

**HOUSE SUBSTITUTE FOR
SENATE BILL NO. 618**

(As amended December 14, 2011)

[A bill to amend 1976 PA 451, entitled "The revised school code," by amending sections 501, 502, 502a, 503, 504, 505, 507, 522, 523, 524, 528, 551, 552, 553, 553a, 556, 559, 561, and 1211 (MCL 380.501, 380.502, 380.502a, 380.503, 380.504, 380.505, 380.507, 380.522, 380.523, 380.524, 380.528, 380.551, 380.552, 380.553, 380.553a, 380.556, 380.559, 380.561, and 380.1211), section 501 as amended and section 528 as added by 2003 PA 179, sections 502, 503, 504, 507, 522, 523, and 524 as amended and sections 502a, 551, 552, 553, 553a, 556, 559, and 561 as added by 2009 PA 205, section 505 as amended by 1994 PA 416, and section 1211 as amended by 2010 PA 216, and by adding sections 503c, 523c, 553c, 1277b, and 1280e; and to repeal acts and parts of acts.]

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 501. (1) A public school academy is a public school under
2 section 2 of article VIII of the state constitution of 1963, is a
3 school district for the purposes of section 11 of article IX of the
4 state constitution of 1963 and for the purposes of section 1225 and
5 section 1351a, and is subject to the leadership and general
6 supervision of the state board over all public education under
7 section 3 of article VIII of the state constitution of 1963. A
8 public school academy is a body corporate and is a governmental
9 agency. The powers granted to a public school academy under this
10 part constitute the performance of essential public purposes and
11 governmental functions of this state.

12 (2) As used in this part:

13 (a) "Authorizing body" means any of the following that issues
14 a contract as provided in this part:

15 (i) The board of a school district that operates grades K to
16 12.

17 (ii) An intermediate school board.

18 (iii) The board of a community college.

19 (iv) The governing board of a state public university.

20 (v) **TWO OR MORE OF THE PUBLIC AGENCIES DESCRIBED IN**
21 **SUBPARAGRAPHS (i) TO (iv) EXERCISING POWER, PRIVILEGE, OR AUTHORITY**
22 **JOINTLY PURSUANT TO AN INTERLOCAL AGREEMENT UNDER THE URBAN**
23 **COOPERATION ACT OF 1967, 1967 (EX SESS) PA 7, MCL 124.501 TO**
24 **124.512.**

25 (b) "Certificated teacher" means an individual who holds a
26 valid teaching certificate issued by the superintendent of public
27 instruction under section 1531.

1 (c) "Community college" means a community college organized
2 under the community college act of 1966, 1966 PA 331, MCL 389.1 to
3 389.195, or a federal tribally controlled community college that is
4 recognized under the tribally controlled ~~community college~~ **COLLEGES**
5 **AND UNIVERSITIES** assistance act of 1978, ~~Public Law 95-471, 92~~
6 ~~Stat. 1325,~~ **25 USC 1801 TO 1852**, and is determined by the
7 department to meet the requirements for accreditation by a
8 recognized regional accrediting body.

9 (d) "Contract" means the executive act taken by an authorizing
10 body that evidences the authorization of a public school academy
11 and that establishes, subject to the constitutional powers of the
12 state board and applicable law, the written instrument executed by
13 an authorizing body conferring certain rights, franchises,
14 privileges, and obligations on a public school academy, as provided
15 by this part, and confirming the status of a public school academy
16 as a public school in this state.

17 (e) "Entity" means a partnership, nonprofit or business
18 corporation, labor organization, or any other association,
19 corporation, trust, or other legal entity.

20 (f) "State public university" means a state university
21 described in section 4, 5, or 6 of article VIII of the state
22 constitution of 1963.

23 Sec. 502. (1) A public school academy shall be organized and
24 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 organized
27 under the nonprofit corporation act, 1982 PA 162, MCL 450.2101 to

1 450.3192, except that a public school academy corporation is not
2 required to comply with sections 170 to 177 of 1931 PA 327, MCL
3 450.170 to 450.177. To the extent disqualified under the state or
4 federal constitution, a public school academy shall not be
5 organized by a church or other religious organization and shall not
6 have any organizational or contractual affiliation with or
7 constitute a church or other religious organization.

8 (2) Any of the following may act as an authorizing body to
9 issue a contract to organize and operate 1 or more public school
10 academies under this part:

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

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

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

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

17 [(d) The governing board of a state public university. However,
 18 the combined total number of contracts for public school academies
 19 issued by all state public universities shall not exceed 150.
 20 Further, the total number of contracts issued by any 1 state public
 21 university shall not exceed 50% of the maximum combined total
 22 number that may be issued under this subdivision. 300 THROUGH DECEMBER
 31, 2012 AND SHALL NOT EXCEED 500 THROUGH DECEMBER 31, 2014. AFTER
 DECEMBER 31, 2014, THERE IS NO LIMIT ON THE COMBINED TOTAL NUMBER OF
 CONTRACTS FOR PUBLIC SCHOOL ACADEMIES THAT MAY BE ISSUED BY ALL STATE
 PUBLIC UNIVERSITIES.]

23 (E) TWO OR MORE OF THE PUBLIC AGENCIES DESCRIBED IN
 24 SUBDIVISIONS (A) TO (D) EXERCISING POWER, PRIVILEGE, OR AUTHORITY
 25 JOINTLY PURSUANT TO AN INTERLOCAL AGREEMENT UNDER THE URBAN
 26 COOPERATION ACT OF 1967, 1967 (EX SESS) PA 7, MCL 124.501 TO
 27 124.512.

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

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

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

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

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

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

16 This language shall provide that the public school academy is
17 incorporated pursuant to this part and that the public school
18 academy corporation is a governmental entity.

19 (iii) The name of the authorizing body.

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

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

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

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

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

1 (ii) A copy of the educational goals of the public school
2 academy and the curricula to be offered and methods of pupil
3 assessment to be used by the public school academy. **THE EDUCATIONAL**
4 **GOALS SHALL INCLUDE DEMONSTRATED IMPROVED PUPIL ACADEMIC**
5 **ACHIEVEMENT FOR ALL GROUPS OF PUPILS.** To the extent applicable, the
6 progress of the pupils in the public school academy shall be
7 assessed using at least a Michigan education assessment program
8 (MEAP) test or the Michigan merit examination **UNDER SECTION 1279G,**
9 as applicable.

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

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

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

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

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

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

1 with federal law applicable to public bodies or school districts.
 2 ~~—— (i) For a public school academy authorized by a school~~
 3 ~~district, an assurance that employees of the public school academy~~
 4 ~~will be covered by the collective bargaining agreements that apply~~
 5 ~~to other employees of the school district employed in similar~~
 6 ~~classifications in schools that are not public school academies.~~

7 (I) ~~(j)~~ A description of and address for the proposed physical
 8 plant in which the public school academy will be located. **AN**
 9 **APPLICANT MAY REQUEST THE AUTHORIZING BODY TO ISSUE A CONTRACT**
 10 **ALLOWING THE PUBLIC SCHOOL ACADEMY BOARD OF DIRECTORS TO OPERATE**
 11 **THE SAME CONFIGURATION OF AGE OR GRADE LEVELS AT MORE THAN 1 SITE.**

12 (4) An authorizing body shall oversee, or shall contract with
 13 an intermediate school district, community college, or state public
 14 university to oversee, each public school academy operating under a
 15 contract issued by the authorizing body. ~~The oversight shall be~~
 16 ~~sufficient to ensure that the authorizing body can certify that the~~
 17 ~~public school academy is in compliance with statute, rules, and the~~
 18 ~~terms of the contract.~~ **THE AUTHORIZING BODY IS RESPONSIBLE FOR**
 19 **OVERSEEING COMPLIANCE BY THE BOARD OF DIRECTORS WITH THE CONTRACT**
 20 **AND ALL APPLICABLE LAW. THIS SUBSECTION DOES NOT RELIEVE ANY OTHER**
 21 **GOVERNMENT ENTITY OF ITS ENFORCEMENT OR SUPERVISORY RESPONSIBILITY.**

22 (5) If the superintendent of public instruction finds that an
 23 authorizing body is not engaging in appropriate continuing
 24 oversight of 1 or more public school academies operating under a
 25 contract issued by the authorizing body, the superintendent of
 26 public instruction may suspend the power of the authorizing body to
 27 issue new contracts to organize and operate public school

1 academies. A contract issued by the authorizing body during the
2 suspension is void. A contract issued by the authorizing body
3 before the suspension is not affected by the suspension.

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

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

17 (8) **AN AUTHORIZING BODY MAY ENTER INTO AN INTERGOVERNMENTAL**
18 **AGREEMENT WITH ANOTHER AUTHORIZING BODY TO ISSUE PUBLIC SCHOOL**
19 **ACADEMY CONTRACTS. AT A MINIMUM, THE AGREEMENT SHALL FURTHER THE**
20 **PURPOSES SET FORTH IN SECTION 501, DESCRIBE WHICH AUTHORIZING BODY**
21 **SHALL ISSUE THE CONTRACT, AND SET FORTH WHICH AUTHORIZING BODY WILL**
22 **BE RESPONSIBLE FOR MONITORING COMPLIANCE BY THE BOARD OF DIRECTORS**
23 **OF THE PUBLIC SCHOOL ACADEMY WITH THE CONTRACT AND ALL APPLICABLE**
24 **LAW.**

25 Sec. 502a. If a public school academy operating under this
26 part meets the requirements of part 6e, with the approval of its
27 authorizing body, the board of directors of the public school

1 academy may adopt a resolution choosing to convert the public
2 school academy to a school of excellence under part 6e. If a board
3 of directors of a public school academy that meets the requirements
4 of part 6e is issued a contract to operate as a school of
5 excellence under part 6e, all of the following apply:

6 (a) The public school academy shall cease to operate as a
7 public school academy under this part and shall operate as a school
8 of excellence under part 6e upon the issuance of the contract under
9 part 6e or at another time as determined by the authorizing body.

10 (b) The public school academy shall be considered to be a
11 school of excellence for all purposes upon the issuance of the
12 contract under part 6e or at another time as determined by the
13 authorizing body, but shall retain its corporate identity.

14 (c) The conversion of a public school academy to a school of
15 excellence operating under part 6e shall not impair any agreement,
16 mortgage, loan, bond, note or other instrument of indebtedness, or
17 any other agreement entered into by a public school academy while
18 it was operating under this part.

19 (d) The contract issued to the public school academy under
20 this part shall automatically terminate upon the issuance of a
21 contract under part 6e or at another time as determined by the
22 authorizing body.

23 (e) If the authorizing body of the public school academy is
24 the governing board of a state university, then all of the
25 following apply to issuance of a new contract for a public school
26 academy under this part after the conversion:

27 (i) For a period of 12 months after the contract is issued

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1 under part 6e, that authorizing body is the only authorizing body
 2 that may issue a new contract for a new public school academy to
 3 fill the availability under section ~~502(d)~~ **502(2)(D)** that is
 4 created by the conversion of the public school academy to a school
 5 of excellence.

6 (ii) If the board of directors of the public school academy
 7 that is issued a contract to fill the availability under section
 8 ~~502(d)~~ **502(2)(D)** that is created by the conversion chooses to enter
 9 into an agreement with an educational management organization to
 10 manage or operate the public school academy, the board of directors
 11 may give preference to an educational management organization that
 12 has previously operated a school that met the criteria described in
 13 section 552(4).

14 ~~—— (iii) At the time the contract is issued, the public school~~
 15 ~~academy shall not be located in a school district that has a~~
 16 ~~graduation rate of over 75.5%, on average, for the most recent 3~~
 17 ~~school years for which the data are available, as determined by the~~
 18 ~~department.~~

19 Sec. 503. [(1) An authorizing body is not required to issue a
 20 contract to any person or entity. **Public SUBJECT TO SUBSECTION (2),**
 21 **PUBLIC** school academy contracts shall be issued on a competitive basis.
 22 ~~taking into consideration the~~ **IN DECIDING WHETHER TO ISSUE A CONTRACT**
 23 **FOR A PROPOSED PUBLIC SCHOOL ACADEMY, AN AUTHORIZING BODY SHALL CONSIDER**
 24 **ALL OF THE FOLLOWING:**

25 (A) **THE** resources available for the proposed public school academy.
 26 ~~—the~~

27 (B) **THE** population to be served by the proposed public school

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 1 academy. ~~the~~

2 (C) **THE** educational goals to be achieved by the proposed public
 3 school academy. ~~and the~~

4 (D) **THE** applicant's track record, if any, in ~~operating~~ **ORGANIZING**
 5 public school academies or other public schools. ~~However, an~~

6 (E) **THE GRADUATION RATE OF A SCHOOL DISTRICT IN WHICH THE PROPOSED**
 7 **PUBLIC SCHOOL ACADEMY IS PROPOSED TO BE LOCATED.**

(F) **THE POPULATION OF A COUNTY IN WHICH THE PROPOSED PUBLIC SCHOOL**
ACADEMY IS PROPOSED TO BE LOCATED.

(G) **THE NUMBER OF SCHOOLS IN THE PROXIMITY OF A PROPOSED LOCATION**
OF THE PROPOSED PUBLIC SCHOOL ACADEMY THAT ARE ON THE LIST UNDER SECTION
1280C(1) OF THE PUBLIC SCHOOLS IN THIS STATE THAT THE DEPARTMENT HAS
DETERMINED TO BE AMONG THE LOWEST ACHIEVING 5% OF ALL PUBLIC SCHOOLS IN
THIS STATE.

(H) **THE NUMBER OF PUPILS ON WAITING LISTS OF PUBLIC SCHOOL**
ACADEMIES IN THE PROXIMITY OF A PROPOSED LOCATION OF THE PROPOSED PUBLIC
SCHOOL ACADEMY.

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

8 ~~(2)-(3)]~~ If a person or entity applies to the board of a school
 9 district for a contract to organize and operate 1 or more public
 10 school academies within the boundaries of the school district and
 11 the board does not issue the contract, the person or entity may
 12 petition the board to place the question of issuing the contract on
 13 the ballot to be decided by the school electors of the school
 14 district. The petition shall contain all of the information
 15 required to be in the contract application under section 502 and
 16 shall be signed by a number of school electors of the school
 17 district equal to at least ~~15%~~ **5%** of the total number of school
 18 electors of that school district. The petition shall be filed with
 19 the school district filing official. If the board receives a
 20 petition meeting the requirements of this subsection, the board

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21 shall have the question of issuing the contract placed on the
22 ballot at its next regular school election held at least 60 days
23 after receiving the petition. If a majority of the school electors
24 of the school district voting on the question vote to issue the
25 contract, the board shall issue the contract.

26 [~~(3)~~-(4)] Within 10 days after issuing a contract for a public
27 school academy, the authorizing body shall submit to the

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1 superintendent of public instruction a copy of the contract. ~~and of~~
2 ~~the application under section 502.~~

3 ~~[(4)–(5)]~~ An authorizing body shall adopt a resolution establishing
4 the method of selection, length of term, and number of members of
5 the board of directors of each public school academy subject to its
6 jurisdiction. **THE RESOLUTION SHALL BE WRITTEN OR AMENDED AS**
7 **NECESSARY TO INCLUDE A REQUIREMENT THAT EACH MEMBER OF THE BOARD OF**
8 **DIRECTORS MUST BE A CITIZEN OF THE UNITED STATES.**

9 ~~[(5)–(6)]~~ A contract issued to organize and administer a public
10 school academy shall contain at least all of the following:

11 (a) The educational goals the public school academy is to
12 achieve and the methods by which it will be held accountable. **THE**
13 **EDUCATIONAL GOALS SHALL INCLUDE DEMONSTRATED IMPROVED PUPIL**
14 **ACADEMIC ACHIEVEMENT FOR ALL GROUPS OF PUPILS.** To the extent
15 applicable, the pupil performance of a public school academy shall
16 be assessed using at least a Michigan education assessment program
17 (MEAP) test or the Michigan merit examination **UNDER SECTION 1279G,**
18 as applicable.

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

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

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

26 ~~—(e) For a public school academy authorized by a school~~
27 ~~district, an agreement that employees of the public school academy~~

1 ~~will be covered by the collective bargaining agreements that apply~~
2 ~~to employees of the school district employed in similar~~
3 ~~classifications in schools that are not public school academies.~~

4 (E) ~~(f)~~ Procedures for revoking the contract and grounds for
5 revoking the contract, including at least the grounds listed in
6 section 507.

