

**SUBSTITUTE FOR
SENATE BILL NO. 618**

(As amended October 6, 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, and 561, (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, and 380.561), 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, and section 505
as amended by 1994 PA 416, ; 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

1 instruction under section 1531.

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

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.~~

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.

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), a list of the proposed members of the board
8 of directors of the public school academy and a description of the
9 qualifications and method for appointment or election of members of
10 the board of directors.

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

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

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

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

18 (iii) The name of the authorizing body.

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

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

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

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

27 (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

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 school academy contracts
21 shall be issued on a competitive basis taking into consideration
22 the resources available for the proposed public school academy, the
23 population to be served by the proposed public school academy, the
24 educational goals to be achieved by the proposed public school
25 academy, and the applicant's track record, if any, in operating
26 public school academies or other public schools. However, an
27 authorizing body may give priority to a **PROPOSED** public school

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

8 (2) 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
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) Within 10 days after issuing a contract for a public
27 school academy, the authorizing body shall submit to the

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

3 (4) 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.

7 (5) A contract issued to organize and administer a public
8 school academy shall contain at least all of the following:

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

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

20 (c) A description of the process for amending the contract
21 during the term of the contract.

22 (d) All of the matters set forth in the application for the
23 contract.

24 ~~— (e) For a public school academy authorized by a school~~
25 ~~district, an agreement that employees of the public school academy~~
26 ~~will be covered by the collective bargaining agreements that apply~~
27 ~~to employees of the school district employed in similar~~

1 ~~classifications in schools that are not public school academies.~~

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

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

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

21 (H) ~~(i)~~ The term of the contract and a description of the
22 process and standards for renewal of the contract at the end of the
23 term. The standards for renewal shall include ~~student growth~~
24 **INCREASES IN ACADEMIC ACHIEVEMENT FOR ALL GROUPS OF PUPILS** as
25 measured by assessments and other objective criteria as a
26 ~~significant~~ **THE MOST IMPORTANT** factor in the decision of whether or
27 not to renew the contract.

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

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

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

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

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

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

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

8 (iii) QUARTERLY FINANCIAL REPORTS SUBMITTED TO THE AUTHORIZING
9 BODY.

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

19 (v) CURRICULUM DOCUMENTS AND MATERIALS GIVEN TO THE
20 AUTHORIZING BODY.

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

22 (vii) COPIES OF FACILITY LEASES OR DEEDS, OR BOTH, AND OF ANY
23 EQUIPMENT LEASES.

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

26 (ix) ALL HEALTH AND SAFETY REPORTS AND CERTIFICATES, INCLUDING
27 THOSE RELATING TO FIRE SAFETY, ENVIRONMENTAL MATTERS, ASBESTOS

1 INSPECTION, BOILER INSPECTION, AND FOOD SERVICE.

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

4 (xi) ANY OTHER INFORMATION SPECIFICALLY REQUIRED UNDER THIS
5 ACT.

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

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

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

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

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

26 (6) A public school academy shall comply with all applicable
27 law, including all of the following:

Senate Bill No. 618 as amended October 6, 2011

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

2 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to
3 15.246.

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

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

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

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

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

16 (8) A public school academy is exempt from all taxation on its
17 earnings and property. Instruments of conveyance to or from a
18 public school academy are exempt from all taxation including taxes
19 imposed by 1966 PA 134, MCL 207.501 to 207.513. **PROPERTY OCCUPIED
20 BY A PUBLIC SCHOOL ACADEMY AND USED EXCLUSIVELY FOR EDUCATIONAL
21 PURPOSES IS EXEMPT FROM REAL AND PERSONAL PROPERTY TAXES.** A public
22 school academy may not levy ad valorem property taxes or another
23 tax for any purpose. However, operation of 1 or more public school
24 academies by a school district or intermediate school district does
25 not affect the ability of the school district or intermediate
26 school district to levy ad valorem property taxes or another tax.

