~~for a state endorsed high school~~
20 ~~diploma.~~

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

24 (c) A description of the process for amending the contract
25 during the term of the contract.

26 (d) All of the matters set forth in the application for the
27 contract.

1 (e) For a public school academy authorized by a school
2 district, an agreement that employees of the public school
3 academy will be covered by the collective bargaining agreements
4 that apply to employees of the school district employed in
5 similar classifications in schools that are not public school
6 academies.

7 (f) Procedures for revoking the contract and grounds for
8 revoking the contract, including at least the grounds listed in
9 section 507.

10 (g) A description of and address for the proposed ~~physical~~
11 ~~plant in which~~ **site or sites for** the public school academy.
12 ~~will be located.~~

13 (h) Requirements and procedures for financial audits. The
14 financial audits shall be conducted at least annually by a
15 certified public accountant in accordance with generally accepted
16 governmental auditing principles.

17 (i) **A requirement that the board of directors shall ensure**
18 **compliance with the requirements of 1968 PA 317, MCL 15.321 to**
19 **15.330, and with any other conflict of interest law generally**
20 **applicable to public bodies in this state.**

21 (j) A requirement that, if the board of directors of the
22 public school academy enters into an agreement with an
23 educational management company for operation or management of the
24 public school academy, the agreement between the board of
25 directors and the educational management company must comply with
26 section 1320.

27 (k) A requirement that the authorizing body must review and

1 may disapprove any agreement between the board of directors and
2 an educational management company entered into under section 1320
3 before the agreement is final and valid. An authorizing body may
4 disapprove an agreement described in this subdivision only if the
5 agreement is contrary to the contract or applicable law.

6 (l) A requirement that the board of directors shall
7 demonstrate all of the following to the satisfaction of the
8 authorizing body with regard to its pupil admission process:

9 (i) That the public school academy has made a reasonable
10 effort to advertise its enrollment openings in a newspaper of
11 general circulation in the intermediate school district in which
12 the public school academy is located.

13 (ii) That the public school academy has made the following
14 additional efforts to recruit pupils who are eligible for special
15 education programs and services to apply for admission:

16 (A) Reasonable efforts to advertise all enrollment openings
17 to organizations and media that regularly serve and advocate for
18 individuals with disabilities within the boundaries of the
19 intermediate school district in which the public school academy
20 is located.

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

25 (iii) That the open enrollment period for the public school
26 academy is for a duration of at least 4 weeks.

27 (m) A requirement that, if requested, the board of directors

1 shall report to the authorizing body the total compensation for
2 each individual employee of the public school academy.

3 (4) ~~-(6)-~~ A public school academy shall comply with all
4 applicable law, including all of the following:

5 (a) The open meetings act, ~~Act No. 267 of the Public Acts of~~
6 ~~1976, being sections 15.261 to 15.275 of the Michigan Compiled~~
7 ~~Laws~~ 1976 PA 267, MCL 15.261 to 15.275.

8 (b) The freedom of information act, ~~Act No. 442 of the~~
9 ~~Public Acts of 1976, being sections 15.231 to 15.246 of the~~
10 ~~Michigan Compiled Laws~~ 1976 PA 442, MCL 15.231 to 15.246.

11 (c) ~~Act No. 336 of the Public Acts of 1947, being sections~~
12 ~~423.201 to 423.217 of the Michigan Compiled Laws~~ 1947 PA 336,
13 MCL 423.201 to 423.217.

14 (d) ~~Act No. 166 of the Public Acts of 1965, being sections~~
15 ~~408.551 to 408.558 of the Michigan Compiled Laws~~ 1965 PA 166,
16 MCL 408.551 to 408.558.

17 (e) Sections 1134, 1135, 1146, 1153, 1263(3), 1267, and
18 1274.

19 (5) ~~-(7)-~~ A public school academy and its incorporators,
20 board members, officers, employees, and volunteers have
21 governmental immunity as provided in section 7 of ~~Act No. 170 of~~
22 ~~the Public Acts of 1964, being section 691.1407 of the Michigan~~
23 ~~Compiled Laws~~ 1964 PA 170, MCL 691.1407. An authorizing body
24 and its board members, officers, and employees are immune from
25 civil liability, both personally and professionally, for any acts
26 or omissions in authorizing **or oversight of** a public school
27 academy if the authorizing body or the person acted or reasonably

1 believed he or she acted within the authorizing body's or the
2 person's scope of authority.

3 **(6) —(8)—** A public school academy is exempt from all taxation
4 on its earnings and property. Instruments of conveyance to or
5 from a public school academy are exempt from all taxation
6 including taxes imposed by ~~Act No. 134 of the Public Acts of~~
7 ~~1966, being sections 207.501 to 207.513 of the Michigan Compiled~~
8 ~~Laws—~~ **1966 PA 134, MCL 207.501 to 207.513.** A public school
9 academy may not levy ad valorem property taxes or any other tax
10 for any purpose. However, operation of 1 or more public school
11 academies by a school district or intermediate school district
12 does not affect the ability of the school district or
13 intermediate school district to levy ad valorem property taxes or
14 any other tax.