7 (F) ~~(g)~~ A description of and address for the proposed physical
8 plant in which the public school academy will be located. ~~At the~~
9 ~~time the contract is issued for a public school academy under~~
10 ~~section 502a, the public school academy shall not be located in a~~
11 ~~school district that has a graduation rate of over 75.5%, on~~
12 ~~average, for the most recent 3 school years for which the data are~~
13 ~~available, as determined by the department.~~ **AN AUTHORIZING BODY MAY**
14 **INCLUDE A PROVISION IN THE CONTRACT ALLOWING THE BOARD OF DIRECTORS**
15 **OF THE PUBLIC SCHOOL ACADEMY TO OPERATE THE SAME CONFIGURATION OF**
16 **AGE OR GRADE LEVELS AT MORE THAN 1 SITE IF EACH CONFIGURATION OF**
17 **AGE OR GRADE LEVELS AND EACH SITE IDENTIFIED IN THE CONTRACT ARE**
18 **UNDER THE DIRECTION AND CONTROL OF THE BOARD OF DIRECTORS.**

19 (G) ~~(h)~~ Requirements and procedures for financial audits. The
20 financial audits shall be conducted at least annually by a
21 certified public accountant in accordance with generally accepted
22 governmental auditing principles.

23 (H) ~~(i)~~ The term of the contract and a description of the
24 process and standards for renewal of the contract at the end of the
25 term. The standards for renewal shall include ~~student growth~~
26 **INCREASES IN ACADEMIC ACHIEVEMENT FOR ALL GROUPS OF PUPILS** as
27 measured by assessments and other objective criteria as a

1 ~~significant~~ THE MOST IMPORTANT factor in the decision of whether or
2 not to renew the contract.

3 (I) A CERTIFICATION, SIGNED BY AN AUTHORIZED MEMBER OF THE
4 BOARD OF DIRECTORS OF THE PUBLIC SCHOOL ACADEMY, THAT THE PUBLIC
5 SCHOOL ACADEMY WILL COMPLY WITH THE CONTRACT AND ALL APPLICABLE
6 LAW.

7 (J) A REQUIREMENT THAT THE BOARD OF DIRECTORS OF THE PUBLIC
8 SCHOOL ACADEMY SHALL ENSURE COMPLIANCE WITH THE REQUIREMENTS OF
9 1968 PA 317, MCL 15.321 TO 15.330.

10 (K) A REQUIREMENT THAT THE BOARD OF DIRECTORS OF THE PUBLIC
11 SCHOOL ACADEMY SHALL PROHIBIT SPECIFICALLY IDENTIFIED FAMILY
12 RELATIONSHIPS BETWEEN MEMBERS OF THE BOARD OF DIRECTORS,
13 INDIVIDUALS WHO HAVE AN OWNERSHIP INTEREST IN OR WHO ARE OFFICERS
14 OR EMPLOYEES OF AN EDUCATIONAL MANAGEMENT ORGANIZATION INVOLVED IN
15 THE OPERATION OF THE PUBLIC SCHOOL ACADEMY, AND EMPLOYEES OF THE
16 PUBLIC SCHOOL ACADEMY. THE CONTRACT SHALL IDENTIFY THE SPECIFIC
17 PROHIBITED RELATIONSHIPS CONSISTENT WITH APPLICABLE LAW.

18 (L) A REQUIREMENT THAT THE BOARD OF DIRECTORS OF THE PUBLIC
19 SCHOOL ACADEMY SHALL MAKE INFORMATION CONCERNING ITS OPERATION AND
20 MANAGEMENT AVAILABLE TO THE PUBLIC AND TO THE AUTHORIZING BODY IN
21 THE SAME MANNER AS IS REQUIRED BY STATE LAW FOR SCHOOL DISTRICTS.

22 (M) A REQUIREMENT THAT THE BOARD OF DIRECTORS OF THE PUBLIC
23 SCHOOL ACADEMY SHALL COLLECT, MAINTAIN, AND MAKE AVAILABLE TO THE
24 PUBLIC AND THE AUTHORIZING BODY, IN ACCORDANCE WITH APPLICABLE LAW
25 AND THE CONTRACT, AT LEAST ALL OF THE FOLLOWING INFORMATION
26 CONCERNING THE OPERATION AND MANAGEMENT OF THE PUBLIC SCHOOL
27 ACADEMY:

1 (i) A COPY OF THE CONTRACT ISSUED BY THE AUTHORIZING BODY FOR
2 THE PUBLIC SCHOOL ACADEMY.

3 (ii) A LIST OF CURRENTLY SERVING MEMBERS OF THE BOARD OF
4 DIRECTORS OF THE PUBLIC SCHOOL ACADEMY, INCLUDING NAME, ADDRESS,
5 AND TERM OF OFFICE; COPIES OF POLICIES APPROVED BY THE BOARD OF
6 DIRECTORS; BOARD MEETING AGENDAS AND MINUTES; A COPY OF THE BUDGET
7 APPROVED BY THE BOARD OF DIRECTORS AND OF ANY AMENDMENTS TO THE
8 BUDGET; AND COPIES OF BILLS PAID FOR AMOUNTS OF \$10,000.00 OR MORE
9 AS THEY WERE SUBMITTED TO THE BOARD OF DIRECTORS.

10 (iii) QUARTERLY FINANCIAL REPORTS SUBMITTED TO THE AUTHORIZING
11 BODY.

12 (iv) A CURRENT LIST OF TEACHERS AND SCHOOL ADMINISTRATORS
13 WORKING AT THE PUBLIC SCHOOL ACADEMY THAT INCLUDES THEIR INDIVIDUAL
14 SALARIES AS SUBMITTED TO THE REGISTRY OF EDUCATIONAL PERSONNEL;
15 COPIES OF THE TEACHING OR SCHOOL ADMINISTRATOR'S CERTIFICATES OR
16 PERMITS OF CURRENT TEACHING AND ADMINISTRATIVE STAFF; AND EVIDENCE
17 OF COMPLIANCE WITH THE CRIMINAL BACKGROUND AND RECORDS CHECKS AND
18 UNPROFESSIONAL CONDUCT CHECK REQUIRED UNDER SECTIONS 1230, 1230A,
19 AND 1230B FOR ALL TEACHERS AND ADMINISTRATORS WORKING AT THE PUBLIC
20 SCHOOL ACADEMY.

21 (v) CURRICULUM DOCUMENTS AND MATERIALS GIVEN TO THE
22 AUTHORIZING BODY.

23 (vi) PROOF OF INSURANCE AS REQUIRED BY THE CONTRACT.

24 (vii) COPIES OF FACILITY LEASES OR DEEDS, OR BOTH, AND OF ANY
25 EQUIPMENT LEASES.

26 (viii) COPIES OF ANY MANAGEMENT CONTRACTS OR SERVICES CONTRACTS
27 APPROVED BY THE BOARD OF DIRECTORS.

1 (ix) ALL HEALTH AND SAFETY REPORTS AND CERTIFICATES, INCLUDING
2 THOSE RELATING TO FIRE SAFETY, ENVIRONMENTAL MATTERS, ASBESTOS
3 INSPECTION, BOILER INSPECTION, AND FOOD SERVICE.

4 (x) ANY MANAGEMENT LETTERS ISSUED AS PART OF THE ANNUAL
5 FINANCIAL AUDIT UNDER SUBDIVISION (G).

6 (xi) ANY OTHER INFORMATION SPECIFICALLY REQUIRED UNDER THIS
7 ACT.

8 (N) A REQUIREMENT THAT THE AUTHORIZING BODY MUST REVIEW AND
9 MAY DISAPPROVE ANY AGREEMENT BETWEEN THE BOARD OF DIRECTORS OF THE
10 PUBLIC SCHOOL ACADEMY AND AN EDUCATIONAL MANAGEMENT ORGANIZATION
11 BEFORE THE AGREEMENT IS FINAL AND VALID. AN AUTHORIZING BODY MAY
12 DISAPPROVE AN AGREEMENT DESCRIBED IN THIS SUBDIVISION ONLY IF THE
13 AGREEMENT IS CONTRARY TO THE CONTRACT OR APPLICABLE LAW.

14 (O) A REQUIREMENT THAT THE BOARD OF DIRECTORS OF THE PUBLIC
15 SCHOOL ACADEMY SHALL DEMONSTRATE ALL OF THE FOLLOWING TO THE
16 SATISFACTION OF THE AUTHORIZING BODY WITH REGARD TO ITS PUPIL
17 ADMISSION PROCESS:

18 (i) THAT THE PUBLIC SCHOOL ACADEMY HAS MADE A REASONABLE EFFORT
19 TO ADVERTISE ITS ENROLLMENT OPENINGS.

20 (ii) THAT THE OPEN ENROLLMENT PERIOD FOR THE PUBLIC SCHOOL
21 ACADEMY IS FOR A DURATION OF AT LEAST 2 WEEKS AND THAT THE
22 ENROLLMENT TIMES INCLUDE SOME EVENING AND WEEKEND TIMES.

23 (P) A REQUIREMENT THAT THE BOARD OF DIRECTORS OF THE PUBLIC
24 SCHOOL ACADEMY SHALL PROHIBIT ANY INDIVIDUAL FROM BEING EMPLOYED BY
25 THE PUBLIC SCHOOL ACADEMY IN MORE THAN 1 FULL-TIME POSITION AND
26 SIMULTANEOUSLY BEING COMPENSATED AT A FULL-TIME RATE FOR EACH OF
27 THOSE POSITIONS.

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1 ~~[(6)-(7)]~~ A public school academy shall comply with all applicable
2 law, including all of the following:

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

4 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to
5 15.246.

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

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

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

9 **(F) LAWS CONCERNING PARTICIPATION IN STATE ASSESSMENTS, DATA**
10 **COLLECTION SYSTEMS, STATE LEVEL STUDENT GROWTH MODELS, STATE**
11 **ACCOUNTABILITY AND ACCREDITATION SYSTEMS, AND OTHER PUBLIC**
12 **COMPARATIVE DATA COLLECTION REQUIRED FOR PUBLIC SCHOOLS.**

13 ~~[(7)-(8)]~~ A public school academy and its incorporators, board
14 members, officers, employees, and volunteers have governmental
15 immunity as provided in section 7 of 1964 PA 170, MCL 691.1407. An
16 authorizing body and its board members, officers, and employees are
17 immune from civil liability, both personally and professionally,
18 for an act or omission in authorizing a public school academy if
19 the authorizing body or the person acted or reasonably believed he
20 or she acted within the authorizing body's or the person's scope of
21 authority.

22 ~~[(8)-(9)]~~ A public school academy is exempt from all taxation on
23 its
24 earnings and property. Instruments of conveyance to or from a
25 public school academy are exempt from all taxation including taxes
26 imposed by 1966 PA 134, MCL 207.501 to 207.513. **[UNLESS THE PROPERTY IS**
ALREADY FULLY EXEMPT FROM REAL AND PERSONAL PROPERTY TAXES UNDER THE
GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.1 TO 211.155,] PROPERTY
OCCUPIED

27 **BY A PUBLIC SCHOOL ACADEMY AND USED EXCLUSIVELY FOR EDUCATIONAL**
28 **PURPOSES IS EXEMPT FROM REAL AND PERSONAL PROPERTY TAXES LEVIED FOR**

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1 SCHOOL OPERATING PURPOSES UNDER SECTION 1211, TO THE EXTENT
2 EXEMPTED UNDER THAT SECTION, AND FROM REAL AND PERSONAL PROPERTY
3 TAXES LEVIED UNDER THE STATE EDUCATION TAX ACT, 1993 PA 331, MCL
4 211.901 TO 211.906. A public school academy may not levy ad valorem
5 property taxes or another tax for any purpose. However, operation
6 of 1 or more public school academies by a school district or
7 intermediate school district does not affect the ability of the
8 school district or intermediate school district to levy ad valorem
9 property taxes or another tax.

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

24 **[(11)] A MEMBER OF THE BOARD OF DIRECTORS OF A PUBLIC SCHOOL**
25 **ACADEMY IS A PUBLIC OFFICER AND SHALL, BEFORE ENTERING UPON THE**
26 **DUTIES OF THE OFFICE, TAKE THE CONSTITUTIONAL OATH OF OFFICE FOR**
27 **PUBLIC OFFICERS UNDER SECTION 1 OF ARTICLE XI OF THE STATE**

1 CONSTITUTION OF 1963.

2 SEC. 503C. (1) BEGINNING WITH MANAGEMENT AGREEMENTS DESCRIBED
3 IN THIS SECTION THAT ARE ENTERED INTO OR RENEWED AFTER THE
4 EFFECTIVE DATE OF THIS SECTION, IF THE BOARD OF DIRECTORS OF A
5 PUBLIC SCHOOL ACADEMY ENTERS INTO OR RENEWS A MANAGEMENT AGREEMENT
6 WITH AN EDUCATIONAL MANAGEMENT ORGANIZATION TO CARRY OUT THE
7 OPERATIONS OF THE PUBLIC SCHOOL ACADEMY, BOTH OF THE FOLLOWING
8 APPLY:

9 (A) THE MANAGEMENT AGREEMENT SHALL REQUIRE THE EDUCATIONAL
10 MANAGEMENT ORGANIZATION TO PROVIDE TO THE BOARD OF DIRECTORS AT
11 LEAST ANNUALLY ALL OF THE SAME INFORMATION THAT A SCHOOL DISTRICT
12 IS REQUIRED TO DISCLOSE UNDER SECTION 18(2) OF THE STATE SCHOOL AID
13 ACT OF 1979, MCL 388.1618, FOR THE MOST RECENT SCHOOL FISCAL YEAR
14 FOR WHICH THAT INFORMATION IS AVAILABLE.

15 (B) WITHIN 30 DAYS AFTER RECEIVING THE INFORMATION UNDER
16 SUBDIVISION (A), THE BOARD OF DIRECTORS SHALL MAKE ALL OF THE
17 INFORMATION IT RECEIVES UNDER SUBDIVISION (A) AVAILABLE THROUGH A
18 LINK ON THE PUBLIC SCHOOL ACADEMY'S WEBSITE HOMEPAGE, IN A FORM AND
19 MANNER PRESCRIBED BY THE DEPARTMENT.

20 (2) AS USED IN THIS SECTION:

21 (A) "EDUCATIONAL MANAGEMENT ORGANIZATION" MEANS AN ENTITY THAT
22 ENTERS INTO A MANAGEMENT AGREEMENT WITH A PUBLIC SCHOOL ACADEMY.

23 (B) "ENTITY" MEANS A PARTNERSHIP, NONPROFIT OR BUSINESS
24 CORPORATION, OR ANY OTHER ASSOCIATION, CORPORATION, TRUST, OR OTHER
25 LEGAL ENTITY.

26 (C) "MANAGEMENT AGREEMENT" MEANS AN AGREEMENT TO PROVIDE
27 COMPREHENSIVE EDUCATIONAL, ADMINISTRATIVE, MANAGEMENT, OR

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1 INSTRUCTIONAL SERVICES OR STAFF TO A PUBLIC SCHOOL ACADEMY.

2 (D) "SCHOOL FISCAL YEAR" MEANS THE PERIOD THAT BEGINS JULY 1
3 AND ENDS JUNE 30.

4 Sec. 504. [(1) A public school academy may be located in all or
5 part of an existing public school building. A public school academy
6 shall not operate at a site other than the ~~single-site~~ OR SITES
7 requested for the configuration of ~~grades~~ AGE OR GRADE LEVELS that will
8 use the site OR SITES, as specified in the ~~application required under~~
9 ~~section 502 and in the~~ contract. UNDER A CONTRACT, AN AUTHORIZING BODY
10 MAY PERMIT A PUBLIC SCHOOL ACADEMY TO OPERATE THE SAME CONFIGURATION OF
11 AGE OR GRADE LEVELS AT MORE THAN 1 SITE, AND A PUBLIC SCHOOL ACADEMY MAY
12 OPERATE THE SAME CONFIGURATION OF AGE OR GRADE LEVELS AT MORE THAN 1
13 SITE, AS LONG AS THE PUBLIC SCHOOL ACADEMY IS OPERATING IN COMPLIANCE
14 WITH ITS CONTRACT AND IS MAKING MEASURABLE PROGRESS TOWARD MEETING ITS
EDUCATIONAL GOALS. FOR A CONTRACT FOR A NEW PUBLIC SCHOOL ACADEMY, AN
AUTHORIZING BODY MAY PERMIT A PUBLIC SCHOOL ACADEMY TO OPERATE THE SAME
CONFIGURATION OF AGE OR GRADE LEVELS AT MORE THAN 1 SITE, AND A PUBLIC
SCHOOL ACADEMY MAY OPERATE THE SAME CONFIGURATION OF AGE OR GRADE LEVELS
AT MORE THAN 1 SITE, IF THE APPLICANT FOR THE PROPOSED PUBLIC SCHOOL
ACADEMY PRESENTS DOCUMENTATION TO THE AUTHORIZING BODY DEMONSTRATING
THAT THE APPLICANT'S PROPOSED EDUCATIONAL MODEL HAS RESULTED IN SCHOOLS
MAKING MEASURABLE PROGRESS TOWARD MEETING THEIR EDUCATIONAL GOALS.]