27 (9) A public school academy may acquire by purchase, gift,

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

14 **(10) A MEMBER OF THE BOARD OF DIRECTORS OF A PUBLIC SCHOOL**
 15 **ACADEMY IS A PUBLIC OFFICER AND SHALL, BEFORE ENTERING UPON THE**
 16 **DUTIES OF THE OFFICE, TAKE THE CONSTITUTIONAL OATH OF OFFICE FOR**
 17 **PUBLIC OFFICERS UNDER SECTION 1 OF ARTICLE XI OF THE STATE**
 18 **CONSTITUTION OF 1963.**

19 Sec. 504. (1) A public school academy may be located in all or
 20 part of an existing public school building. A public school academy
 21 shall not operate at a site other than the ~~single-site~~ **OR SITES**
 22 requested for the configuration of ~~grades~~ **AGE OR GRADE LEVELS** that
 23 will use the site **OR SITES**, as specified in the ~~application~~
 24 ~~required under section 502 and in the contract.~~ **IN A CONTRACT, AN**
 25 **AUTHORIZING BODY MAY PERMIT A PUBLIC SCHOOL ACADEMY TO OPERATE THE**
 26 **SAME CONFIGURATION OF AGE OR GRADE LEVELS AT MORE THAN 1 SITE, AND**
 27 **IF THIS IS INCLUDED IN THE CONTRACT, A PUBLIC SCHOOL ACADEMY MAY**

1 OPERATE THE SAME CONFIGURATION OF AGE OR GRADE LEVELS AT MORE THAN
2 1 SITE.

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

12 (3) Except for a foreign exchange student who is not a United
13 States citizen, a public school academy shall not enroll a pupil
14 who is not a resident of this state. ~~Enrollment~~ **FOR A PUBLIC SCHOOL**
15 **ACADEMY AUTHORIZED BY A SCHOOL DISTRICT OR INTERMEDIATE SCHOOL**
16 **DISTRICT, ENROLLMENT** in the public school academy may be open to
17 all individuals who reside in this state who meet the admission
18 policy and shall be open to all pupils who reside within the
19 geographic boundaries ~~, if any, of the~~ **THAT** authorizing body ~~as~~
20 ~~described in section 502(2)(a) to (c)~~ who meet the admission
21 policy. ~~, except that admission to a public school academy~~
22 ~~authorized by the board of a community college to operate, or~~
23 ~~operated by the board of a community college, on the grounds of a~~
24 ~~federal military installation, as described in section 502(2)(c),~~
25 ~~shall be open to all pupils who reside in the county in which the~~
26 ~~federal military installation is located.~~ For a public school
27 academy authorized by a **COMMUNITY COLLEGE OR A** state public

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

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

12 (a) A sibling of a pupil enrolled in the public school
13 academy.

14 (b) A pupil who transfers to the public school academy from
15 another public school ~~academy~~ pursuant to a matriculation agreement
16 between the public school ~~academies~~ **ACADEMY AND OTHER PUBLIC SCHOOL**
17 that provides for this enrollment priority, if all of the following
18 requirements are met:

19 (i) Each public school ~~academy~~ that enters into the
20 matriculation agreement remains a separate and independent public
21 school. ~~academy~~.

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

25 (iii) The matriculation agreement allows any pupil who was
26 enrolled at any time during elementary school in a public school
27 ~~academy~~ that is party to the matriculation agreement and who was

1 not expelled from the public school ~~academy~~ to enroll in the public
2 school academy giving enrollment priority under the matriculation
3 agreement.

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

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

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

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

22 (a) If the public school academy is ~~operated~~ **AUTHORIZED** by a
23 state public university, the public school academy may use as a
24 classroom teacher in any grade a faculty member who is employed
25 full-time by the state public university and who has been granted
26 institutional tenure, or has been designated as being on tenure
27 track, by the state public university.

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

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

9 (3) A public school academy may develop and implement new
10 teaching techniques or methods or significant revisions to known
11 teaching techniques or methods, and shall report those to the
12 authorizing body and state board to be made available to the
13 public. A public school academy may use any instructional technique
14 or delivery method that may be used by a school district.

