

HOUSE BILL No. 4148

February 5, 2003, Introduced by Rep. Palmer and referred to the Committee on Education.

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:

HOUSE BILL No. 4148

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.

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

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

26 (d) "Contract" means the executive act taken by an
27 authorizing body that evidences the authorization of a public

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

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

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

13 **(g) ~~(f)~~ "State public university" means a university**
14 **described in section 4, 5, or 6 of article VIII of the state**
15 **constitution of 1963.**

16 Sec. 502. (1) A public school academy shall be organized
17 and administered under the direction of a board of directors in
18 accordance with this part and with bylaws adopted by the board of
19 directors. A public school academy corporation shall be
20 organized under the nonprofit corporation act, ~~Act No. 162 of~~
21 ~~the Public Acts of 1982, being sections 450.2101 to 450.3192 of~~
22 ~~the Michigan Compiled Laws~~ **1982 PA 162, MCL 450.2101 to**
23 **450.3192**, except that a public school academy corporation is not
24 required to comply with sections 170 to 177 of ~~Act No. 327 of~~
25 ~~the Public Acts of 1931, being sections 450.170 to 450.177 of the~~
26 ~~Michigan Compiled Laws~~ **1931 PA 327, MCL 450.170 to 450.177.** To
27 the extent disqualified under the state or federal constitution,

1 a public school academy shall not be organized by a church or
2 other religious organization and shall not have any
3 organizational or contractual affiliation with or constitute a
4 church or other religious organization.

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

8 (a) The board of a school district that operates grades K to
9 12. However, the board of a school district shall not issue a
10 contract for a public school academy to operate outside the
11 school district's boundaries, and a public school academy
12 authorized by the board of a school district shall not operate
13 outside that school district's boundaries.

14 (b) An intermediate school board. However, the board of an
15 intermediate school district shall not issue a contract for a
16 public school academy to operate outside the intermediate school
17 district's boundaries, and a public school academy authorized by
18 the board of an intermediate school district shall not operate
19 outside that intermediate school district's boundaries.

20 (c) The board of a community college. However, except as
21 otherwise provided in this subdivision, ~~the board of a community~~
22 ~~college shall not issue a contract for a public school academy to~~
23 ~~operate in a school district organized as a school district of~~
24 ~~the first class, a public school academy authorized by the board~~
25 ~~of a community college shall not operate in a school district~~
26 ~~organized as a school district of the first class,~~ the board of
27 a community college shall not issue a contract for a public

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

15 (d) The governing board of a state public university.
16 ~~However, the combined total number of contracts for public~~
17 ~~school academies issued by all state public universities shall~~
18 ~~not exceed 85 through 1996, and, after the initial evaluation~~
19 ~~under section 501a, shall not exceed 100 through 1997, 125~~
20 ~~through 1998, or 150 thereafter. Further, the total number of~~
21 ~~contracts issued by any 1 state public university shall not~~
22 ~~exceed 50 through 1996, and thereafter shall not exceed 50% of~~
23 ~~the maximum combined total number that may be issued under this~~
24 ~~subdivision.~~

25 (3) To obtain a contract to organize and operate 1 or more
26 public school academies, 1 or more persons or an entity may apply
27 to an authorizing body described in subsection (2). The

1 application shall include at least all of the following:

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

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

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

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

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

12 This language shall provide that the public school academy is
13 incorporated pursuant to this part and that the public school
14 academy corporation is a governmental entity **and political**
15 **subdivision of this state.**

16 (iii) The name of the authorizing body.

17 (iv) The proposed time when the articles of incorporation
18 will be effective.

19 (v) Other matters considered expedient to be in the articles
20 of incorporation.

21 (d) A copy of the proposed bylaws of the public school
22 academy.

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

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

26 (ii) A copy of the educational goals of the public school
27 academy and the curricula to be offered and methods of pupil

1 assessment to be used by the public school academy. To the
2 extent applicable, the progress of the pupils in the public
3 school academy shall be assessed using at least a Michigan
4 education assessment program (MEAP) test or an assessment
5 instrument developed under section 1279. ~~for a state-endorsed~~
6 ~~high school diploma.~~

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

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

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

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

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

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

27 (i) For a public school academy authorized by a school

1 district, an assurance that employees of the public school
 2 academy will be covered by the collective bargaining agreements
 3 that apply to other employees of the school district employed in
 4 similar classifications in schools that are not public school
 5 academies.