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

24 (3) Except for a foreign exchange student who is not a United
25 States citizen, a public school academy shall not enroll a pupil
26 who is not a resident of this state. ~~Enrollment~~ FOR A PUBLIC SCHOOL

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27 **ACADEMY AUTHORIZED BY A SCHOOL DISTRICT, INTERMEDIATE SCHOOL**

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

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

24 (a) A sibling of a pupil enrolled in the public school
25 academy.

26 (b) A pupil who transfers to the public school academy from
27 another public school ~~academy~~ pursuant to a matriculation agreement

1 between the public school ~~academies~~ **ACADEMY AND OTHER PUBLIC SCHOOL**
2 that provides for this enrollment priority, if all of the following
3 requirements are met:

4 (i) Each public school ~~academy~~ that enters into the
5 matriculation agreement remains a separate and independent public
6 school. ~~academy.~~

7 (ii) The public school academy that gives the enrollment
8 priority selects at least 5% of its pupils for enrollment using a
9 random selection process.

10 (iii) The matriculation agreement allows any pupil who was
11 enrolled at any time during elementary school in a public school
12 ~~academy~~ that is party to the matriculation agreement and who was
13 not expelled from the public school ~~academy~~ to enroll in the public
14 school academy giving enrollment priority under the matriculation
15 agreement.

16 **(C) A CHILD OF A PERSON WHO IS EMPLOYED BY OR AT THE PUBLIC**
17 **SCHOOL ACADEMY OR WHO IS ON THE BOARD OF DIRECTORS OF THE PUBLIC**
18 **SCHOOL ACADEMY. AS USED IN THIS SUBDIVISION, "CHILD" INCLUDES AN**
19 **ADOPTED CHILD OR A LEGAL WARD.**

20 (5) A public school academy may include any grade up to grade
21 12 or any configuration of those grades, including kindergarten and
22 early childhood education, as specified in its contract. If
23 specified in its contract, a public school academy may also operate
24 an adult basic education program, adult high school completion
25 program, or general education development testing preparation
26 program. The authorizing body may approve amendment of a contract
27 with respect to ages of pupils or grades offered.

1 Sec. 505. (1) Except as otherwise provided by law, a public
2 school academy shall use certificated teachers according to state
3 board rule.

4 (2) A public school academy ~~operated~~**AUTHORIZED** by a state
5 public university or community college may use noncertificated
6 individuals to teach as follows:

7 (a) If the public school academy is ~~operated~~**AUTHORIZED** by a
8 state public university, the public school academy may use as a
9 classroom teacher in any grade a faculty member who is employed
10 full-time by the state public university and who has been granted
11 institutional tenure, or has been designated as being on tenure
12 track, by the state public university.

13 (b) For a public school academy ~~operated~~**AUTHORIZED** by a
14 community college, the public school academy may use as a classroom
15 teacher a full-time member of the community college faculty who has
16 at least 5 years' experience at that community college in teaching
17 the subject matter that he or she is teaching at the public school
18 academy.

19 (c) In any other situation in which a school district is
20 permitted under this act to use noncertificated teachers.

21 (3) A public school academy may develop and implement new
22 teaching techniques or methods or significant revisions to known
23 teaching techniques or methods, and shall report those to the
24 authorizing body and state board to be made available to the
25 public. A public school academy may use any instructional technique
26 or delivery method that may be used by a school district.

27 Sec. 507. (1) ~~The authorizing body for a public school academy~~

1 ~~is the fiscal agent for the public school academy. A state school~~
2 ~~aid payment for a public school academy shall be paid to the~~
3 ~~authorizing body that is the fiscal agent for that public school~~
4 ~~academy, which shall then forward the payment to the public school~~
5 ~~academy. An authorizing body has the responsibility to oversee a~~
6 ~~public school academy's compliance with the contract and all~~
7 ~~applicable law. A contract issued under this part may be revoked by~~
8 ~~the authorizing body that issued the contract if the authorizing~~
9 ~~body determines that 1 or more of the following has occurred:~~

10 ~~—— (a) Failure of the public school academy to abide by and meet~~
11 ~~the educational goals set forth in the contract.~~

12 ~~—— (b) Failure of the public school academy to comply with all~~
13 ~~applicable law.~~

14 ~~—— (c) Failure of the public school academy to meet generally~~
15 ~~accepted public sector accounting principles.~~

16 ~~—— (d) The existence of 1 or more other grounds for revocation as~~
17 ~~specified in the contract.~~

18 ~~—— (2) Except for a public school academy that is an alternative~~
19 ~~school serving a special student population, if the superintendent~~
20 ~~of public instruction determines that a public school academy that~~
21 ~~has been operating for at least 4 years is among the lowest~~
22 ~~achieving 5% of all public schools in this state, as defined for~~
23 ~~the purposes of the federal incentive grant program created under~~
24 ~~sections 14005 and 14006 of title XIV of the American recovery and~~
25 ~~reinvestment act of 2009, Public Law 111-5, and is in year 2 of~~
26 ~~restructuring sanctions under the no child left behind act of 2001,~~
27 ~~Public Law 107-110, not to include the individualized education~~

1 ~~plan subgroup, the superintendent of public instruction shall~~
 2 ~~notify the public school academy's authorizing body. If an~~
 3 ~~authorizing body receives notice from the superintendent of public~~
 4 ~~instruction under this subsection, the authorizing body shall~~
 5 ~~revoke the public school academy's contract and the public school~~
 6 ~~academy shall be closed, effective at the end of the current school~~
 7 ~~year.~~

8 ~~—— (3) Except for a contract issued by a school district pursuant~~
 9 ~~to a vote by the school electors on a ballot question under section~~
 10 ~~503(2), the decision of an authorizing body to revoke a contract~~
 11 ~~under this section is solely within the discretion of the~~
 12 ~~authorizing body, is final, and is not subject to review by a court~~
 13 ~~or any state agency.~~

14 ~~—— (4) An authorizing body that revokes a contract under this~~
 15 ~~section is not liable for that action to the public school academy,~~
 16 ~~public school academy corporation, a pupil of the public school~~
 17 ~~academy, the parent or guardian of a pupil of the public school~~
 18 ~~academy, or any other person.~~

19 **AN AUTHORIZING BODY THAT ISSUES A**
 20 **CONTRACT FOR A PUBLIC SCHOOL ACADEMY UNDER THIS PART SHALL DO ALL**
 21 **OF THE FOLLOWING:**

22 **(A) ENSURE THAT THE CONTRACT AND THE APPLICATION FOR THE**
 23 **CONTRACT COMPLY WITH THE REQUIREMENTS OF THIS PART.**

24 **(B) WITHIN 10 DAYS AFTER ISSUING THE CONTRACT, SUBMIT TO THE**
 25 **DEPARTMENT A COPY OF THE CONTRACT.**

26 **(C) ESTABLISH THE METHOD OF SELECTION, LENGTH OF TERM, AND**
 27 **NUMBER OF MEMBERS OF THE BOARD OF DIRECTORS OF EACH PUBLIC SCHOOL**
ACADEMY THAT IT AUTHORIZES. THE AUTHORIZING BODY SHALL ENSURE THAT

1 THE BOARD OF DIRECTORS INCLUDES REPRESENTATION FROM THE LOCAL
2 COMMUNITY.

3 (D) OVERSEE EACH PUBLIC SCHOOL ACADEMY OPERATING UNDER A
4 CONTRACT ISSUED BY THE AUTHORIZING BODY. THE OVERSIGHT SHALL BE
5 SUFFICIENT TO ENSURE THAT THE BOARD OF DIRECTORS IS IN COMPLIANCE
6 WITH THE TERMS OF THE CONTRACT AND WITH APPLICABLE LAW.

7 (E) DEVELOP AND IMPLEMENT A PROCESS FOR HOLDING A PUBLIC
8 SCHOOL ACADEMY ACCOUNTABLE FOR MEETING APPLICABLE ACADEMIC
9 PERFORMANCE STANDARDS SET FORTH IN THE CONTRACT AND FOR
10 IMPLEMENTING CORRECTIVE ACTION FOR A PUBLIC SCHOOL ACADEMY THAT
11 DOES NOT MEET THOSE STANDARDS.

12 (F) TAKE NECESSARY MEASURES TO ENSURE THAT THE BOARD OF
13 DIRECTORS OF A PUBLIC SCHOOL ACADEMY OPERATES INDEPENDENTLY OF ANY
14 EDUCATIONAL MANAGEMENT COMPANY INVOLVED IN THE OPERATIONS OF THE
15 PUBLIC SCHOOL ACADEMY.

16 (G) OVERSEE AND ENSURE THAT THE PUPIL ADMISSION PROCESS USED
17 BY THE PUBLIC SCHOOL ACADEMY IS OPERATED IN A FAIR AND OPEN MANNER
18 AND IS IN COMPLIANCE WITH THE CONTRACT AND THIS PART.

19 (H) ENSURE THAT THE BOARD OF DIRECTORS OF THE PUBLIC SCHOOL
20 ACADEMY MAINTAINS AND RELEASES INFORMATION AS NECESSARY TO COMPLY
21 WITH APPLICABLE LAW.

22 (2) AN AUTHORIZING BODY MAY ENTER INTO AN AGREEMENT WITH 1 OR
23 MORE OTHER AUTHORIZING BODIES TO CARRY OUT ANY FUNCTION OF AN
24 AUTHORIZING BODY UNDER THIS ACT.

25 (3) THE AUTHORIZING BODY FOR A PUBLIC SCHOOL ACADEMY IS THE
26 FISCAL AGENT FOR THE PUBLIC SCHOOL ACADEMY. A STATE SCHOOL AID
27 PAYMENT FOR A PUBLIC SCHOOL ACADEMY SHALL BE PAID TO THE

1 AUTHORIZING BODY THAT IS THE FISCAL AGENT FOR THAT PUBLIC SCHOOL
2 ACADEMY, AND THE AUTHORIZING BODY SHALL THEN FORWARD THE PAYMENT TO
3 THE PUBLIC SCHOOL ACADEMY. WITHIN 30 DAYS AFTER A CONTRACT IS
4 SUBMITTED TO THE DEPARTMENT BY AN AUTHORIZING BODY UNDER SUBSECTION
5 (1), THE DEPARTMENT SHALL ISSUE A DISTRICT CODE TO THE PUBLIC
6 SCHOOL ACADEMY FOR WHICH THE CONTRACT WAS ISSUED. IF THE DEPARTMENT
7 DOES NOT ISSUE A DISTRICT CODE WITHIN 30 DAYS AFTER A CONTRACT IS
8 FILED, THE STATE TREASURER SHALL ASSIGN A TEMPORARY DISTRICT CODE
9 IN ORDER FOR THE PUBLIC SCHOOL ACADEMY TO RECEIVE FUNDING UNDER THE
10 STATE SCHOOL AID ACT OF 1979.

11 (4) A CONTRACT ISSUED UNDER THIS PART MAY BE REVOKED BY THE
12 AUTHORIZING BODY IF THE AUTHORIZING BODY DETERMINES THAT 1 OR MORE
13 OF THE FOLLOWING HAVE OCCURRED:

14 (A) FAILURE OF THE PUBLIC SCHOOL ACADEMY TO DEMONSTRATE
15 IMPROVED PUPIL ACADEMIC ACHIEVEMENT FOR ALL GROUPS OF PUPILS OR
16 MEET THE EDUCATIONAL GOALS SET FORTH IN THE CONTRACT.

17 (B) FAILURE OF THE PUBLIC SCHOOL ACADEMY TO COMPLY WITH ALL
18 APPLICABLE LAW.

19 (C) FAILURE OF THE PUBLIC SCHOOL ACADEMY TO MEET GENERALLY
20 ACCEPTED PUBLIC SECTOR ACCOUNTING PRINCIPLES AND DEMONSTRATE SOUND
21 FISCAL STEWARDSHIP.

22 (D) THE EXISTENCE OF 1 OR MORE OTHER GROUNDS FOR REVOCATION AS
23 SPECIFIED IN THE CONTRACT.

24 (5) EXCEPT FOR A PUBLIC SCHOOL ACADEMY THAT IS AN ALTERNATIVE
25 SCHOOL SERVING A SPECIAL STUDENT POPULATION, IF THE SUPERINTENDENT
26 OF PUBLIC INSTRUCTION DETERMINES THAT A PUBLIC SCHOOL ACADEMY SITE
27 THAT HAS BEEN OPERATING FOR AT LEAST 4 YEARS IS AMONG THE LOWEST

1 ACHIEVING 5% OF ALL PUBLIC SCHOOLS IN THIS STATE, AS DEFINED FOR
2 THE PURPOSES OF THE FEDERAL INCENTIVE GRANT PROGRAM CREATED UNDER
3 SECTIONS 14005 AND 14006 OF TITLE XIV OF THE AMERICAN RECOVERY AND
4 REINVESTMENT ACT OF 2009, PUBLIC LAW 111-5, IS IN YEAR 2 OF
5 RESTRUCTURING SANCTIONS UNDER THE NO CHILD LEFT BEHIND ACT OF 2001,
6 PUBLIC LAW 107-110, NOT TO INCLUDE THE INDIVIDUALIZED EDUCATION
7 PLAN SUBGROUP, AND IS NOT CURRENTLY UNDERGOING RECONSTITUTION UNDER
8 THIS SECTION, THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL NOTIFY
9 THE PUBLIC SCHOOL ACADEMY'S AUTHORIZING BODY. IF AN AUTHORIZING
10 BODY RECEIVES NOTICE FROM THE SUPERINTENDENT OF PUBLIC INSTRUCTION
11 UNDER THIS SUBSECTION, THE AUTHORIZING BODY SHALL AMEND THE PUBLIC
12 SCHOOL ACADEMY'S CONTRACT TO ELIMINATE THE PUBLIC SCHOOL ACADEMY'S
13 AUTHORITY TO OPERATE THE EXISTING AGE AND GRADE LEVELS AT THE SITE
14 AND THE PUBLIC SCHOOL ACADEMY SHALL CEASE OPERATING THE EXISTING
15 AGE AND GRADE LEVELS AT THE SITE, EFFECTIVE AT THE END OF THE
16 CURRENT SCHOOL YEAR. IF THE PUBLIC SCHOOL ACADEMY OPERATES AT ONLY
17 1 SITE, AND THE AUTHORIZING BODY RECEIVES NOTICE FROM THE
18 SUPERINTENDENT OF PUBLIC INSTRUCTION UNDER THIS SUBSECTION, THE
19 AUTHORIZING BODY SHALL REVOKE THE PUBLIC SCHOOL ACADEMY'S CONTRACT,
20 EFFECTIVE AT THE END OF THE CURRENT SCHOOL YEAR.

21 (6) THE DECISION OF AN AUTHORIZING BODY TO ISSUE, NOT ISSUE,
22 OR RECONSTITUTE A CONTRACT UNDER THIS PART, OR TO TERMINATE OR
23 REVOKE A CONTRACT UNDER THIS SECTION, IS SOLELY WITHIN THE
24 DISCRETION OF THE AUTHORIZING BODY, IS FINAL, AND IS NOT SUBJECT TO
25 REVIEW BY A COURT OR ANY STATE AGENCY. AN AUTHORIZING BODY THAT
26 ISSUES, DOES NOT ISSUE, OR RECONSTITUTES A CONTRACT UNDER THIS
27 PART, OR THAT TERMINATES OR REVOKES A CONTRACT UNDER THIS SECTION,

1 IS NOT LIABLE FOR THAT ACTION TO THE PUBLIC SCHOOL ACADEMY, THE
2 PUBLIC SCHOOL ACADEMY CORPORATION, A PUPIL OF THE PUBLIC SCHOOL
3 ACADEMY, THE PARENT OR GUARDIAN OF A PUPIL OF THE PUBLIC SCHOOL
4 ACADEMY, OR ANY OTHER PERSON.

5 (7) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (5), BEFORE AN
6 AUTHORIZING BODY REVOKES A CONTRACT, THE AUTHORIZING BODY MAY
7 CONSIDER AND TAKE CORRECTIVE MEASURES TO AVOID REVOCATION. AN
8 AUTHORIZING BODY MAY RECONSTITUTE THE PUBLIC SCHOOL ACADEMY IN A
9 FINAL ATTEMPT TO IMPROVE STUDENT EDUCATIONAL PERFORMANCE OR TO
10 AVOID INTERRUPTION OF THE EDUCATIONAL PROCESS. AN AUTHORIZING BODY
11 SHALL INCLUDE A RECONSTITUTING PROVISION IN THE CONTRACT THAT
12 IDENTIFIES THESE CORRECTIVE MEASURES, INCLUDING, BUT NOT LIMITED
13 TO, CANCELING A CONTRACT WITH AN EDUCATIONAL MANAGEMENT
14 ORGANIZATION, IF ANY, WITHDRAWING APPROVAL OF A CONTRACT UNDER
15 SECTION 506, OR APPOINTING A NEW BOARD OF DIRECTORS OR A TRUSTEE TO
16 TAKE OVER OPERATION OF THE PUBLIC SCHOOL ACADEMY.