15 Sec. 507. (1) ~~The authorizing body for a public school academy~~
16 ~~is the fiscal agent for the public school academy. A state school~~
17 ~~aid payment for a public school academy shall be paid to the~~
18 ~~authorizing body that is the fiscal agent for that public school~~
19 ~~academy, which shall then forward the payment to the public school~~
20 ~~academy. An authorizing body has the responsibility to oversee a~~
21 ~~public school academy's compliance with the contract and all~~
22 ~~applicable law. A contract issued under this part may be revoked by~~
23 ~~the authorizing body that issued the contract if the authorizing~~
24 ~~body determines that 1 or more of the following has occurred:~~

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

27 ~~— (b) Failure of the public school academy to comply with all~~

1 applicable law.

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

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

6 ~~—— (2) Except for a public school academy that is an alternative~~
7 ~~school serving a special student population, if the superintendent~~
8 ~~of public instruction determines that a public school academy that~~
9 ~~has been operating for at least 4 years is among the lowest~~
10 ~~achieving 5% of all public schools in this state, as defined for~~
11 ~~the purposes of the federal incentive grant program created under~~
12 ~~sections 14005 and 14006 of title XIV of the American recovery and~~
13 ~~reinvestment act of 2009, Public Law 111-5, and is in year 2 of~~
14 ~~restructuring sanctions under the no child left behind act of 2001,~~
15 ~~Public Law 107-110, not to include the individualized education~~
16 ~~plan subgroup, the superintendent of public instruction shall~~
17 ~~notify the public school academy's authorizing body. If an~~
18 ~~authorizing body receives notice from the superintendent of public~~
19 ~~instruction under this subsection, the authorizing body shall~~
20 ~~revoke the public school academy's contract and the public school~~
21 ~~academy shall be closed, effective at the end of the current school~~
22 ~~year.~~

23 ~~—— (3) Except for a contract issued by a school district pursuant~~
24 ~~to a vote by the school electors on a ballot question under section~~
25 ~~503(2), the decision of an authorizing body to revoke a contract~~
26 ~~under this section is solely within the discretion of the~~
27 ~~authorizing body, is final, and is not subject to review by a court~~

1 ~~or any state agency.~~

2 ~~—— (4) An authorizing body that revokes a contract under this~~
3 ~~section is not liable for that action to the public school academy,~~
4 ~~public school academy corporation, a pupil of the public school~~
5 ~~academy, the parent or guardian of a pupil of the public school~~
6 ~~academy, or any other person.~~ AN AUTHORIZING BODY THAT ISSUES A

7 CONTRACT FOR A PUBLIC SCHOOL ACADEMY UNDER THIS PART SHALL DO ALL
8 OF THE FOLLOWING:

9 (A) ENSURE THAT THE CONTRACT AND THE APPLICATION FOR THE
10 CONTRACT COMPLY WITH THE REQUIREMENTS OF THIS PART.

11 (B) WITHIN 10 DAYS AFTER ISSUING THE CONTRACT, SUBMIT TO THE
12 DEPARTMENT A COPY OF THE CONTRACT.

13 (C) ESTABLISH THE METHOD OF SELECTION, LENGTH OF TERM, AND
14 NUMBER OF MEMBERS OF THE BOARD OF DIRECTORS OF EACH PUBLIC SCHOOL
15 ACADEMY THAT IT AUTHORIZES. THE AUTHORIZING BODY SHALL ENSURE THAT
16 THE BOARD OF DIRECTORS INCLUDES REPRESENTATION FROM THE LOCAL
17 COMMUNITY.

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

22 (E) DEVELOP AND IMPLEMENT A PROCESS FOR HOLDING A PUBLIC
23 SCHOOL ACADEMY ACCOUNTABLE FOR MEETING APPLICABLE ACADEMIC
24 PERFORMANCE STANDARDS SET FORTH IN THE CONTRACT AND FOR
25 IMPLEMENTING CORRECTIVE ACTION FOR A PUBLIC SCHOOL ACADEMY THAT
26 DOES NOT MEET THOSE STANDARDS.