6 (j) For a contract issued by an intermediate school district
 7 after the effective date of this subdivision for a public school
 8 academy that is a conversion of an existing program of the
 9 intermediate school district, is a substantially similar program
 10 to an existing program of the intermediate school district, or is
 11 a program or class managed by the intermediate school district,
 12 an assurance that employees of the public school academy will be
 13 covered by the collective bargaining agreements that apply to
 14 other employees of the intermediate school district employed in
 15 similar classifications in schools or programs that are not
 16 public school academies.

17 (k) ~~-(j)-~~ A description of and address for the proposed
 18 physical plant in which the public school academy will be
 19 located.

20 ~~(4) An authorizing body shall oversee, or shall contract~~
 21 ~~with an intermediate school district, community college, or state~~
 22 ~~public university to oversee, each public school academy~~
 23 ~~operating under a contract issued by the authorizing body. The~~
 24 ~~oversight shall be sufficient to ensure that the authorizing body~~
 25 ~~can certify that the public school academy is in compliance with~~
 26 ~~statute, rules, and the terms of the contract.~~

27 (4) ~~-(5)-~~ If the ~~state board~~ **department** finds that an

1 authorizing body is not engaging in appropriate continuing
2 oversight of 1 or more public school academies operating under a
3 contract issued by the authorizing body, the ~~state board~~
4 **department** may suspend the power of the authorizing body to issue
5 new contracts to organize and operate public school academies. A
6 contract issued by the authorizing body during the suspension is
7 void. A contract issued by the authorizing body before the
8 suspension is not affected by the suspension.

9 (5) ~~(6)~~ An authorizing body shall not charge a fee, or
10 require reimbursement of expenses, for considering an application
11 for a contract, for issuing a contract, or for providing
12 oversight of a contract for a public school academy in an amount
13 that exceeds a combined total of 3% of the total state school aid
14 received by the public school academy in the school year in which
15 the fees or expenses are charged. **All of the following apply to**
16 **this fee:**

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

20 (b) **An authorizing body shall not use any portion of this fee**
21 **for any purpose other than considering applications and issuing**
22 **contracts under this part or for oversight of, technical**
23 **assistance to, and direct academic support to public school**
24 **academies.**

25 (c) An authorizing body may provide other services for a
26 public school academy and charge a fee for those services, but
27 shall not require such an arrangement as a condition to issuing

1 the contract authorizing the public school academy.

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

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) For a contract issued by an intermediate school board**
8 **after the effective date of this subdivision for a public school**
9 **academy that is a conversion of an existing program of the**
10 **intermediate school district, is a substantially similar program**
11 **to an existing program of the intermediate school district, or is**
12 **a program or class managed by the intermediate school district,**
13 **an assurance that employees of the public school academy will be**
14 **covered by the collective bargaining agreements that apply to**
15 **other employees of the intermediate school district employed in**
16 **similar classifications in schools or programs that are not**
17 **public school academies.**

18 **(g) ~~(f)~~** Procedures for revoking the contract and grounds
19 for revoking the contract, including at least the grounds listed
20 in section 507.

21 **(h) ~~(g)~~** A description of and address for the proposed
22 physical plant in which the public school academy will be
23 located.

24 **(i) ~~(h)~~** Requirements and procedures for financial audits.
25 The financial audits shall be conducted at least annually by a
26 certified public accountant in accordance with generally accepted
27 governmental auditing principles.

1 (j) A requirement that the board of directors shall ensure
2 compliance with the requirements of 1968 PA 317, MCL 15.321 to
3 15.330, and with any other conflict of interest law generally
4 applicable to public bodies in this state.

5 (k) A requirement that, if the board of directors of the
6 public school academy enters into an agreement with an
7 educational management company for operation or management of the
8 public school academy, the agreement between the board of
9 directors and the educational management company must comply with
10 section 1320.

11 (l) A requirement that the authorizing body must review and
12 may disapprove any agreement between the board of directors and
13 an educational management company entered into under section 1320
14 before the agreement is final and valid. An authorizing body may
15 disapprove an agreement described in this subdivision only if the
16 agreement is contrary to the contract or applicable law.