17 (8) IF AN AUTHORIZING BODY REVOKES A CONTRACT, THE AUTHORIZING
18 BODY SHALL WORK WITH A SCHOOL DISTRICT OR ANOTHER PUBLIC SCHOOL, OR
19 WITH A COMBINATION OF THESE ENTITIES, TO ENSURE A SMOOTH TRANSITION
20 FOR THE AFFECTED PUPILS. IF THE REVOCATION OCCURS DURING THE SCHOOL
21 YEAR, THE AUTHORIZING BODY, AS THE FISCAL AGENT FOR THE PUBLIC
22 SCHOOL ACADEMY UNDER THIS PART, SHALL RETURN ANY SCHOOL AID FUNDS
23 HELD BY THE AUTHORIZING BODY THAT ARE ATTRIBUTABLE TO THE AFFECTED
24 PUPILS TO THE STATE TREASURER FOR DEPOSIT INTO THE STATE SCHOOL AID
25 FUND. THE STATE TREASURER SHALL DISTRIBUTE FUNDS TO THE PUBLIC
26 SCHOOL IN WHICH THE PUPILS ENROLL AFTER THE REVOCATION PURSUANT TO
27 A METHODOLOGY ESTABLISHED BY THE DEPARTMENT AND THE CENTER FOR

1 EDUCATIONAL PERFORMANCE AND INFORMATION.

2 (9) NOT MORE THAN 10 DAYS AFTER A PUBLIC SCHOOL ACADEMY'S
3 CONTRACT TERMINATES OR IS REVOKED, THE AUTHORIZING BODY SHALL
4 NOTIFY THE SUPERINTENDENT OF PUBLIC INSTRUCTION IN WRITING OF THE
5 NAME OF THE PUBLIC SCHOOL ACADEMY WHOSE CONTRACT HAS TERMINATED OR
6 BEEN REVOKED AND THE DATE OF CONTRACT TERMINATION OR REVOCATION.

7 Sec. 522. (1) An urban high school academy shall be organized
8 and administered under the direction of a board of directors in
9 accordance with this part and with bylaws adopted by the board of
10 directors. An urban high school academy corporation shall be
11 organized under the nonprofit corporation act, 1982 PA 162, MCL
12 450.2101 to 450.3192, except that an urban high school academy
13 corporation is not required to comply with sections 170 to 177 of
14 1931 PA 327, MCL 450.170 to 450.177. To the extent disqualified
15 under the state or federal constitution, an urban high school
16 academy shall not be organized by a church or other religious
17 organization and shall not have any organizational or contractual
18 affiliation with or constitute a church or other religious
19 organization.

20 (2) The governing board of a state public university may act
21 as an authorizing body to issue a contract for the organization and
22 operation of an urban high school academy under this part. ~~Subject~~
23 ~~to section 524(1), not more than 15 contracts may be issued under~~
24 ~~this part. A contract issued under this part shall be for an urban~~
25 ~~high school academy that will be located in a county with a~~
26 ~~population of at least 1,000,000. An urban high school academy~~
27 ~~authorized under this part shall not operate outside the boundaries~~

1 ~~of a county with a population of at least 1,000,000.~~

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

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

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

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

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

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

24 (ii) The purposes for the urban high school academy
25 corporation. This language shall provide that the urban high school
26 academy is incorporated pursuant to this part and that the urban
27 high school academy corporation is a governmental entity and

1 political subdivision of this state.

2 (iii) The name of the authorizing body.

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

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

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

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

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

12 (ii) A copy of the educational goals of the urban high school

13 academy and the curricula to be offered and methods of pupil

14 assessment to be used by the urban high school academy. **THE**

15 **EDUCATIONAL GOALS SHALL INCLUDE DEMONSTRATED IMPROVED PUPIL**

16 **ACADEMIC ACHIEVEMENT FOR ALL GROUPS OF PUPILS.** To the extent

17 applicable, the progress of the pupils in the urban high school

18 academy shall be assessed using at least a Michigan education

19 assessment program (MEAP) test or ~~an assessment instrument~~

20 ~~developed under section 1279.~~ **THE MICHIGAN MERIT EXAMINATION UNDER**

21 **SECTION 1279G, AS APPLICABLE.**

22 (iii) The admission policy and criteria to be maintained by the

23 urban high school academy. The admission policy and criteria shall

24 comply with section 524. This part of the application also shall

25 include a description of how the applicant will provide to the

26 general public adequate notice that an urban high school academy is

27 being created and adequate information on the admission policy,

1 criteria, and process.

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

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

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

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

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

17 (6) If the ~~state board~~ **SUPERINTENDENT OF PUBLIC INSTRUCTION**
18 finds that an authorizing body is not engaging in appropriate
19 continuing oversight of 1 or more urban high school academies
20 operating under a contract issued by the authorizing body, the
21 ~~state board by unanimous vote~~ **SUPERINTENDENT OF PUBLIC INSTRUCTION**
22 may suspend the power of the authorizing body to issue new
23 contracts to organize and operate urban high school academies. A
24 contract issued by the authorizing body during the suspension is
25 void. A contract issued by the authorizing body before the
26 suspension is not affected by the suspension.

27 (7) An authorizing body shall not charge a fee, or require

1 reimbursement of expenses, for considering an application for a
2 contract, for issuing a contract, or for providing oversight of a
3 contract for an urban high school academy in an amount that exceeds
4 a combined total of 3% of the total state school aid received by
5 the urban high school academy in the school year in which the fees
6 or expenses are charged. All of the following apply to this fee:

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

9 (i) Considering applications and issuing or administering
10 contracts.

11 (ii) Compliance monitoring and oversight of urban high school
12 academies.

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

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

16 (v) Academic support to urban high school academies or to
17 pupils or graduates of urban high school academies.

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

19 (vii) Training of teachers, including supervision of teacher
20 interns.

21 (viii) Other purposes that assist the urban high school
22 academies or traditional public schools in achieving improved
23 academic performance.

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

1 (8) An urban high school academy shall be presumed to be
2 legally organized if it has exercised the franchises and privileges
3 of an urban high school academy for at least 2 years.

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

16 (a) The proposed school will operate at least all of grades 9
17 through 12 within 3-5 years after beginning operation.

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

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

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

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

26 (2) A contract issued to organize and administer an urban high
27 school academy shall contain at least all of the following:

1 (a) The educational goals the urban high school academy is to
2 achieve and the methods by which it will be held accountable. **THE**
3 **EDUCATIONAL GOALS SHALL INCLUDE DEMONSTRATED IMPROVED PUPIL**
4 **ACADEMIC ACHIEVEMENT FOR ALL GROUPS OF PUPILS.** To the extent
5 applicable, the pupil performance of an urban high school academy
6 shall be assessed using at least a Michigan education assessment
7 program (MEAP) test or the Michigan merit examination developed
8 under section 1279g, as applicable.

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

12 (c) A description of the process for amending the contract
13 during the term of the contract. An authorizing body may approve
14 amendment of the contract with respect to any provision contained
15 in the contract.

16 (d) A certification, signed by an authorized member of the
17 urban high school academy board of directors, that the urban high
18 school academy will comply with the contract and all applicable
19 law.

20 (e) Procedures for revoking the contract and grounds for
21 revoking the contract.

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

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

1 (h) 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.

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

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

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

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

25 (ii) A list of currently serving members of the board of
26 directors of the urban high school academy, including name,
27 address, and term of office; copies of policies approved by the

1 board of directors; board meeting agendas and minutes; copy of the
2 budget approved by the board of directors and of any amendments to
3 the budget; and copies of bills paid for amounts of \$10,000.00 or
4 more as they were submitted to the board of directors.

5 (iii) Quarterly financial reports submitted to the authorizing
6 body.

7 (iv) A current list of teachers working at the urban high
8 school academy that includes their individual salaries **AS SUBMITTED**
9 **TO THE REGISTRY OF EDUCATIONAL PERSONNEL**; copies of the teaching
10 certificates or permits of current teaching staff; and evidence of
11 compliance with the criminal background and records checks and
12 unprofessional conduct check required under sections 1230, 1230a,
13 and 1230b for all teachers and administrators working at the urban
14 high school academy.

15 (v) Curriculum documents and materials given to the
16 authorizing body.

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

18 (vii) Copies of facility leases or deeds, or both, and of any
19 equipment leases.

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

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

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

27 (xi) Any other information specifically required under this

1 act.

2 (l) A requirement that the authorizing body must review and may
3 disapprove any agreement between the board of directors and an
4 educational management company before the agreement is final and
5 valid. An authorizing body may disapprove an agreement described in
6 this subdivision only if the agreement is contrary to the contract
7 or applicable law.

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

11 (i) That the urban high school academy has made a reasonable
12 effort to advertise its enrollment openings. ~~in a newspaper of
13 general circulation in the intermediate school district in which
14 the urban high school academy is located.~~

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

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

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

26 (iii) That the open enrollment period for the urban high school
27 academy is for a duration of at least 2 weeks and that the

1 enrollment times include some evening and weekend times.

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

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

9 (p) The term of the contract and a description of the process
10 and standards for renewal of the contract at the end of the term.
11 The standards for renewal shall include ~~student growth~~ **INCREASES IN**
12 **ACADEMIC ACHIEVEMENT FOR ALL GROUPS OF PUPILS** as measured by
13 assessments and other objective criteria as a ~~significant~~ **THE MOST**
14 **IMPORTANT** factor in the decision of whether or not to renew the
15 contract.

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

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

19 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to
20 15.246.

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

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

23 (e) 1978 PA 566, MCL 15.181 to 15.185.

24 (f) 1968 PA 317, MCL 15.321 to 15.330.

25 (g) The uniform budgeting and accounting act, 1968 PA 2, MCL
26 141.421 to 141.440a.

27 (h) The revised municipal finance act, 2001 PA 34, MCL

Senate Bill No. 618 (H-4) as amended December 14, 2011
 1 141.2101 to 141.2821.

2 (i) The federal no child left behind act of 2001, Public Law
 3 107-110, 115 Stat. 1425.

4 (j) Sections 1134, 1135, 1146, 1153, 1263(3), 1267, 1274, and
 5 1280.

6 (K) LAWS CONCERNING PARTICIPATION IN STATE ASSESSMENTS, DATA
 7 COLLECTION SYSTEMS, STATE LEVEL STUDENT GROWTH MODELS, STATE
 8 ACCOUNTABILITY AND ACCREDITATION SYSTEMS, AND OTHER PUBLIC
 9 COMPARATIVE DATA COLLECTION REQUIRED FOR PUBLIC SCHOOLS.

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

19 (5) An urban high school academy is exempt from all taxation
 20 on its earnings and property. **[UNLESS THE PROPERTY IS ALREADY FULLY
 EXEMPT FROM REAL AND PERSONAL PROPERTY TAXES UNDER THE GENERAL PROPERTY
 TAX ACT, 1893 PA 206, MCL 211.1 TO 211.155,] PROPERTY OCCUPIED BY AN
 URBAN HIGH**

21 **SCHOOL ACADEMY AND USED EXCLUSIVELY FOR EDUCATIONAL PURPOSES IS**
 22 **EXEMPT FROM REAL AND PERSONAL PROPERTY TAXES LEVIED FOR SCHOOL**
 23 **OPERATING PURPOSES UNDER SECTION 1211, TO THE EXTENT EXEMPTED UNDER**
 24 **THAT SECTION, AND FROM REAL AND PERSONAL PROPERTY TAXES LEVIED**
 25 **UNDER THE STATE EDUCATION TAX ACT, 1993 PA 331, MCL 211.901 TO**
 26 **211.906.** Instruments of conveyance to or from an urban high school
 27 academy are exempt from all taxation, including taxes imposed by

1 1966 PA 134, MCL 207.501 to 207.513. An urban high school academy
2 may not levy ad valorem property taxes or any other tax for any
3 purpose.

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

18 **SEC. 523C. (1) BEGINNING WITH MANAGEMENT AGREEMENTS DESCRIBED**
19 **IN THIS SECTION THAT ARE ENTERED INTO OR RENEWED AFTER THE**
20 **EFFECTIVE DATE OF THIS SECTION, IF THE BOARD OF DIRECTORS OF AN**
21 **URBAN HIGH SCHOOL ACADEMY ENTERS INTO OR RENEWS A MANAGEMENT**
22 **AGREEMENT WITH AN EDUCATIONAL MANAGEMENT ORGANIZATION TO CARRY OUT**
23 **THE OPERATIONS OF THE URBAN HIGH SCHOOL ACADEMY, BOTH OF THE**
24 **FOLLOWING APPLY:**

25 (A) THE MANAGEMENT AGREEMENT SHALL REQUIRE THE EDUCATIONAL
26 MANAGEMENT ORGANIZATION TO PROVIDE TO THE BOARD OF DIRECTORS AT
27 LEAST ANNUALLY ALL OF THE SAME INFORMATION THAT A SCHOOL DISTRICT

Senate Bill No. 618 (H-4) as amended December 14, 2011

1 IS REQUIRED TO DISCLOSE UNDER SECTION 18(2) OF THE STATE SCHOOL AID
2 ACT OF 1979, MCL 388.1618, FOR THE MOST RECENT SCHOOL FISCAL YEAR
3 FOR WHICH THAT INFORMATION IS AVAILABLE.

4 (B) WITHIN 30 DAYS AFTER RECEIVING THE INFORMATION UNDER
5 SUBDIVISION (A), THE BOARD OF DIRECTORS SHALL MAKE ALL OF THE
6 INFORMATION IT RECEIVES UNDER SUBDIVISION (A) AVAILABLE THROUGH A
7 LINK ON THE URBAN HIGH SCHOOL ACADEMY'S WEBSITE HOMEPAGE, IN A FORM
8 AND MANNER PRESCRIBED BY THE DEPARTMENT.

9 (2) AS USED IN THIS SECTION:

10 (A) "EDUCATIONAL MANAGEMENT ORGANIZATION" MEANS AN ENTITY THAT
11 ENTERS INTO A MANAGEMENT AGREEMENT WITH AN URBAN HIGH SCHOOL
12 ACADEMY.

13 (B) "ENTITY" MEANS A PARTNERSHIP, NONPROFIT OR BUSINESS
14 CORPORATION, OR ANY OTHER ASSOCIATION, CORPORATION, TRUST, OR OTHER
15 LEGAL ENTITY.

16 (C) "MANAGEMENT AGREEMENT" MEANS AN AGREEMENT TO PROVIDE
17 COMPREHENSIVE EDUCATIONAL, ADMINISTRATIVE, MANAGEMENT, OR
18 INSTRUCTIONAL SERVICES OR STAFF TO AN URBAN HIGH SCHOOL ACADEMY.

19 (D) "SCHOOL FISCAL YEAR" MEANS THE PERIOD THAT BEGINS JULY 1
20 AND ENDS JUNE 30.

21 Sec. 524. [(1) An urban high school academy may be located in
22 all or part of an existing public school building. ~~Except as~~
23 ~~otherwise provided in this subsection, an~~ AN urban high school academy
24 shall not operate at a site other than the ~~single-site~~ OR SITES,
25 requested for the configuration of ~~grades~~ AGE OR GRADE LEVELS that will
26 use the site OR SITES, as specified in the contract. ~~However, an~~
27 ~~authorizing body may include a provision in the contract allowing an~~

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~~1 urban high school academy to operate the same configuration of grades at
2 more than 1 site. If an urban high school academy operates the same
3 configuration of grades at more than 1 site, each of those sites shall be
4 considered to be operated under a separate contract, and the operation
5 shall be equivalent to the issuance of a contract, for the purposes of
6 the limitation in section 522(2) on the number of contracts that
7 may be issued under this part. For the purposes of this subsection,
8 if an urban high school academy operates classes at more than 1
9 location, the urban high school academy shall be considered to be
10 operating at a single site if all of the locations are within a 1-
11 mile radius of the urban high school academy's central
12 administrative office and if the total number of pupils enrolled in
13 any particular grade at all of the locations does not exceed 135.~~

**UNDER A CONTRACT, AN AUTHORIZING BODY MAY PERMIT AN URBAN HIGH SCHOOL
ACADEMY TO OPERATE THE SAME CONFIGURATION OF AGE OR GRADE LEVELS AT MORE
THAN 1 SITE, AND AN URBAN HIGH SCHOOL ACADEMY MAY OPERATE THE SAME
CONFIGURATION OF AGE OR GRADE LEVELS AT MORE THAN 1 SITE, AS LONG AS THE
URBAN HIGH SCHOOL ACADEMY IS OPERATING IN COMPLIANCE WITH ITS CONTRACT
AND IS MAKING MEASURABLE PROGRESS TOWARD MEETING ITS EDUCATIONAL GOALS.
FOR A CONTRACT FOR A NEW URBAN HIGH SCHOOL ACADEMY, AN AUTHORIZING BODY
MAY PERMIT AN URBAN HIGH SCHOOL ACADEMY TO OPERATE THE SAME CONFIGURATION
OF AGE OR GRADE LEVELS AT MORE THAN 1 SITE, AND AN URBAN HIGH SCHOOL
ACADEMY MAY OPERATE THE SAME CONFIGURATION OF AGE OR GRADE LEVELS AT MORE
THAN 1 SITE, IF THE APPLICANT FOR THE PROPOSED URBAN HIGH SCHOOL ACADEMY
PRESENTS DOCUMENTATION TO THE AUTHORIZING BODY DEMONSTRATING THAT THE
APPLICANT'S PROPOSED EDUCATIONAL MODEL HAS RESULTED IN SCHOOLS MAKING
MEASURABLE PROGRESS TOWARD MEETING THEIR EDUCATIONAL GOALS.]**

14 (2) An urban high school academy shall not charge tuition.