15 **(7) —(9)—** A public school academy may acquire by purchase,
16 gift, devise, lease, sublease, installment purchase agreement,
17 land contract, option, or by any other means, hold and own in its
18 own name buildings and other property for school purposes, and
19 interests therein, and other real and personal property,
20 including, but not limited to, interests in property subject to
21 mortgages, security interests, or other liens, necessary or
22 convenient to fulfill its purposes. For the purposes of
23 condemnation, a public school academy may proceed under the
24 uniform condemnation procedures act, ~~Act No. 87 of the Public~~
25 ~~Acts of 1980, being sections 213.51 to 213.77 of the Michigan~~
26 ~~Compiled Laws—~~ **1980 PA 87, MCL 213.51 to 213.75,** excluding
27 sections 6 to 9 of that act, ~~being sections 213.56 to 213.59 of~~

1 ~~the Michigan Compiled Laws~~ MCL 213.56 to 213.59, or other
2 applicable statutes, but only with the express, written
3 permission of the authorizing body in each instance of
4 condemnation and only after just compensation has been determined
5 and paid.

6 Sec. 503b. (1) If a public school academy is no longer
7 authorized to operate as a public school academy under this part,
8 title to all real and personal property, interests in real or
9 personal property, and other assets owned by the public school
10 academy shall revert to this state. Any money included in those
11 assets and the net proceeds from the sale of the property or
12 interests in property, after payment of any debt secured by the
13 property or interest in property or any other lawful debt, shall
14 be deposited in the state school aid fund.

15 (2) An agreement, mortgage, loan, or other instrument of
16 indebtedness entered into by a public school academy and a third
17 party does not constitute an obligation, either general, special,
18 or moral, of this state or an authorizing body. The full faith
19 and credit or the taxing power of this state or any agency of
20 this state, or the full faith and credit of an authorizing body,
21 may not be pledged for the payment of any public school academy
22 bond, note, agreement, mortgage, loan, or other instrument of
23 indebtedness.

24 (3) This part does not impose any liability on this state or
25 on an authorizing body for any debt incurred by a public school
26 academy.

27 Sec. 504. (1) A public school academy may be located in all

1 or part of an existing public school building. A public school
2 academy shall not operate at a site other than the single site
3 requested for the configuration of grades that will use the site,
4 as specified in ~~the application required under section 502 and~~
5 ~~in~~ the contract.

6 (2) A public school academy shall not charge tuition. ~~and~~
7 **Except as otherwise provided in this section, a public school**
8 **academy** shall not discriminate in its pupil admissions policies
9 or practices on the basis of intellectual or athletic ability,
10 measures of achievement or aptitude, status as a handicapped
11 person, or any other basis that would be illegal if used by a
12 school district. However, a public school academy may limit
13 admission to pupils who are within a particular range of age or
14 grade level or on any other basis that would be legal if used by
15 a school district **and may give enrollment priority as provided in**
16 **subsection (4).**

17 (3) Except for a foreign exchange student who is not a United
18 States citizen, a public school academy shall not enroll a pupil
19 who is not a resident of this state. Enrollment in the public
20 school academy may be open to all individuals who reside in this
21 state who meet the admission policy and shall be open to all
22 pupils who reside within the geographic boundaries, if any, of
23 the authorizing body as described in section 502(2)(a) to (c) who
24 meet the admission policy, except that admission to a public
25 school academy authorized by the board of a community college to
26 operate, or operated by the board of a community college, on the
27 grounds of a federal military installation, as described in

1 section 502(2)(c), shall be open to all pupils who reside in the
 2 county in which the federal military installation is located.
 3 For a public school academy authorized by ~~a state public~~
 4 ~~university~~ **an institution of higher education with statewide**
 5 **jurisdiction**, enrollment shall be open to all pupils who reside
 6 in this state who meet the admission policy. ~~If~~ **Subject to**
 7 **subsection (4)**, if there are more applications to enroll in the
 8 public school academy than there are spaces available, pupils
 9 shall be selected to attend using a random selection process.
 10 ~~However, a public school academy may give enrollment priority to~~
 11 ~~a sibling of a pupil enrolled in the public school academy.~~ A
 12 public school academy shall allow any pupil who was enrolled in
 13 the public school academy in the immediately preceding school
 14 year to enroll in the public school academy in the appropriate
 15 grade unless the appropriate grade is not offered at that public
 16 school academy.