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

20 (i) That the public school academy has made a reasonable
21 effort to advertise its enrollment openings in a newspaper of
22 general circulation in the intermediate school district in which
23 the public school academy is located.

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

27 (A) Reasonable efforts to advertise all enrollment openings

1 to organizations and media that regularly serve and advocate for
 2 individuals with disabilities within the boundaries of the
 3 intermediate school district in which the public school academy
 4 is located.

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

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

11 (n) A requirement that, if requested, the board of directors
 12 shall report to the authorizing body the total compensation for
 13 each individual employee of the public school academy.

14 (4) ~~(6)~~ A public school academy shall comply with all
 15 applicable law, including all of the following:

16 (a) The open meetings act, ~~Act No. 267 of the Public Acts of~~
 17 ~~1976, being sections 15.261 to 15.275 of the Michigan Compiled~~
 18 ~~Laws 1976 PA 267, MCL 15.261 to 15.275.~~

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

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

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

1 (e) Sections 1134, 1135, 1146, 1153, 1263(3), 1267, and
2 1274.

3 (5) ~~-(7)-~~ A public school academy and its incorporators,
4 board members, officers, employees, and volunteers have
5 governmental immunity as provided in section 7 of ~~Act No. 170 of~~
6 ~~the Public Acts of 1964, being section 691.1407 of the Michigan~~
7 ~~Compiled Laws~~ **1964 PA 170, MCL 691.1407**. An authorizing body
8 and its board members, officers, and employees are immune from
9 civil liability, both personally and professionally, for any acts
10 or omissions in authorizing **or oversight of** a public school
11 academy if the authorizing body or the person acted or reasonably
12 believed he or she acted within the authorizing body's or the
13 person's scope of authority.

14 (6) ~~-(8)-~~ A public school academy is exempt from all taxation
15 on its earnings and property. Instruments of conveyance to or
16 from a public school academy are exempt from all taxation
17 including taxes imposed by ~~Act No. 134 of the Public Acts of~~
18 ~~1966, being sections 207.501 to 207.513 of the Michigan Compiled~~
19 ~~Laws~~ **1966 PA 134, MCL 207.501 to 207.513**. A public school
20 academy may not levy ad valorem property taxes or any other tax
21 for any purpose. However, operation of 1 or more public school
22 academies by a school district or intermediate school district
23 does not affect the ability of the school district or
24 intermediate school district to levy ad valorem property taxes or
25 any other tax.

26 (7) ~~-(9)-~~ A public school academy may acquire by purchase,
27 gift, devise, lease, sublease, installment purchase agreement,

1 land contract, option, or by any other means, hold and own in its
2 own name buildings and other property for school purposes, and
3 interests therein, and other real and personal property,
4 including, but not limited to, interests in property subject to
5 mortgages, security interests, or other liens, necessary or
6 convenient to fulfill its purposes. For the purposes of
7 condemnation, a public school academy may proceed under the
8 uniform condemnation procedures act, ~~Act No. 87 of the Public~~
9 ~~Acts of 1980, being sections 213.51 to 213.77 of the Michigan~~
10 ~~Compiled Laws 1980 PA 87, MCL 213.51 to 213.75~~, excluding
11 sections 6 to 9 of that act, ~~being sections 213.56 to 213.59 of~~
12 ~~the Michigan Compiled Laws MCL 213.56 to 213.59~~, or other
13 applicable statutes, but only with the express, written
14 permission of the authorizing body in each instance of
15 condemnation and only after just compensation has been determined
16 and paid.

17 **Sec. 503b. (1) If a public school academy is no longer**
18 **authorized to operate as a public school academy under this part,**
19 **title to all real and personal property, interests in real or**
20 **personal property, and other assets owned by the public school**
21 **academy shall revert to this state. Any money included in those**
22 **assets and the net proceeds from the sale of the property or**
23 **interests in property, after payment of any debt secured by the**
24 **property or interest in property, shall be deposited in the state**
25 **school aid fund.**

26 **(2) An agreement, mortgage, loan, or other instrument of**
27 **indebtedness entered into by a public school academy and a third**

1 party does not constitute an obligation, either general, special,
2 or moral, of this state or an authorizing body. The full faith
3 and credit or the taxing power of this state or any agency of
4 this state, or the full faith and credit of an authorizing body,
5 may not be pledged for the payment of any public school academy
6 bond, note, agreement, mortgage, loan, or other instrument of
7 indebtedness.