15 Except as otherwise provided in this section, an urban high school
16 academy shall not discriminate in its pupil admissions policies or
17 practices on the basis of intellectual or athletic ability,
18 measures of achievement or aptitude, status as a handicapped
19 person, or any other basis that would be illegal if used by a
20 school district. However, an urban high school academy may limit
21 admission to pupils who are within a particular range of age or
22 grade level or on any other basis that would be legal if used by a
23 school district and may give enrollment priority as provided in

24 Senate Bill No. 618 (H-4) as amended December 14, 2011
subsection (4).

25 (3) Except for a foreign exchange student who is not a United
26 States citizen, an urban high school academy shall not enroll a
27 pupil who is not a resident of this state. Enrollment in an urban

1 high school academy shall be open to all pupils who reside in this
2 state who meet the admission policy. Subject to subsection (4), if
3 there are more applications to enroll in the urban high school
4 academy than there are spaces available, pupils shall be selected
5 to attend using a random selection process. An urban high school
6 academy shall allow any pupil who was enrolled in the urban high
7 school academy in the immediately preceding school year to enroll
8 in the urban high school academy in the appropriate grade unless
9 the appropriate grade is not offered at that urban high school
10 academy.

11 (4) An urban high school academy may give enrollment priority
12 to 1 or more of the following:

13 (a) A sibling of a pupil enrolled in the urban high school
14 academy.

15 (b) A child of a person who is employed by or at the urban
16 high school academy or who is on the board of directors of the
17 urban high school academy. As used in this subdivision, "child"
18 includes an adopted child or a legal ward.

19 (5) Subject to the terms of the contract authorizing the urban
20 high school academy, an urban high school academy shall include at
21 least grades 9 through 12 within 5 years after beginning operations
22 and may include other grades or any configuration of those grades,
23 including kindergarten and early childhood education, as specified
24 in its contract. If specified in its contract, an urban high school
25 academy may also operate an adult basic education program, adult
26 high school completion program, or general education development
27 testing preparation program.

1 Sec. 528. (1) An authorizing body that issues a contract for
2 an urban high 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.

8 (c) Adopt a resolution establishing the method of selection,
9 length of term, and number of members of the board of directors of
10 each urban high school academy that it authorizes. **THE RESOLUTION**
11 **SHALL BE WRITTEN OR AMENDED AS NECESSARY TO INCLUDE A REQUIREMENT**
12 **THAT EACH MEMBER OF THE BOARD OF DIRECTORS MUST BE A CITIZEN OF THE**
13 **UNITED STATES.**

14 (d) Oversee the operations of each urban high school academy
15 operating under a contract issued by the authorizing body. The
16 oversight shall be sufficient to ensure that the urban high school
17 academy is in compliance with the terms of the contract and with
18 applicable law. An authorizing body may enter into an agreement
19 with 1 or more other authorizing bodies to oversee an urban high
20 school academy operating under a contract issued by the authorizing
21 body.

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

27 (f) Take necessary measures to ensure that an urban high

1 school academy board of directors operates independently of any
2 educational management company involved in the operations of the
3 urban high school academy.

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

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

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

13 (3) The authorizing body for an urban high school academy is
14 the fiscal agent for the urban high school academy. A state school
15 aid payment for an urban high school academy shall be paid to the
16 authorizing body that is the fiscal agent for that urban high
17 school academy, which shall then forward the payment to the urban
18 high school academy. Within 30 days after a contract is submitted
19 to the department by an authorizing body under subsection (1), the
20 department shall issue a district code to the urban high school
21 academy for which the contract was issued. If the department does
22 not issue a district code within 30 days after a contract is filed,
23 the state treasurer shall assign a temporary district code in order
24 for the urban high school academy to receive funding under the
25 state school aid act of 1979.

26 (4) A contract issued under this part may be revoked by the
27 authorizing body that issued the contract if the authorizing body

1 determines that 1 or more of the following have occurred:

2 (a) Failure of the urban high school academy to ~~abide by and~~
3 **DEMONSTRATE IMPROVED PUPIL ACADEMIC ACHIEVEMENT FOR ALL GROUPS OF**
4 **PUPILS OR** meet the educational goals set forth in the contract.

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

7 (c) Failure of the urban high school academy to meet generally
8 accepted public sector accounting principles **AND DEMONSTRATE SOUND**
9 **FISCAL STEWARDSHIP.**

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

12 (5) **EXCEPT FOR AN URBAN HIGH SCHOOL ACADEMY THAT IS AN**
13 **ALTERNATIVE SCHOOL SERVING A SPECIAL STUDENT POPULATION, IF THE**
14 **SUPERINTENDENT OF PUBLIC INSTRUCTION DETERMINES THAT AN URBAN HIGH**
15 **SCHOOL ACADEMY SITE THAT HAS BEEN OPERATING FOR AT LEAST 4 YEARS IS**
16 **AMONG THE LOWEST ACHIEVING 5% OF ALL PUBLIC SCHOOLS IN THIS STATE,**
17 **AS DEFINED FOR THE PURPOSES OF THE FEDERAL INCENTIVE GRANT PROGRAM**
18 **CREATED UNDER SECTIONS 14005 AND 14006 OF TITLE XIV OF THE AMERICAN**
19 **RECOVERY AND REINVESTMENT ACT OF 2009, PUBLIC LAW 111-5, IS IN YEAR**
20 **2 OF RESTRUCTURING SANCTIONS UNDER THE NO CHILD LEFT BEHIND ACT OF**
21 **2001, PUBLIC LAW 107-110, NOT TO INCLUDE THE INDIVIDUALIZED**
22 **EDUCATION PLAN SUBGROUP, AND IS NOT CURRENTLY UNDERGOING**
23 **RECONSTITUTION UNDER THIS SECTION, THE SUPERINTENDENT OF PUBLIC**
24 **INSTRUCTION SHALL NOTIFY THE URBAN HIGH SCHOOL ACADEMY'S**
25 **AUTHORIZING BODY. IF AN AUTHORIZING BODY RECEIVES NOTICE FROM THE**
26 **SUPERINTENDENT OF PUBLIC INSTRUCTION UNDER THIS SUBSECTION, THE**
27 **AUTHORIZING BODY SHALL AMEND THE URBAN HIGH SCHOOL ACADEMY'S**

1 CONTRACT TO ELIMINATE THE URBAN HIGH SCHOOL ACADEMY'S AUTHORITY TO
2 OPERATE THE EXISTING AGE AND GRADE LEVELS AT THE SITE AND THE URBAN
3 HIGH SCHOOL ACADEMY SHALL CEASE OPERATING THE EXISTING AGE AND
4 GRADE LEVELS AT THE SITE, EFFECTIVE AT THE END OF THE CURRENT
5 SCHOOL YEAR. IF THE URBAN HIGH SCHOOL ACADEMY OPERATES AT ONLY 1
6 SITE, AND THE AUTHORIZING BODY RECEIVES NOTICE FROM THE
7 SUPERINTENDENT OF PUBLIC INSTRUCTION UNDER THIS SUBSECTION, THE
8 AUTHORIZING BODY SHALL REVOKE THE URBAN HIGH SCHOOL ACADEMY'S
9 CONTRACT, EFFECTIVE AT THE END OF THE CURRENT SCHOOL YEAR.

10 (6) ~~(5)~~—The decision of an authorizing body to issue, ~~reissue,~~
11 **NOT ISSUE**, or reconstitute a contract under this part, or to
12 **TERMINATE OR** revoke a contract under this section, is solely within
13 the discretion of the authorizing body, is final, and is not
14 subject to review by a court or any state agency. An authorizing
15 body that **ISSUES**, does not issue, ~~reissue,~~ or ~~reconstitute~~
16 **RECONSTITUTES** a contract under this part, or that **TERMINATES OR**
17 revokes a contract under this section, is not liable for that
18 action to the urban high school academy, the urban high school
19 academy corporation, a pupil of the urban high school academy, the
20 parent or guardian of a pupil of the urban high school academy, or
21 any other person.

22 (7) ~~(6)~~ ~~Before~~ **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (5),**
23 **BEFORE** an authorizing body revokes a contract, the authorizing body
24 ~~shall~~ **MAY** consider and take corrective measures to avoid
25 revocation. An authorizing body ~~shall~~ **MAY** reconstitute the urban
26 high school academy in a final attempt to improve student
27 educational performance or to avoid interruption of the educational

1 process. An authorizing body shall include a reconstituting
2 provision in the contract that identifies these corrective
3 measures, including, but not limited to, removing 1 or more members
4 of the board of directors, withdrawing approval to contract under
5 section ~~525 for an agreement described in section 1320,~~ **527**, or
6 appointing a new board of directors or a trustee to take over
7 operation of the urban high school academy.

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

21 (9) ~~(8)~~—If an authorizing body revokes a contract issued under
22 this part, the authorizing body may issue a new contract within the
23 1-year period following the revocation without the new contract
24 counting toward the maximum number of contracts that may be issued
25 under this part.

26 (10) ~~(9)~~—Not more than 10 days after an urban high school
27 academy's contract terminates or is revoked, the authorizing body

1 shall notify the superintendent of public instruction in writing of
2 the name of the urban high school academy whose contract has
3 terminated or been revoked and the date of contract termination or
4 revocation.

5 (11) ~~(10)~~—If an urban high school academy's contract
6 terminates or is revoked, title to all real and personal property,
7 interest in real or personal property, and other assets owned by
8 the urban high school academy shall revert to the state. This
9 property shall be distributed in accordance with the following:

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

16 (b) The urban high school academy shall file a certificate of
17 dissolution with the ~~department of consumer and industry services~~
18 **BUREAU OF COMMERCIAL SERVICES** within 10 business days following
19 board approval.

20 (c) Simultaneously with the filing of the certificate of
21 dissolution under subdivision (b), the urban high school academy
22 board of directors shall provide a copy of the board of directors'
23 plan of distribution of assets to the state treasurer for approval.
24 Within 30 days, the state treasurer, or his or her designee, shall
25 review and approve the board of directors' plan of distribution of
26 assets. If the proposed plan of distribution of assets is not
27 approved within 30 days, the state treasurer, or his or her

1 designee, shall provide the board of directors with an acceptable
2 plan of distribution of assets.

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

7 (e) As part of the plan of distribution of assets, the urban
8 high school academy board of directors shall designate the director
9 of the department of **TECHNOLOGY**, management, and budget, or his or
10 her designee, to dispose of all real property of the urban high
11 school academy corporation in accordance with the directives
12 developed for disposition of surplus land and facilities under
13 section 251 of the management and budget act, 1984 PA 431, MCL
14 18.1251.

15 (f) If the board of directors of an urban high school academy
16 fails to take any necessary action under this section, the state
17 treasurer, or his or her designee, may suspend the urban high
18 school academy board of directors and appoint a trustee to carry
19 out the board's plan of distribution of assets. Upon appointment,
20 the trustee shall have all the rights, powers, and privileges under
21 law that the urban high school academy board of directors had
22 before being suspended.

23 (g) Following the sale of the real or personal property or
24 interests in the real or personal property, and after payment of
25 any urban high school academy debt secured by the property or
26 interest in property, whether real or personal, the urban high
27 school academy board of directors, or a trustee appointed under

1 this section, shall forward any remaining money to the state
2 treasurer. Following receipt, the state treasurer, or his or her
3 designee, shall deposit this remaining money in the state school
4 aid fund.

5 Sec. 551. (1) A school of excellence is a public school under
6 section 2 of article VIII of the state constitution of 1963, is a
7 school district for the purposes of section 11 of article IX of the
8 state constitution of 1963 and for the purposes of section 1225 and
9 section 1351a, and is subject to the leadership and general
10 supervision of the state board over all public education under
11 section 3 of article VIII of the state constitution of 1963. A
12 school of excellence is a body corporate and is a governmental
13 agency. The powers granted to a school of excellence under this
14 part constitute the performance of essential public purposes and
15 governmental functions of this state.

16 (2) As used in this part:

17 (a) "Authorizing body" means any of the following that issues
18 a contract as provided in this part:

19 (i) The board of a school district that operates grades K to
20 12.

21 (ii) An intermediate school board.

22 (iii) The board of a community college.

23 (iv) The governing board of a state public university.

24 (v) **TWO OR MORE OF THE PUBLIC AGENCIES DESCRIBED IN**
25 **SUBPARAGRAPHS (i) TO (iv) EXERCISING POWER, PRIVILEGE, OR AUTHORITY**
26 **JOINTLY PURSUANT TO AN INTERLOCAL AGREEMENT UNDER THE URBAN**
27 **COOPERATION ACT OF 1967, 1967 (EX SESS) PA 7, MCL 124.501 TO**

1 124.512.

2 (b) "Certificated teacher" means an individual who holds a
3 valid teaching certificate issued by the superintendent of public
4 instruction under section 1531.

5 (c) "Community college" means a community college organized
6 under the community college act of 1966, 1966 PA 331, MCL 389.1 to
7 389.195, or a federal tribally controlled community college that is
8 recognized under the tribally controlled ~~community college~~ **COLLEGES**
9 **AND UNIVERSITIES** assistance act of 1978, ~~Public Law 95-471, 25 USC~~
10 **1801 TO 1852**, and is determined by the department to meet the
11 requirements for accreditation by a recognized regional accrediting
12 body.

13 (d) "Contract" means the executive act taken by an authorizing
14 body that evidences the authorization of a school of excellence and
15 that establishes, subject to the constitutional powers of the state
16 board and applicable law, the written instrument executed by an
17 authorizing body conferring certain rights, franchises, privileges,
18 and obligations on a school of excellence, as provided by this
19 part, and confirming the status of a school of excellence as a
20 public school in this state.

21 (e) "Cyber school" means a school of excellence established
22 under this part that has been issued a contract to be organized and
23 operated as a cyber school under section 552(2) and that provides
24 full-time instruction to pupils through online learning or
25 otherwise on a computer or other technology, which instruction and
26 learning may be remote from a school facility.

27 (f) "Educational management organization" means an entity that

Senate Bill No. 618 (H-4) as amended December 14, 2011

1 enters into an agreement with the governing board of a public
2 school to provide comprehensive educational, administrative,
3 management, or instructional services or staff to the public
4 school.

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

8 (h) "State public university" means a state university
9 described in section 4, 5, or 6 of article VIII of the state
10 constitution of 1963.

11 Sec. 552. (1) ~~[Except as otherwise provided in subsections (2)~~
12 ~~and (3), not more than a combined total of 10 contracts to organize~~
13 ~~and operate a school of excellence may be issued by all authorizing~~
14 ~~bodies under this subsection. AN AUTHORIZING BODY MAY ISSUE~~
CONTRACTS UNDER THIS SUBSECTION TO ORGANIZE AND OPERATE A SCHOOL OF
EXCELLENCE.] All of the following apply to a

15 ~~contract issued under this subsection. THE ISSUANCE OF A CONTRACT BY~~
16 **AN AUTHORIZING BODY UNDER THIS [SUBSECTION]:**

17 (a) The issuance of the contract must be approved by the
18 superintendent of public instruction. The superintendent of public
19 instruction shall approve issuance of a contract if he or she
20 determines that the proposed school of excellence is modeled after
21 a high-performing school or program.

22 ~~—— (b) A contract may not be issued under this subsection after~~
23 ~~January 1, 2015.~~

24 **(B)** ~~(e)~~The first 5 contracts issued by all authorizing bodies
25 under this subsection shall be for schools of excellence that offer
26 1 or more of high school grades 9 to 12, or any combination of
27 those grades, as specified in the contract.