17 (4) A public school academy may give enrollment priority to 1
 18 or more of the following:

19 (a) A sibling of a pupil enrolled in the public school
 20 academy.

21 (b) A child of a person who is employed by or at the public
 22 school academy or who is on the board of directors of the public
 23 school academy. As used in this subdivision, "child" includes an
 24 adopted child or a legal ward.

25 (c) If the public school academy is a joint high school, as
 26 described in subsection (6), a pupil who attended and has
 27 completed the grade levels offered by 1 of the participating

1 public school academies.

2 (5) ~~(4) A~~ Subject to the terms of the contract authorizing
3 the public school academy, a public school academy may include
4 any grade up to grade 12 or any configuration of those grades,
5 including kindergarten and early childhood education, as
6 specified in its contract. If specified in its contract, a
7 public school academy may also operate an adult basic education
8 program, adult high school completion program, or general
9 education development testing preparation program. ~~The~~
10 Authorizing bodies are encouraged to issue contracts for public
11 school academies for students who have dropped out of school or
12 otherwise have failed to complete high school. An authorizing
13 body may approve amendment of a contract with respect to ages of
14 pupils or grades offered.

15 (6) If it is permitted under their contracts, 2 or more
16 public school academies may form a consortium or enter into a
17 cooperative arrangement for the purpose of establishing and
18 operating a joint high school. A copy of the consortium
19 agreement or cooperative agreement shall be incorporated into the
20 contract of each participating public school academy. A joint
21 high school may be established under this subsection without the
22 issuance of a new contract for the joint high school. This
23 subsection does not prohibit a public school academy that does
24 not currently operate grades 9 to 12, or any combination of those
25 grades, from offering some or all of those grades under an
26 existing contract with an authorizing body.

27 Sec. 504a. In addition to other powers set forth in this

1 part, a public school academy may take action to carry out the
2 purposes for which it was incorporated under this part,
3 including, but not limited to, all of the following:

4 (a) To sue and be sued in its name.

5 (b) ~~To~~ **Subject to section 503b, to** acquire, hold, and own
6 in its own name real and personal property, or interests in real
7 or personal property, for educational purposes by purchase, gift,
8 grant, devise, bequest, lease, sublease, installment purchase
9 agreement, land contract, option, or condemnation, and subject to
10 mortgages, security interests, or other liens; and to sell or
11 convey the property as the interests of the public school academy
12 require.

13 (c) To receive, ~~and~~ disburse, **and pledge** funds for lawful
14 purposes.

15 (d) To enter into binding legal agreements with persons or
16 entities as necessary for the operation, management, **financing,**
17 and maintenance of the public school academy.

18 (e) To incur temporary debt in accordance with section 1225.

19 (f) To solicit and accept any grants or gifts for educational
20 purposes and to establish or permit to be established on its
21 behalf 1 or more nonprofit corporations the purpose of which is
22 to assist the public school academy in the furtherance of its
23 public purposes.

24 (g) **To borrow money and issue bonds in accordance with**
25 **section 1351a, except that the borrowing of money and issuance of**
26 **bonds by a public school academy is not subject to section**
27 **1351a(4) or section 1351(2) to (4).**

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

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

6 (b) Within 10 days after issuing the contract, submit to the
7 department a copy of the contract and of the application for the
8 contract.

9 (c) Adopt a resolution establishing the method of selection,
10 length of term, and number of members of the board of each public
11 school academy it authorizes.

12 (d) Oversee the operations of each public school academy
13 operating under a contract issued by the authorizing body. The
14 oversight shall be sufficient to ensure that the authorizing body
15 can certify that the public school academy is in compliance with
16 statute, rules, and the terms of the contract. An authorizing
17 body may enter into an agreement with 1 or more other authorizing
18 bodies to oversee a public school academy operating under a
19 contract issued by the authorizing body.

20 (e) Develop and implement a process for holding a public
21 school academy board of directors accountable for meeting
22 applicable academic performance standards set forth in the
23 contract and for implementing corrective action for a public
24 school academy that does not meet those standards.

25 (f) Take necessary measures to ensure that a public school
26 academy board of directors operates independently of any
27 educational management company involved in the operation of the

1 public school academy.

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

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

8 (i) If the authorizing body is the governing board of an
9 institution of higher education with statewide jurisdiction that
10 is a federal tribally controlled community college, comply with
11 section 1475.

12 (2) ~~—(1)—~~ The authorizing body for a public school academy is
13 the fiscal agent for the public school academy. A state school
14 aid payment for a public school academy shall be paid to the
15 authorizing body that is the fiscal agent for that public school
16 academy, which shall then forward the payment to the public
17 school academy. ~~An authorizing body has the responsibility to~~
18 ~~oversee a public school academy's compliance with the contract~~
19 ~~and all applicable law.—~~ Within 30 days after a contract is
20 submitted to the department by an authorizing body under
21 subsection (1), the department shall issue a district code to the
22 public school academy for which the contract was issued. If the
23 department does not issue a district code within 30 days after a
24 contract is filed, the state treasurer shall assign a temporary
25 district code in order for the public school academy to receive
26 funding under the state school aid act of 1979.