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

11 Sec. 504. (1) A public school academy may be located in all
12 or part of an existing public school building. A public school
13 academy shall not operate at a site other than the single site
14 requested for the configuration of grades that will use the site,
15 as specified in the application required under section 502 and in
16 the contract.

17 (2) A public school academy shall not charge tuition. ~~and~~
18 **Except as otherwise provided in this section, a public school**
19 **academy** shall not discriminate in its pupil admissions policies
20 or practices on the basis of intellectual or athletic ability,
21 measures of achievement or aptitude, status as a handicapped
22 person, or any other basis that would be illegal if used by a
23 school district. However, a public school academy may limit
24 admission to pupils who are within a particular range of age or
25 grade level or on any other basis that would be legal if used by
26 a school district **and may give enrollment priority as provided in**
27 **subsection (4).**

1 (3) Except for a foreign exchange student who is not a United
2 States citizen, a public school academy shall not enroll a pupil
3 who is not a resident of this state. Enrollment in the public
4 school academy may be open to all individuals who reside in this
5 state who meet the admission policy and shall be open to all
6 pupils who reside within the geographic boundaries, if any, of
7 the authorizing body as described in section 502(2)(a) to (c) who
8 meet the admission policy, except that admission to a public
9 school academy authorized by the board of a community college to
10 operate, or operated by the board of a community college, on the
11 grounds of a federal military installation, as described in
12 section 502(2)(c), shall be open to all pupils who reside in the
13 county in which the federal military installation is located.
14 For a public school academy authorized by a state public
15 university, enrollment shall be open to all pupils who reside in
16 this state who meet the admission policy. ~~If~~ **Subject to**
17 **subsection (4), if** there are more applications to enroll in the
18 public school academy than there are spaces available, pupils
19 shall be selected to attend using a random selection process.
20 ~~However, a public school academy may give enrollment priority to~~
21 ~~a sibling of a pupil enrolled in the public school academy.~~ A
22 public school academy shall allow any pupil who was enrolled in
23 the public school academy in the immediately preceding school
24 year to enroll in the public school academy in the appropriate
25 grade unless the appropriate grade is not offered at that public
26 school academy.

27 **(4) A public school academy may give enrollment priority to 1**

1 or more of the following:

2 (a) A sibling of a pupil enrolled in the public school
3 academy.

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

8 (c) If the public school academy is a high school created
9 pursuant to a joint application by 2 or more other public school
10 academies, as described in subsection (6), a pupil who attended
11 and has completed the grade levels offered by 1 of those other
12 public school academies.

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

26 (6) Two or more public school academies that do not operate
27 grades 9 to 12 may jointly apply for a contract to establish and

1 operate a public school academy for some or all of grades 9 to
2 12. This subsection does not prohibit a public school academy
3 that does not currently operate grades 9 to 12, or any
4 combination of those grades, from offering some or all of those
5 grades under an existing contract with an authorizing body.

6 Sec. 504a. In addition to other powers set forth in this
7 part, a public school academy may take action to carry out the
8 purposes for which it was incorporated under this part,
9 including, but not limited to, all of the following:

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

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

19 (c) To receive and disburse funds for lawful purposes.

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

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

24 (f) To solicit and accept any grants or gifts for educational
25 purposes and to establish or permit to be established on its
26 behalf 1 or more nonprofit corporations the purpose of which is
27 to assist the public school academy in the furtherance of its

1 public purposes.

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

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

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

11 (b) Within 10 days after issuing the contract, submit to the
12 department a copy of the contract and of the application for the
13 contract.

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

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

25 (e) Develop and implement a process for holding a public
26 school academy board of directors accountable for meeting
27 applicable academic performance standards set forth in the

1 contract and for implementing corrective action for a public
2 school academy that does not meet those standards.

3 (f) Take necessary measures to ensure that a public school
4 academy board of directors operates independently of any
5 educational management company involved in the operation of the
6 public school academy.