1 (C) ~~(d)~~—A school of excellence authorized under this
2 subsection shall not be located in a school district that has a
3 graduation rate of over 75%, on average, for the most recent 3
4 school years for which the data are available, as determined by the
5 department.

6 (2) A combined total of 2 contracts may be issued by all
7 authorizing bodies under this subsection for schools of excellence
8 that are cyber schools and that meet all of the following
9 additional requirements:

10 (a) Are available for enrollment to all pupils in this state
11 who were previously enrolled in a public school.

12 (b) Offer all of grades K to 12.

13 (c) The entity applying for the school of excellence that is a
14 cyber school demonstrates experience in serving urban and at-risk
15 student populations through an educational model involving a
16 significant cyber component.

17 (d) Has an initial enrollment in the school of excellence that
18 is a cyber school that does not exceed 400 pupils.

19 (e) In the second and subsequent years of operation under the
20 contract, a school of excellence that is a cyber school may expand
21 enrollment to exceed 400 pupils by adding 1 pupil for each pupil
22 who becomes enrolled in the school of excellence who is identified
23 as a dropout in the Michigan student data system maintained by the
24 center for educational performance and information. The school of
25 excellence that is a cyber school shall annually account for the
26 number of pupils it enrolls who are identified as a dropout in the
27 Michigan student data system and report that information to the

1 department, in a form and manner determined by the superintendent
2 of public instruction. The school of excellence shall maintain its
3 ratio of pupils who are identified as a dropout. Maximum enrollment
4 at a school of excellence that is a cyber school shall not exceed
5 1,000 pupils.

6 (3) For a public school academy operating under part 6a that
7 meets the requirements of subsection (4), with the approval of its
8 authorizing body, the board of directors of the public school
9 academy may adopt a resolution choosing to convert the public
10 school academy to a school of excellence under this part. If the
11 board of directors of a public school academy that meets the
12 requirements of subsection (4) is issued a contract as a school of
13 excellence under this subsection, all the following apply:

14 (a) The public school academy shall cease to operate as a
15 public school academy under part 6a and shall operate as a school
16 of excellence upon the issuance of a contract or at another time as
17 determined by the authorizing body.

18 (b) The public school academy shall be considered to be a
19 school of excellence for all purposes upon the issuance of a
20 contract or at another time as determined by the authorizing body,
21 but shall retain its corporate identity.

22 (c) The conversion of a public school academy under part 6a to
23 a school of excellence operating under this part shall not impair
24 any agreement, mortgage, loan, bond, note or other instrument of
25 indebtedness, or any other agreement entered into by a public
26 school academy while it was operating under part 6a.

27 (d) The contract issued to the public school academy under

1 part 6a shall automatically terminate upon the issuance of a
2 contract or at another time as determined by the authorizing body.

3 (4) Subsection (3) applies to a public school academy that is
4 determined by the department to meet all of the following, as
5 applicable:

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

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

13 (ii) On average over a 3-year period, at least 70% of the
14 pupils enrolled in the public school academy achieved a score of
15 proficient or better on the Michigan education assessment program
16 mathematics and reading tests or successor state assessment program
17 and at least 50% of the pupils enrolled in the public school
18 academy met the income eligibility criteria for the federal free or
19 reduced-price lunch program, as determined under the Richard B.
20 Russell national school lunch act, 42 USC 1751 to 1769i, and
21 reported to the department.

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

27 (5) A school of excellence shall be organized and administered

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

11 (6) Any of the following may act as an authorizing body to
12 issue a contract to organize and operate 1 or more schools of
13 excellence under this part:

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

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

26 (c) The board of a community college. The board of a community
27 college shall not issue a contract for a school of excellence to

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

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

15 **(E) TWO OR MORE OF THE PUBLIC AGENCIES DESCRIBED IN**
16 **SUBDIVISIONS (A) TO (D) EXERCISING POWER, PRIVILEGE, OR AUTHORITY**
17 **JOINTLY PURSUANT TO AN INTERLOCAL AGREEMENT UNDER THE URBAN**
18 **COOPERATION ACT OF 1967, 1967 (EX SESS) PA 7, MCL 124.501 TO**
19 **124.512.**

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

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

25 (b) Subject to the resolution adopted by the authorizing body
26 under section 553(4), a list of the proposed members of the board
27 of directors of the school of excellence and a description of the

1 qualifications and method for appointment or election of members of
2 the board of directors.

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

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

6 (ii) The purposes for the school of excellence corporation.

7 This language shall provide that the school of excellence is
8 incorporated pursuant to this part and that the school of
9 excellence is a governmental entity.

10 (iii) The name of the authorizing body.

11 (iv) The proposed time when the articles of incorporation will
12 be effective.

13 (v) Other matters considered expedient to be in the articles
14 of incorporation.

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

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

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

19 (ii) A copy of the educational goals of the school of
20 excellence and the curricula to be offered and methods of pupil
21 assessment to be used by the school of excellence. **THE EDUCATIONAL**
22 **GOALS SHALL INCLUDE DEMONSTRATED IMPROVED PUPIL ACADEMIC**
23 **ACHIEVEMENT FOR ALL GROUPS OF PUPILS.** To the extent applicable, the
24 progress of the pupils in the school of excellence shall be
25 assessed using at least a Michigan education assessment program
26 (MEAP) test or the Michigan merit examination under section 1279g,
27 **AS APPLICABLE.**

1 (iii) The admission policy and criteria to be maintained by the
2 school of excellence. The admission policy and criteria shall
3 comply with section 556. This part of the application also shall
4 include a description of how the applicant will provide to the
5 general public adequate notice that a school of excellence is being
6 created and adequate information on the admission policy, criteria,
7 and process.

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

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

11 (f) Descriptions of staff responsibilities and of the school
12 of excellence governance structure.

13 (g) For an application to the board of a school district, an
14 intermediate school board, or board of a community college,
15 identification of the school district and intermediate school
16 district in which the school of excellence will be located.

17 (h) An agreement that the school of excellence will comply
18 with the provisions of this part and, subject to the provisions of
19 this part, with all other state law applicable to public bodies and
20 with federal law applicable to public bodies or school districts.

21 ~~(i) For a school of excellence authorized by a school~~
22 ~~district, an assurance that employees of the school of excellence~~
23 ~~will be covered by the collective bargaining agreements that apply~~
24 ~~to other employees of the school district employed in similar~~
25 ~~classifications in schools that are not schools of excellence.~~

26 (I) ~~(j)~~ A description of and address for the proposed physical
27 plant in which the school of excellence will be located. **AN**

1 APPLICANT MAY REQUEST THE AUTHORIZING BODY TO ISSUE A CONTRACT
2 ALLOWING THE BOARD OF DIRECTORS OF THE SCHOOL OF EXCELLENCE TO
3 OPERATE THE SAME CONFIGURATION OF AGE OR GRADE LEVELS AT MORE THAN
4 1 SITE.

5 (8) An authorizing body shall oversee, or shall contract with
6 an intermediate school district, community college, or state public
7 university to oversee, each school of excellence operating under a
8 contract issued by the authorizing body. ~~The oversight shall be~~
9 ~~sufficient to ensure that the authorizing body can certify that the~~
10 ~~school of excellence is in compliance with statute, rules, and the~~
11 ~~terms of the contract.~~ **THE AUTHORIZING BODY IS RESPONSIBLE FOR**
12 **OVERSEEING COMPLIANCE BY THE BOARD OF DIRECTORS WITH THE CONTRACT**
13 **AND ALL APPLICABLE LAW. THIS SUBSECTION DOES NOT RELIEVE ANY OTHER**
14 **GOVERNMENT ENTITY OF ITS ENFORCEMENT OR SUPERVISORY RESPONSIBILITY.**

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

24 (10) An authorizing body shall not charge a fee, or require
25 reimbursement of expenses, for considering an application for a
26 contract, for issuing a contract, or for providing oversight of a
27 contract for a school of excellence in an amount that exceeds a

1 combined total of 3% of the total state school aid received by the
2 school of excellence in the school year in which the fees or
3 expenses are charged. ~~All of the following apply to this fee:~~

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

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

8 ~~—— (ii) Compliance monitoring and oversight of schools of
9 excellence.~~

10 ~~—— (iii) Training for school of excellence applicants,
11 administrators, and boards of directors.~~

12 ~~—— (iv) Technical assistance to schools of excellence.~~

13 ~~—— (v) Academic support to schools of excellence or to pupils of
14 schools of excellence.~~

15 ~~—— (vi) Evaluation of school of excellence performance.~~

16 ~~—— (vii) Training of teachers.~~

17 ~~—— (viii) Other purposes that assist the school of excellence or
18 traditional public schools in achieving improved academic
19 performance.~~

20 ~~—— (b) The authorizing body may provide other services for a
21 school of excellence and charge a fee for those services, but shall
22 not require such an arrangement as a condition to issuing the
23 contract authorizing the school of excellence.~~

24 (11) A school of excellence shall be presumed to be legally
25 organized if it has exercised the franchises and privileges of a
26 public school academy for at least 2 years.

27 (12) A MEMBER OF THE BOARD OF DIRECTORS OF A SCHOOL OF

1 EXCELLENCE IS A PUBLIC OFFICER AND SHALL, BEFORE ENTERING UPON THE
2 DUTIES OF THE OFFICE, TAKE THE CONSTITUTIONAL OATH OF OFFICE FOR
3 PUBLIC OFFICERS UNDER SECTION 1 OF ARTICLE XI OF THE STATE
4 CONSTITUTION OF 1963.

5 Sec. 553. (1) An authorizing body is not required to issue a
6 contract to any person or entity. Schools of excellence contracts
7 shall be issued on a competitive basis taking into consideration
8 the resources available for the proposed school of excellence, the
9 population to be served by the proposed school of excellence, the
10 educational goals to be achieved by the proposed school of
11 excellence, and the applicant's track record, if any, in operating
12 public school academies or other public schools.

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

1 after receiving the petition. If a majority of the school electors
2 of the school district voting on the question vote to issue the
3 contract, the board shall issue the contract.

4 (3) Within 10 days after issuing a contract for a school of
5 excellence, the authorizing body shall submit to the superintendent
6 of public instruction a copy of the contract. ~~and of the~~
7 ~~application under section 552.~~

8 (4) An authorizing body shall adopt a resolution establishing
9 the method of selection, length of term, and number of members of
10 the board of directors of each school of excellence subject to its
11 jurisdiction. **THE RESOLUTION SHALL BE WRITTEN OR AMENDED AS**
12 **NECESSARY TO INCLUDE A REQUIREMENT THAT EACH MEMBER OF THE BOARD OF**
13 **DIRECTORS MUST BE A CITIZEN OF THE UNITED STATES.**

14 (5) A contract issued to organize and administer a school of
15 excellence shall contain at least all of the following:

16 (a) The educational goals the school of excellence is to
17 achieve and the methods by which it will be held accountable. **THE**
18 **EDUCATIONAL GOALS SHALL INCLUDE DEMONSTRATED IMPROVED PUPIL**
19 **ACADEMIC ACHIEVEMENT FOR ALL GROUPS OF PUPILS.** To the extent
20 applicable, the pupil performance of a school of excellence shall
21 be assessed using at least a Michigan education assessment program
22 (MEAP) test or the Michigan merit examination under section 1279g,
23 **AS APPLICABLE.**

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

27 (c) A description of the process for amending the contract

1 during the term of the contract.

2 (d) All of the matters set forth in the application for the
3 contract.

4 ~~(e) For a school of excellence authorized by a school
5 district, an agreement that employees of the school of excellence
6 will be covered by the collective bargaining agreements that apply
7 to employees of the school district employed in similar
8 classifications in schools that are not schools of excellence.~~

9 (E) ~~(f)~~ Procedures for revoking the contract and grounds for
10 revoking the contract, including at least the grounds listed in
11 section 561.

12 (F) ~~(g)~~ A description of and address for the proposed physical
13 plant in which the school of excellence will be located. **AN**
14 **AUTHORIZING BODY MAY INCLUDE A PROVISION IN THE CONTRACT ALLOWING**
15 **THE BOARD OF DIRECTORS OF THE SCHOOL OF EXCELLENCE TO OPERATE THE**
16 **SAME CONFIGURATION OF AGE OR GRADE LEVELS AT MORE THAN 1 SITE IF**
17 **EACH CONFIGURATION OF AGE OR GRADE LEVELS AND EACH SITE IDENTIFIED**
18 **IN THE CONTRACT ARE UNDER THE DIRECTION AND CONTROL OF THE BOARD OF**
19 **DIRECTORS.**

20 (G) ~~(h)~~ Requirements and procedures for financial audits. The
21 financial audits shall be conducted at least annually by a
22 certified public accountant in accordance with generally accepted
23 governmental auditing principles.

24 (H) ~~(i)~~ A certification, signed by an authorized member of the
25 school of excellence board of directors, that the school of
26 excellence will comply with the contract and all applicable law.

27 (I) ~~(j)~~ A requirement that the board of directors shall ensure

1 compliance with the requirements of 1968 PA 317, MCL 15.321 to
2 15.330.

3 **(J)** ~~(k)~~—A requirement that the board of directors shall
4 prohibit specifically identified family relationships between
5 members of the board of directors, individuals who have an
6 ownership interest in or who are officers or employees of an
7 educational management organization involved in the operation of
8 the school of excellence, and employees of the school of
9 excellence. The contract shall identify the specific prohibited
10 relationships consistent with applicable law.

11 **(K)** ~~(l)~~—A requirement that the board of directors of the school
12 of excellence shall make information concerning its operation and
13 management available to the public and to the authorizing body in
14 the same manner as is required by state law for school districts.

15 **(L)** ~~(m)~~—A requirement that the board of directors of the school
16 of excellence shall collect, maintain, and make available to the
17 public and the authorizing body, in accordance with applicable law
18 and the contract, at least all of the following information
19 concerning the operation and management of the school of
20 excellence:

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

23 (ii) A list of currently serving members of the board of
24 directors of the school of excellence, including name, address, and
25 term of office; copies of policies approved by the board of
26 directors; board meeting agendas and minutes; copy of the budget
27 approved by the board of directors and of any amendments to the

1 budget; and copies of bills paid for amounts of \$10,000.00 or more
2 as they were submitted to the board of directors.

3 (iii) Quarterly financial reports submitted to the authorizing
4 body.

5 (iv) A current list of teachers and school administrators
6 working at the school of excellence that includes their individual
7 salaries **AS SUBMITTED TO THE REGISTRY OF EDUCATIONAL PERSONNEL**;
8 copies of the teaching or school administrator's certificates or
9 permits of current teaching and administrative staff; and evidence
10 of compliance with the criminal background and records checks and
11 unprofessional conduct check required under sections 1230, 1230a,
12 and 1230b for all teachers and administrators working at the school
13 of excellence.

14 (v) Curriculum documents and materials given to the
15 authorizing body.

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

17 (vii) Copies of facility leases or deeds, or both, and of any
18 equipment leases.

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

21 (ix) All health and safety reports and certificates, including
22 those relating to fire safety, environmental matters, asbestos
23 inspection, boiler inspection, and food service.

24 (x) Any management letters issued as part of the annual
25 financial audit under subdivision ~~(h)~~ **(G)**.

26 (xi) Any other information specifically required under this
27 act.

1 (M) ~~(n)~~—A requirement that the authorizing body must review
2 and may disapprove any agreement between the board of directors and
3 an educational management organization before the agreement is
4 final and valid. An authorizing body may disapprove an agreement
5 described in this subdivision only if the agreement is contrary to
6 contract or applicable law.

7 (N) ~~(e)~~—A requirement that the board of directors shall
8 demonstrate all of the following to the satisfaction of the
9 authorizing body with regard to its pupil admission process:

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

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

16 (A) Reasonable efforts to advertise all enrollment openings to
17 organizations and media that regularly serve and advocate for
18 individuals with disabilities or children with limited English-
19 speaking ability within the boundaries of the intermediate school
20 district in which the school of excellence is located.

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

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

1 (O) ~~(P)~~—A requirement that the board of directors shall
2 prohibit any individual from being employed by the school of
3 excellence in more than 1 full-time position and simultaneously
4 being compensated at a full-time rate for each of those positions.

5 (P) ~~(Q)~~—A requirement that, if requested, the board of
6 directors shall report to the authorizing body the total
7 compensation for each individual working at the school of
8 excellence.

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

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

12 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to
13 15.246.