27 (3) A contract issued under this part may be revoked by the

1 authorizing body that issued the contract if the authorizing body
2 determines that 1 or more of the following has occurred:

3 (a) Failure of the public school academy to abide by and meet
4 the educational goals set forth in the contract.

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

7 (c) Failure of the public school academy to meet generally
8 accepted public sector accounting principles.

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

11 **(4) —(2)—** The decision of an authorizing body to **issue,**
12 **reissue, or reconstitute a contract under this part, or to** revoke
13 a contract under this section, is solely within the discretion of
14 the authorizing body, is final, and is not subject to review by a
15 court or any state agency. An authorizing body that **does not**
16 **issue, reissue, or reconstitute a contract under this part, or**
17 **that** revokes a contract under this section, is not liable for
18 that action to the public school academy, public school academy
19 corporation, a pupil of the public school academy, the parent or
20 guardian of a pupil of the public school academy, or any other
21 person.

22 **(5) Before an authorizing body revokes a contract under**
23 **subsection (3), the authorizing body may consider and take**
24 **corrective measures to avoid revocation. If it is appropriate**
25 **considering the overall circumstances, an authorizing body may**
26 **reconstitute the public school academy to improve student**
27 **educational performance or to avoid interruption of the**

1 educational process. An authorizing body may include a
2 reconstituting provision in the contract that identifies these
3 corrective measures, including, but not limited to, appointing a
4 new board of directors or a trustee to take over operation of the
5 public school academy.

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

20 Sec. 1320. (1) Beginning with contracts described in this
21 section that are entered into after the effective date of this
22 section, if the governing board of a public school enters into a
23 contract with an educational management company to carry out the
24 operations of a public school under this act, the governing board
25 shall ensure all of the following:

26 (a) That the governing board has conducted sufficient due
27 diligence to conclude that the educational management company has

1 sufficient educational expertise and management experience to
2 provide the agreed services.

3 (b) That the governing board will obtain independent legal
4 counsel in all negotiations with the educational management
5 company.

6 (c) If the governing board is the board of directors of a
7 public school academy, that, pursuant to the contract between the
8 board of directors and the educational management company, the
9 educational management company will provide to the board of
10 directors all financial and other information required to comply
11 with the requirements concerning reporting that are contained in
12 the contract between the board of directors and its authorizing
13 body under section 503.

14 (2) Beginning with contracts described in this section that
15 are entered into after the effective date of this section, if the
16 governing board of a public school enters into a contract with an
17 educational management company to carry out the operations of a
18 public school under this act, the contract between the governing
19 board and the educational management company shall contain at
20 least all of the following provisions:

21 (a) A provision requiring the educational management company
22 to provide to the governing board information regarding any
23 teachers, administrators, and support staff employed by the
24 educational management company and assigned to work at the public
25 school, including at least all of the following personal
26 information:

27 (i) Name.

1 (ii) Education, including highest degree attained.

2 (iii) Salary.

3 (iv) Copy of teaching certificate or other required permit or
4 credential, if required for the position.

5 (v) Description of relevant experience.

6 (vi) Employment record.

7 (b) A provision requiring the educational management company
8 to provide to the governing board information regarding the
9 business operations of the public school, including at least all
10 of the following:

11 (i) Financial records and information concerning the
12 operation of the school, including, but not limited to, budgets
13 and detailed records of funds received from this state and other
14 entities, expenditure of those funds, investment of those funds,
15 carryover, and contractual arrangements or agreements entered
16 into by the educational management company as an agent of the
17 governing board.

18 (ii) Financial records and information concerning leases to
19 which the governing board is a party, including, but not limited
20 to, leases for equipment, physical facility space, or
21 institutional and educational materials.

22 (iii) Financial records and information concerning mortgages
23 and loans to which the governing board is a party.

24 (c) If the governing board is the board of directors of a
25 public school academy, a provision requiring the educational
26 management company to make information available to the board of
27 directors concerning the operation and management of the public

1 school academy, including at least all of the information
2 necessary to comply with the requirements concerning reporting
3 that are contained in the contract between the board of directors
4 and its authorizing body under section 503.

5 (3) As used in this section:

6 (a) "Educational management company" means an entity that
7 enters into an agreement with the governing board of a public
8 school to provide comprehensive educational, administrative,
9 management, or instructional services or staff to the public
10 school.

11 (b) "Entity" means a partnership, nonprofit or business
12 corporation, labor organization, or any other association,
13 corporation, trust, or other legal entity.