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

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

13 (2) ~~(1)~~ The authorizing body for a public school academy is
14 the fiscal agent for the public school academy. A state school
15 aid payment for a public school academy shall be paid to the
16 authorizing body that is the fiscal agent for that public school
17 academy, which shall then forward the payment to the public
18 school academy. ~~An authorizing body has the responsibility to~~
19 ~~oversee a public school academy's compliance with the contract~~
20 ~~and all applicable law.~~

21 (3) A contract issued under this part may be revoked by the
22 authorizing body that issued the contract if the authorizing body
23 determines that 1 or more of the following has occurred:

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

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

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

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

5 **(4) ~~-(2)-~~** The decision of an authorizing body to **issue,**
6 **reissue, or reconstitute a contract under this part, or to** revoke
7 a contract under this section, is solely within the discretion of
8 the authorizing body, is final, and is not subject to review by a
9 court or any state agency. An authorizing body that **does not**
10 **issue, reissue, or reconstitute a contract under this part, or**
11 **that** revokes a contract under this section, is not liable for
12 that action to the public school academy, public school academy
13 corporation, a pupil of the public school academy, the parent or
14 guardian of a pupil of the public school academy, or any other
15 person.

16 **(5) Before an authorizing body revokes a contract under**
17 **subsection (3), the authorizing body may consider and take**
18 **corrective measures to avoid revocation. If it is appropriate**
19 **considering the overall circumstances, an authorizing body may**
20 **reconstitute the public school academy to improve student**
21 **educational performance or to avoid interruption of the**
22 **educational process. An authorizing body may include a**
23 **reconstituting provision in the contract that identifies these**
24 **corrective measures, including, but not limited to, appointing a**
25 **new board of directors or a trustee to take over operation of the**
26 **public school academy.**

27 **(6) If an authorizing body revokes a contract under**

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

14 Sec. 1320. (1) Beginning with contracts described in this
15 section that are entered into after the effective date of this
16 section, if the governing board of a public school enters into a
17 contract with an educational management company to carry out the
18 operations of a public school under this act, the governing board
19 shall ensure all of the following:

20 (a) That the governing board has conducted sufficient due
21 diligence to conclude that the educational management company has
22 sufficient educational expertise and management experience to
23 provide the agreed services.

24 (b) That the governing board will obtain independent legal
25 counsel in all negotiations with the educational management
26 company.

27 (c) If the governing board is the board of directors of a

1 public school academy, that, pursuant to the contract between the
2 board of directors and the educational management company, the
3 educational management company will provide to the board of
4 directors all financial and other information required to comply
5 with the requirements concerning reporting that are contained in
6 the contract between the board of directors and its authorizing
7 body under section 503.

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

15 (a) A provision requiring the educational management company
16 to provide to the governing board information regarding any
17 teachers, administrators, and support staff employed by the
18 educational management company to support the public school,
19 including at least all of the following personal information:

20 (i) Name.

21 (ii) Education, including highest degree attained.

22 (iii) Salary.

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

25 (v) Description of relevant experience.

26 (vi) Employment record.

27 (b) A provision requiring the educational management company

1 to provide to the governing board information regarding the
2 business operations of the public school, including at least all
3 of the following:

4 (i) Financial records and information concerning the
5 operation of the school, including, but not limited to, budgets
6 and detailed records of funds received from this state and other
7 entities, expenditure of those funds, investment of those funds,
8 carryover, and contractual arrangements or agreements entered
9 into by the educational management company as an agent of the
10 governing board.

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

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

17 (c) If the governing board is the board of directors of a
18 public school academy, a provision requiring the educational
19 management company to make information available to the board of
20 directors concerning the operation and management of the public
21 school academy, including at least all of the information
22 necessary to comply with the requirements concerning reporting
23 that are contained in the contract between the board of directors
24 and its authorizing body under section 503.

25 (3) As used in this section:

26 (a) "Educational management company" means an entity that
27 enters into an agreement with the governing board of a public

1 school to provide comprehensive educational, administrative,
2 management, or instructional services or staff to the public
3 school.

4 (b) "Entity" means a partnership, nonprofit or business
5 corporation, labor organization, or any other association,
6 corporation, trust, or other legal entity.