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

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

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

17 **(F) LAWS CONCERNING PARTICIPATION IN STATE ASSESSMENTS, DATA**
18 **COLLECTION SYSTEMS, STATE LEVEL STUDENT GROWTH MODELS, STATE**
19 **ACCOUNTABILITY AND ACCREDITATION SYSTEMS, AND OTHER PUBLIC**
20 **COMPARATIVE DATA COLLECTION REQUIRED FOR PUBLIC SCHOOLS.**

21 (7) A school of excellence and its incorporators, board
22 members, officers, employees, and volunteers have governmental
23 immunity as provided in section 7 of 1964 PA 170, MCL 691.1407. An
24 authorizing body and its board members, officers, and employees are
25 immune from civil liability, both personally and professionally,
26 for an act or omission in authorizing a school of excellence if the
27 authorizing body or the person acted or reasonably believed he or

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

3 (8) A school of excellence is exempt from all taxation on its
4 earnings and property. **[UNLESS THE PROPERTY IS ALREADY FULLY EXEMPT FROM
REAL AND PERSONAL PROPERTY TAXES UNDER THE GENERAL PROPERTY TAX ACT, 1893
PA 206, MCL 211.1 TO 211.155,] PROPERTY OCCUPIED BY A SCHOOL OF
EXCELLENCE**
5 **AND USED EXCLUSIVELY FOR EDUCATIONAL PURPOSES IS EXEMPT FROM REAL**
6 **AND PERSONAL PROPERTY TAXES LEVIED FOR SCHOOL OPERATING PURPOSES**
7 **UNDER SECTION 1211, TO THE EXTENT EXEMPTED UNDER THAT SECTION, AND**
8 **FROM REAL AND PERSONAL PROPERTY TAXES LEVIED UNDER THE STATE**
9 **EDUCATION TAX ACT, 1993 PA 331, MCL 211.901 TO 211.906.** Instruments
10 of conveyance to or from a school of excellence are exempt from all
11 taxation including taxes imposed by 1966 PA 134, MCL 207.501 to
12 207.513. A school of excellence may not levy ad valorem property
13 taxes or another tax for any purpose. However, operation of 1 or
14 more schools of excellence by a school district or intermediate
15 school district does not affect the ability of the school district
16 or intermediate school district to levy ad valorem property taxes
17 or another tax.

18 (9) A school of excellence may acquire by purchase, gift,
19 devise, lease, sublease, installment purchase agreement, land
20 contract, option, or by any other means, hold, and own in its own
21 name buildings and other property for school purposes, and
22 interests therein, and other real and personal property, including,
23 but not limited to, interests in property subject to mortgages,
24 security interests, or other liens, necessary or convenient to
25 fulfill its purposes. For the purposes of condemnation, a school of
26 excellence may proceed under the uniform condemnation procedures
27 act, 1980 PA 87, MCL 213.51 to 213.75, excluding sections 6 to 9 of

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

5 Sec. 553a. (1) An authorizing body may issue a contract to
6 establish a school of excellence that is a cyber school. A cyber
7 school shall provide full-time instruction to pupils through online
8 learning or otherwise on a computer or other technology, and this
9 instruction and learning may occur remote from a school facility.

10 (2) A contract for a school of excellence that is a cyber
11 school shall include all of the provisions required under section
12 553 and all of the following:

13 (a) A requirement that a teacher who holds appropriate
14 certification according to state board rule will be responsible for
15 all of the following for each course in which a pupil is enrolled:

16 (i) Improving learning by planned instruction.

17 (ii) Diagnosing the pupil's learning needs.

18 (iii) Assessing learning, assigning grades, and determining
19 advancement.

20 (iv) Reporting outcomes to administrators and parents or legal
21 guardians.

22 (b) A requirement that the cyber school will make educational
23 services available to pupils for a minimum of at least 1,098 hours
24 during a school year and will ensure that each pupil participates
25 in the educational program for at least 1,098 hours during a school
26 year.

27 (3) Notwithstanding any other provision of this act or any

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1 rule, if a school of excellence that is a cyber school is in
2 compliance with the requirements of subsection (2)(a) regarding a
3 certificated teacher, any other adult assisting with the oversight
4 of a pupil during the pupil's participation in the cyber school's
5 education program is not required to be a certificated teacher or
6 an employee of the school.

7 (4) Notwithstanding any rule to the contrary, a cyber school
8 is not required to comply with any rule that would require a
9 pupil's physical presence or attendance in a classroom.

10 [(5) At the end of a cyber school's second ~~full~~ COMPLETE school
year of
11 operations, the authorizing body of a school of excellence that is
12 a cyber school shall submit to the superintendent of public
13 instruction and the legislature, in the form and manner prescribed
14 by the superintendent of public instruction, a report detailing the
15 operation of the cyber school, providing statistics of pupil
16 participation and academic performance, and making recommendations
17 for any further statutory or rule change related to cyber schools
18 and online learning in this state.]

19 SEC. 553C. (1) BEGINNING WITH MANAGEMENT AGREEMENTS DESCRIBED
20 IN THIS SECTION THAT ARE ENTERED INTO OR RENEWED AFTER THE
21 EFFECTIVE DATE OF THIS SECTION, IF THE BOARD OF DIRECTORS OF A
22 SCHOOL OF EXCELLENCE ENTERS INTO OR RENEWS A MANAGEMENT AGREEMENT
23 WITH AN EDUCATIONAL MANAGEMENT ORGANIZATION TO CARRY OUT THE
24 OPERATIONS OF THE SCHOOL OF EXCELLENCE, BOTH OF THE FOLLOWING
25 APPLY:

26 (A) THE MANAGEMENT AGREEMENT SHALL REQUIRE THE EDUCATIONAL
27 MANAGEMENT ORGANIZATION TO PROVIDE TO THE BOARD OF DIRECTORS AT

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1 LEAST ANNUALLY ALL THE SAME INFORMATION THAT A SCHOOL DISTRICT IS
2 REQUIRED TO DISCLOSE UNDER SECTION 18(2) OF THE STATE SCHOOL AID
3 ACT OF 1979, MCL 388.1618, FOR THE MOST RECENT SCHOOL FISCAL YEAR
4 FOR WHICH THAT INFORMATION IS AVAILABLE.

5 (B) WITHIN 30 DAYS AFTER RECEIVING THE INFORMATION UNDER
6 SUBDIVISION (A), THE BOARD OF DIRECTORS SHALL MAKE ALL OF THE
7 INFORMATION IT RECEIVES UNDER SUBDIVISION (A) AVAILABLE THROUGH A
8 LINK ON THE SCHOOL OF EXCELLENCE'S WEBSITE HOMEPAGE, IN A FORM AND
9 MANNER PRESCRIBED BY THE DEPARTMENT.

10 (2) AS USED IN THIS SECTION:

11 (A) "EDUCATIONAL MANAGEMENT ORGANIZATION" MEANS AN ENTITY THAT
12 ENTERS INTO A MANAGEMENT AGREEMENT WITH A SCHOOL OF EXCELLENCE.

13 (B) "ENTITY" MEANS A PARTNERSHIP, NONPROFIT OR BUSINESS
14 CORPORATION, OR ANY OTHER ASSOCIATION, CORPORATION, TRUST, OR OTHER
15 LEGAL ENTITY.

16 (C) "MANAGEMENT AGREEMENT" MEANS AN AGREEMENT TO PROVIDE
17 COMPREHENSIVE EDUCATIONAL, ADMINISTRATIVE, MANAGEMENT, OR
18 INSTRUCTIONAL SERVICES OR STAFF TO A SCHOOL OF EXCELLENCE.

19 (D) "SCHOOL FISCAL YEAR" MEANS THE PERIOD THAT BEGINS JULY 1
20 AND ENDS JUNE 30.

21 Sec. 556. [(1) A school of excellence may be located in all or
22 part of an existing public school building. A school of excellence,
23 other than a cyber school operated under section 553a, shall not
24 operate at a site other than the ~~single-site~~ OR SITES requested for
25 the configuration of ~~grades~~ AGES OR GRADE LEVELS that will use the
26 site OR SITES, as specified in the ~~application required under~~
27 ~~section 552 and in the contract~~. UNDER A CONTRACT, AN AUTHORIZING BODY

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1 MAY PERMIT A SCHOOL OF EXCELLENCE TO OPERATE THE SAME CONFIGURATION OF
 2 AGE OR GRADE LEVELS AT MORE THAN 1 SITE, AND A SCHOOL OF EXCELLENCE MAY
 3 OPERATE THE SAME CONFIGURATION OF AGE OR GRADE LEVELS AT MORE THAN 1
 4 SITE, AS LONG AS THE SCHOOL OF EXCELLENCE IS OPERATING IN COMPLIANCE WITH
 ITS CONTRACT AND IS MAKING MEASURABLE PROGRESS TOWARD MEETING ITS
 EDUCATIONAL GOALS. FOR A CONTRACT FOR A NEW SCHOOL OF EXCELLENCE, AN
 AUTHORIZING BODY MAY PERMIT A SCHOOL OF EXCELLENCE TO OPERATE THE SAME
 CONFIGURATION OF AGE OR GRADE LEVELS AT MORE THAN 1 SITE, AND A SCHOOL OF
 EXCELLENCE MAY OPERATE THE SAME CONFIGURATION OF AGE OR GRADE LEVELS AT
 MORE THAN 1 SITE, IF THE APPLICANT FOR THE PROPOSED SCHOOL OF EXCELLENCE
 PRESENTS DOCUMENTATION TO THE AUTHORIZING BODY DEMONSTRATING THAT THE
 APPLICANT'S PROPOSED EDUCATIONAL MODEL HAS RESULTED IN SCHOOLS MAKING
 MEASURABLE PROGRESS TOWARD MEETING THEIR EDUCATIONAL GOALS.]

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

14 (3) Except for a foreign exchange student who is not a United
 15 States citizen, a school of excellence shall not enroll a pupil who
 16 is not a resident of this state. ~~Enrollment~~ **FOR A SCHOOL OF**
 17 **EXCELLENCE AUTHORIZED BY A SCHOOL DISTRICT, INTERMEDIATE SCHOOL**
 18 **DISTRICT, OR COMMUNITY COLLEGE, ENROLLMENT** in the school of
 19 excellence may be open to all individuals who reside In this state
 20 who meet the admission policy and shall be open to all pupils who
 21 reside within the geographic boundaries ~~, if any, of the~~ **THAT**
 22 ~~authorizing body as described in section 552(6)(a) to (c)~~ who meet
 23 the admission policy, except that admission to a school of
 24 excellence authorized by the board of a community college to
 25 operate, or operated by the board of a community college, on the
 26 grounds of a federal military installation, as described in section

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27 552(6)(c), shall be open to all pupils who reside in the county in

1 which the federal military installation is located. For a school of
2 excellence authorized by a state public university, enrollment
3 shall be open to all pupils who reside in this state who meet the
4 admission policy. If there are more applications to enroll in the
5 school of excellence than there are spaces available, pupils shall
6 be selected to attend using a random selection process. A school of
7 excellence shall allow any pupil who was enrolled in the school of
8 excellence in the immediately preceding school year to enroll in
9 the school of excellence in the appropriate grade unless the
10 appropriate grade is not offered at that school of excellence.

11 (4) A school of excellence may give enrollment priority to 1
12 or more of the following:

13 (a) A sibling of a pupil enrolled in the ~~public~~-school **OF**
14 **EXCELLENCE**.

15 (b) A pupil who transfers to the school of excellence from
16 another public school pursuant to a matriculation agreement between
17 the school of excellence and another public school that provides
18 for this enrollment priority, if all of the following requirements
19 are met:

20 (i) Each school of excellence or other public school that
21 enters into the matriculation agreement remains a separate and
22 independent public school.

23 (ii) The ~~public~~-school **OF EXCELLENCE** that gives the enrollment
24 priority selects at least 5% of its pupils for enrollment using a
25 random selection process.

26 (iii) The matriculation agreement allows any pupil who was
27 enrolled at any time during elementary school in a ~~school~~-of

1 ~~excellence~~**PUBLIC SCHOOL** that is party to the matriculation
2 agreement and who was not expelled from the ~~school of excellence~~
3 **PUBLIC SCHOOL** to enroll in the ~~public school~~ **OF EXCELLENCE** giving
4 enrollment priority under the matriculation agreement.

5 (C) **A CHILD OF A PERSON WHO IS EMPLOYED BY OR AT THE SCHOOL OF**
6 **EXCELLENCE OR WHO IS ON THE BOARD OF DIRECTORS OF THE SCHOOL OF**
7 **EXCELLENCE. AS USED IN THIS SUBDIVISION, "CHILD" INCLUDES AN**
8 **ADOPTED CHILD OR A LEGAL WARD.**

9 (5) Subject to subsection (6), a school of excellence may
10 include any grade up to grade 12 or any configuration of those
11 grades, including kindergarten and early childhood education, as
12 specified in its contract. If specified in its contract, a school
13 of excellence may also operate an adult basic education program,
14 adult high school completion program, or general education
15 development testing preparation program. The authorizing body may
16 approve amendment of a contract with respect to ages of pupils or
17 grades offered.

18 (6) In addition to any other grade levels it operates, a
19 school of excellence shall work toward operating all of grades 9 to
20 12 within 6 years after it begins operations, unless a
21 matriculation agreement has been reached with another public school
22 that provides grades 9 to 12.

23 (7) If a school of excellence is a cyber school and its
24 authorizing body is a school district or intermediate school
25 district, the school of excellence shall give enrollment priority
26 to pupils who reside in the school district or intermediate school
27 district that is the authorizing body.

1 Sec. 559. (1) Except as otherwise provided by law, and except
2 as otherwise provided under section 553a for a cyber school, a
3 school of excellence shall use certificated teachers according to
4 state board rule.

5 (2) A school of excellence ~~operated~~**AUTHORIZED** by a state
6 public university or community college may use noncertificated
7 individuals to teach as follows:

8 (a) If the school of excellence is ~~operated~~**AUTHORIZED** by a
9 state public university, the school of excellence may use as a
10 classroom teacher in any grade a faculty member who is employed
11 full-time by the state public university and who has been granted
12 institutional tenure, or has been designated as being on tenure
13 track, by the state public university.

14 (b) For a school of excellence ~~operated~~**AUTHORIZED** by a
15 community college, the school of excellence may use as a classroom
16 teacher a full-time member of the community college faculty who has
17 at least 5 years' experience at that community college in teaching
18 the subject matter that he or she is teaching at the school of
19 excellence.

20 (c) In any other situation in which a school district is
21 permitted under this act to use noncertificated teachers.

22 (3) A school of excellence may develop and implement new
23 teaching techniques or methods or significant revisions to known
24 teaching techniques or methods, and shall report those to the
25 authorizing body and state board to be made available to the
26 public. A school of excellence may use any instructional technique
27 or delivery method that may be used by a school district.

1 Sec. 561. (1) If an authorizing body issues a contract for a
2 school of excellence under this part, the authorizing body shall do
3 all of the 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.

8 (c) Establish the method of selection, length of term, and
9 number of members of the board of directors of each school of
10 excellence that it authorizes. The authorizing body shall ensure
11 that the board of directors includes representation from the local
12 community.

13 (d) Oversee the operations of each school of excellence
14 operating under a contract issued by the authorizing body. The
15 oversight shall be sufficient to ensure that the school of
16 excellence is in compliance with the terms of the contract and with
17 applicable law. **THIS SUBDIVISION DOES NOT RELIEVE ANY OTHER**
18 **GOVERNMENTAL ENTITY OF ITS ENFORCEMENT OR SUPERVISORY**
19 **RESPONSIBILITY.**

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

25 (f) Take necessary measures to ensure that a school of
26 excellence board of directors operates independently of any
27 educational management organization involved in the operations of

1 the school of excellence.

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

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

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

11 (3) The authorizing body for a school of excellence is the
12 fiscal agent for the school of excellence. A state school aid
13 payment for a school of excellence shall be paid to the authorizing
14 body as the fiscal agent for that school of excellence, and the
15 authorizing body shall then forward the payment to the school of
16 excellence. Within 30 days after a contract is submitted to the
17 department by the authorizing body under subsection (1), the
18 department shall issue a district code to the school of excellence
19 for which the contract was issued. If the department does not issue
20 a district code within 30 days after a contract is filed, the state
21 treasurer shall assign a temporary district code in order for the
22 school of excellence to receive funding under the state school aid
23 act of 1979.

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

27 (a) Failure of the school of excellence to ~~abide by and~~

1 **DEMONSTRATE IMPROVED PUPIL ACADEMIC ACHIEVEMENT FOR ALL GROUPS OF**
2 **PUPILS OR** meet the educational goals set forth in the contract.

3 (b) Failure of the school of excellence to comply with all
4 applicable law.

5 (c) Failure of the school of excellence to meet generally
6 accepted public sector accounting principles **AND DEMONSTRATE SOUND**
7 **FISCAL STEWARDSHIP.**

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

10 (5) Except for a school of excellence that is an alternative
11 school serving a special student population, if the superintendent
12 of public instruction determines that a school of excellence **SITE**
13 that has been operating for at least 4 years is among the lowest
14 achieving 5% of all public schools in this state, as defined for
15 the purposes of the federal incentive grant program created under
16 sections 14005 and 14006 of title XIV of the American recovery and
17 reinvestment act of 2009, Public Law 111-5, ~~and~~ is in year 2 of
18 restructuring sanctions under the no child left behind act of 2001,
19 Public Law 107-110, not to include the individualized education
20 plan subgroup, **AND IS NOT CURRENTLY UNDERGOING RECONSTITUTION UNDER**
21 **THIS SECTION,** the superintendent of public instruction shall notify
22 the school of excellence's authorizing body. If an authorizing body
23 receives notice from the superintendent of public instruction under
24 this subsection, the authorizing body shall ~~revoke~~ **AMEND** the school
25 of excellence's contract **TO ELIMINATE THE SCHOOL OF EXCELLENCE'S**
26 **AUTHORITY TO OPERATE THE EXISTING AGE AND GRADE LEVELS AT THE SITE**
27 and the school of excellence shall ~~be closed,~~ **CEASE OPERATING THE**

1 **EXISTING AGE AND GRADE LEVELS AT THE SITE**, effective at the end of
2 the current school year. **IF THE SCHOOL OF EXCELLENCE OPERATES AT**
3 **ONLY 1 SITE OR IS A CYBER SCHOOL, AND THE AUTHORIZING BODY RECEIVES**
4 **NOTICE FROM THE SUPERINTENDENT OF PUBLIC INSTRUCTION UNDER THIS**
5 **SUBSECTION, THE AUTHORIZING BODY SHALL REVOKE THE SCHOOL OF**
6 **EXCELLENCE'S CONTRACT, EFFECTIVE AT THE END OF THE CURRENT SCHOOL**
7 **YEAR.**

8 (6) Except for a contract issued by a school district pursuant
9 to a vote by the school electors on a ballot question under section
10 553(2), the decision of the authorizing body to issue, ~~reissue,~~ **NOT**
11 **ISSUE**, or reconstitute a contract under this part, or to **TERMINATE**
12 **OR** revoke a contract under this section, is solely within the
13 discretion of the authorizing body, is final, and is not subject to
14 review by a court or any other state agency. If the authorizing
15 body **ISSUES**, does not issue, ~~reissue, or reconstitute~~ **OR**
16 **RECONSTITUTES** a contract under this part, or **TERMINATES OR** revokes
17 a contract under this section, the authorizing body is not liable
18 for that action to the school of excellence, the school of
19 excellence corporation, a pupil of the school of excellence, the
20 parent or guardian of a pupil of the school of excellence, or any
21 other person.

22 (7) Except as otherwise provided in subsection (5), before the
23 authorizing body revokes a contract, the authorizing body ~~shall~~ **MAY**
24 consider and take corrective measures to avoid revocation. The
25 authorizing body may reconstitute the school of excellence in a
26 final attempt to improve student educational performance or to
27 avoid interruption of the educational process. The authorizing body

1 shall include a reconstituting provision in the contract that
2 identifies these corrective measures, including, but not limited
3 to, canceling a contract with an educational management
4 organization, if any, withdrawing approval to contract under
5 section ~~557,~~ 560, or appointing a new board of directors or a
6 trustee to take over operation of the school of excellence.

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

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

25 (10) If a school of excellence's contract terminates or is
26 revoked, title to all real and personal property, interest in real
27 or personal property, and other assets owned by the school of

1 excellence shall revert to the state. This property shall be
2 distributed in accordance with the following:

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

9 (b) The school of excellence shall file a certificate of
10 dissolution with the ~~department of energy, labor, and economic~~
11 ~~growth~~ **BUREAU OF COMMERCIAL SERVICES** within 10 business days
12 following board approval.

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

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

27 (e) As part of the plan of distribution of assets, the school

1 of excellence board of directors shall designate the director of
2 the department of **TECHNOLOGY**, management, and budget, or his or her
3 designee, to dispose of all real property of the school of
4 excellence corporation in accordance with the directives developed
5 for disposition of surplus land and facilities under section 251 of
6 the management and budget act, 1984 PA 431, MCL 18.1251.

7 (f) If the board of directors of a school of excellence fails
8 to take any necessary action under this section, the state
9 treasurer, or his or her designee, may suspend the school of
10 excellence board of directors and appoint a trustee to carry out
11 the board's plan of distribution of assets. Upon appointment, the
12 trustee shall have all the rights, powers, and privileges under law
13 that the school of excellence board of directors had before being
14 suspended.

15 (g) Following the sale of the real or personal property or
16 interests in the real or personal property, and after payment of
17 any school of excellence debt secured by the property or interest
18 in property, whether real or personal, the school of excellence
19 board of directors, or a trustee appointed under this section,
20 shall forward any remaining money to the state treasurer. Following
21 receipt, the state treasurer, or his or her designee, shall deposit
22 this remaining money in the state school aid fund.

23 Sec. 1211. (1) Except as otherwise provided in this section
24 and section 1211c, the board of a school district shall levy not
25 more than 18 mills for school operating purposes or the number of
26 mills levied in 1993 for school operating purposes, whichever is
27 less. A principal residence, qualified agricultural property,

1 qualified forest property, supportive housing property, **PROPERTY**
2 **OCCUPIED BY A PUBLIC SCHOOL ACADEMY**, and industrial personal
3 property are exempt from the mills levied under this subsection
4 except for the number of mills by which that exemption is reduced
5 under this subsection. Except as otherwise provided in subsection
6 (9), the board of a school district that had a foundation allowance
7 for the 1994-95 state fiscal year greater than \$6,500.00 may reduce
8 the number of mills from which a principal residence, qualified
9 agricultural property, qualified forest property, supportive
10 housing property, **PROPERTY OCCUPIED BY A PUBLIC SCHOOL ACADEMY**, and
11 industrial personal property are exempted under this subsection by
12 up to the number of mills, as certified under section 1211a,
13 required to be levied on a principal residence, qualified
14 agricultural property, qualified forest property, supportive
15 housing property, **PROPERTY OCCUPIED BY A PUBLIC SCHOOL ACADEMY**, and
16 industrial personal property for the school district's combined
17 state and local revenue per membership pupil for the school fiscal
18 year ending in 1995 to be equal to the school district's foundation
19 allowance for the state fiscal year ending in 1995, and the board
20 also may levy in 1994 or a succeeding year that number of mills for
21 school operating purposes on a principal residence, qualified
22 agricultural property, qualified forest property, supportive
23 housing property, **PROPERTY OCCUPIED BY A PUBLIC SCHOOL ACADEMY**, and
24 industrial personal property.

25 (2) Subject to subsection (3), if the department of treasury
26 determines that the maximum number of mills allowed to be levied
27 under subsection (1) on all classes of property was not sufficient

1 for a school district's combined state and local revenue per
2 membership pupil for the school fiscal year ending in 1995 to be
3 equal to the school district's foundation allowance for that school
4 fiscal year, the board of the school district may levy in 1994 or a
5 succeeding year additional mills uniformly on all property up to
6 the number of mills required for the school district's combined
7 state and local revenue per membership pupil for the school fiscal
8 year ending in 1995 to be equal to the school district's foundation
9 allowance for the state fiscal year ending in 1995. However, the
10 board of a school district described in this subsection, by board
11 resolution, may elect to exempt each principal residence and all
12 qualified agricultural property, qualified forest property,
13 supportive housing property, **PROPERTY OCCUPIED BY A PUBLIC SCHOOL**
14 **ACADEMY**, and industrial personal property located in the school
15 district from some or all of the mills that the board is authorized
16 to levy under this subsection.

17 (3) After 1994, the number of mills a school district may levy
18 under this section on any class of property shall not exceed the
19 lesser of the number of mills the school district was certified by
20 the department of treasury under section 1211a to levy on that
21 class of property under this section in 1994 or the number of mills
22 required to be levied on that class of property under this section
23 to ensure that the increase from the immediately preceding state
24 fiscal year in the school district's combined state and local
25 revenue per membership pupil, calculated as if the school district
26 had levied the maximum number of mills the school district was
27 allowed to levy under this section regardless of the number of

1 mills the school district actually levied, does not exceed the
2 lesser of the dollar amount of the increase in the basic foundation
3 allowance under section 20 of the state school aid act of 1979, MCL
4 388.1620, from the immediately preceding state fiscal year or the
5 percentage increase in the general price level in the immediately
6 preceding calendar year. If the number of mills a school district
7 is allowed to levy under this section in a year after 1994 is less
8 than the number of mills the school district was allowed to levy
9 under this section in the immediately preceding year, any reduction
10 required by this subsection in the school district's millage rate
11 shall be calculated by first reducing the number of mills the
12 school district is allowed to levy under subsection (2) and then
13 increasing the number of mills from which a principal residence,
14 qualified agricultural property, qualified forest property,
15 supportive housing property, **PROPERTY OCCUPIED BY A PUBLIC SCHOOL**
16 **ACADEMY**, and industrial personal property are exempted under
17 subsection (1).

18 (4) Commercial personal property is exempt from 12 of the
19 mills levied under this section. However, if the number of mills
20 from which industrial personal property is exempted for a specific
21 school district is reduced under this section, then the number of
22 mills from which commercial personal property is exempted for that
23 school district shall be reduced by that same number of mills.

24 (5) Millage levied under this section must be approved by the
25 school electors. For the purposes of this section, millage approved
26 by the school electors before January 1, 1994 for which the
27 authorization has not expired is considered to be approved by the

1 school electors.

2 (6) If a school district levies millage for school operating
3 purposes that is in excess of the limits of this section, the
4 amount of the resulting excess tax revenue shall be deducted from
5 the school district's next regular tax levy.

6 (7) If a school district levies millage for school operating
7 purposes that is less than the limits of this section, the board of
8 the school district may levy at the school district's next regular
9 tax levy an additional number of mills not to exceed the additional
10 millage needed to make up the shortfall.

11 (8) A school district shall not levy mills allocated under the
12 property tax limitation act, 1933 PA 62, MCL 211.201 to 211.217a,
13 other than mills allocated to a school district of the first class
14 for payment to a public library commission under section 11(4) of
15 the property tax limitation act, 1933 PA 62, MCL 211.211, after
16 1993.

17 (9) Beginning with taxes levied for 2011, if a school district
18 had a foundation allowance for the 1994-95 state fiscal year
19 greater than \$6,500.00 and if the school district's foundation
20 allowance for the 2009-2010 state fiscal year was less than the
21 basic foundation allowance prescribed for the 2009-2010 state
22 fiscal year under section 20 of the state school aid act of 1979,
23 MCL 388.1620, the school district may not reduce the number of
24 mills from which certain classes of property are exempted from the
25 levy of millage under subsection (1) and may not levy that number
26 of mills on those classes of property as would otherwise be allowed
27 under subsection (1).

1 (10) As used in this section:

2 (a) "Combined state and local revenue per membership pupil"
3 means that term as defined in section 20 of the state school aid
4 act of 1979, MCL 388.1620.

5 (b) "Commercial personal property" means property classified
6 as commercial personal property under section 34c of the general
7 property tax act, 1893 PA 206, MCL 211.34c.

8 (c) "Foundation allowance" means a school district's
9 foundation allowance as calculated under section 20 of the state
10 school aid act of 1979, MCL 388.1620.

11 (d) "General price level" means that term as defined in
12 section 33 of article IX of the state constitution of 1963.

13 (e) "Industrial personal property" means property classified
14 as industrial personal property under section 34c of the general
15 property tax act, 1893 PA 206, MCL 211.34c.

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

18 (g) "Owner", "person", "principal residence", and "qualified
19 agricultural property" mean those terms as defined in section 7dd
20 of the general property tax act, 1893 PA 206, MCL 211.7dd.

21 **(H) "PROPERTY OCCUPIED BY A PUBLIC SCHOOL ACADEMY" MEANS**
22 **PROPERTY OCCUPIED BY A PUBLIC SCHOOL ACADEMY, URBAN HIGH SCHOOL**
23 **ACADEMY, OR SCHOOL OF EXCELLENCE THAT IS USED EXCLUSIVELY FOR**
24 **EDUCATIONAL PURPOSES.**

25 **(I) ~~(h)~~"Qualified forest property"** means that term as defined
26 in section 7jj of the general property tax act, 1893 PA 206, MCL
27 211.7jj[1].

1 (J) ~~(i)~~—"School operating purposes" includes expenditures for
2 furniture and equipment, for alterations necessary to maintain
3 school facilities in a safe and sanitary condition, for funding the
4 cost of energy conservation improvements in school facilities, for
5 deficiencies in operating expenses for the preceding year, and for
6 paying the operating allowance due from the school district to a
7 joint high school district in which the school district is a
8 participating school district under former part 3a. Taxes levied
9 for school operating purposes do not include any of the following:

10 (i) Taxes levied by a school district for operating a community
11 college under part 25.

12 (ii) Taxes levied under section 1212.

13 (iii) Taxes levied under section 1356 for eliminating an
14 operating deficit.

15 (iv) Taxes levied for operation of a library under section 1451
16 or for operation of a library established pursuant to 1913 PA 261,
17 MCL 397.261 to 397.262, that were not included in the operating
18 millage reported by the district to the department as of April 1,
19 1993. However, a district may report to the department not later
20 than April 1, 1994 the number of mills it levied in 1993 for a
21 purpose described in this subparagraph that the school district
22 does not want considered as operating millage and then that number
23 of mills is excluded under this section from taxes levied for
24 school operating purposes.

25 (v) Taxes paid by a school district of the first class to a
26 public library commission pursuant to section 11(4) of the property
27 tax limitation act, 1933 PA 62, MCL 211.211.

Senate Bill No. 618 (H-4) as amended December 14, 2011

1 (vi) Taxes levied under former section 1512 for operation of a
 2 community swimming pool. In addition, if a school district included
 3 the millage it levied in 1993 for operation of a community swimming
 4 pool as part of its operating millage reported to the department
 5 for 1993, the school district may report to the department not
 6 later than June 17, 1994 the number of mills it levied in 1993 for
 7 operation of a community swimming pool that the school district
 8 does not want considered as operating millage and then that number
 9 of mills is excluded under this section from taxes levied for
 10 school operating purposes.

11 (K) ~~(j)~~—"Supportive housing property" means real property
 12 certified as supportive housing property under chapter 3B of the
 13 state housing development authority act of 1966, 1966 PA 346, MCL
 14 125.1459 to 125.1459b.

[SEC. 1277B. THE SENATE MAJORITY LEADER AND SPEAKER OF THE HOUSE
 OF REPRESENTATIVES SHALL CONVENE A BIPARTISAN WORKGROUP TO MAKE
 RECOMMENDATIONS TO THE SENATE AND HOUSE STANDING COMMITTEES ON EDUCATION
 ON MEASURES TO BE TAKEN TO IMPROVE EDUCATIONAL QUALITY IN ALL PUBLIC
 SCHOOLS FOR ALL PUPILS. THIS WORKGROUP SHALL FOCUS ON STUDENT GROWTH AND
 SUBMIT ITS RECOMMENDATIONS NOT LATER THAN MARCH 30, 2012.]

SEC. 1280E. THE BOARD OF A SCHOOL DISTRICT OR INTERMEDIATE SCHOOL
 DISTRICT OR BOARD OF DIRECTORS OF A PUBLIC SCHOOL ACADEMY SHALL DO BOTH
 OF THE FOLLOWING:

(A) WITHIN 20 DAYS AFTER THE BOARD OR BOARD OF DIRECTORS IS
 INFORMED BY THE APPROPRIATE AUTHORITY OF THE ADEQUATE YEARLY PROGRESS
 STATUS OF ITS SCHOOLS FOR THE PURPOSES OF THE NO CHILD LEFT BEHIND ACT OF
 2001, PUBLIC LAW 107-110, FOR THE MOST RECENT SCHOOL YEAR FOR WHICH IT IS
 AVAILABLE, POST A NOTICE OF THE ADEQUATE YEARLY PROGRESS STATUS OF EACH
 SCHOOL IT OPERATES ON THE HOMEPAGE OF ITS WEBSITE.

(B) WITHIN 20 DAYS AFTER THE BOARD OR BOARD OF DIRECTORS IS
 INFORMED BY THE DEPARTMENT OF THE ACCREDITATION STATUS OF ITS SCHOOLS FOR
 THE PURPOSES OF SECTION 1280 FOR THE MOST RECENT SCHOOL YEAR FOR WHICH IT
 IS AVAILABLE, POST A NOTICE OF THE ACCREDITATION STATUS OF EACH SCHOOL IT
 OPERATES ON THE HOMEPAGE OF ITS WEBSITE.]

15 Enacting section 1. Section 501a of the revised school code,
 16 1976 PA 451, MCL 380.501a, is repealed.