27 (F) TAKE NECESSARY MEASURES TO ENSURE THAT THE BOARD OF

1 DIRECTORS OF A PUBLIC SCHOOL ACADEMY OPERATES INDEPENDENTLY OF ANY
2 EDUCATIONAL MANAGEMENT COMPANY INVOLVED IN THE OPERATIONS OF THE
3 PUBLIC SCHOOL ACADEMY.

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

7 (H) ENSURE THAT THE BOARD OF DIRECTORS OF THE PUBLIC SCHOOL
8 ACADEMY MAINTAINS AND RELEASES INFORMATION AS NECESSARY TO COMPLY
9 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 A PUBLIC SCHOOL ACADEMY IS THE
14 FISCAL AGENT FOR THE PUBLIC SCHOOL ACADEMY. A STATE SCHOOL AID
15 PAYMENT FOR A PUBLIC SCHOOL ACADEMY SHALL BE PAID TO THE
16 AUTHORIZING BODY THAT IS THE FISCAL AGENT FOR THAT PUBLIC SCHOOL
17 ACADEMY, AND THE AUTHORIZING BODY SHALL THEN FORWARD THE PAYMENT TO
18 THE PUBLIC SCHOOL ACADEMY. WITHIN 30 DAYS AFTER A CONTRACT IS
19 SUBMITTED TO THE DEPARTMENT BY AN AUTHORIZING BODY UNDER SUBSECTION
20 (1), THE DEPARTMENT SHALL ISSUE A DISTRICT CODE TO THE PUBLIC
21 SCHOOL ACADEMY FOR WHICH THE CONTRACT WAS ISSUED. IF THE DEPARTMENT
22 DOES NOT ISSUE A DISTRICT CODE WITHIN 30 DAYS AFTER A CONTRACT IS
23 FILED, THE STATE TREASURER SHALL ASSIGN A TEMPORARY DISTRICT CODE
24 IN ORDER FOR THE PUBLIC 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 IF THE AUTHORIZING BODY DETERMINES THAT 1 OR MORE

1 OF THE FOLLOWING HAVE OCCURRED:

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

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

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

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

9 (6) THE DECISION OF AN AUTHORIZING BODY TO ISSUE, NOT ISSUE,
10 OR RECONSTITUTE A CONTRACT UNDER THIS PART, OR TO TERMINATE OR
11 REVOKE A CONTRACT UNDER THIS SECTION, IS SOLELY WITHIN THE
12 DISCRETION OF THE AUTHORIZING BODY, IS FINAL, AND IS NOT SUBJECT TO
13 REVIEW BY A COURT OR ANY STATE AGENCY. AN AUTHORIZING BODY THAT
14 ISSUES, DOES NOT ISSUE, OR RECONSTITUTES A CONTRACT UNDER THIS
15 PART, OR THAT TERMINATES OR REVOKES A CONTRACT UNDER THIS SECTION,
16 IS NOT LIABLE FOR THAT ACTION TO THE PUBLIC SCHOOL ACADEMY, THE
17 PUBLIC SCHOOL ACADEMY CORPORATION, A PUPIL OF THE PUBLIC SCHOOL
18 ACADEMY, THE PARENT OR GUARDIAN OF A PUPIL OF THE PUBLIC SCHOOL
19 ACADEMY, OR ANY OTHER PERSON.

20 (7) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (5), BEFORE AN
21 AUTHORIZING BODY REVOKES A CONTRACT, THE AUTHORIZING BODY MAY
22 CONSIDER AND TAKE CORRECTIVE MEASURES TO AVOID REVOCATION. AN
23 AUTHORIZING BODY MAY RECONSTITUTE THE PUBLIC SCHOOL ACADEMY IN A
24 FINAL ATTEMPT TO IMPROVE STUDENT EDUCATIONAL PERFORMANCE OR TO
25 AVOID INTERRUPTION OF THE EDUCATIONAL PROCESS. AN AUTHORIZING BODY
26 SHALL INCLUDE A RECONSTITUTING PROVISION IN THE CONTRACT THAT
27 IDENTIFIES THESE CORRECTIVE MEASURES, INCLUDING, BUT NOT LIMITED

1 TO, CANCELING A CONTRACT WITH AN EDUCATIONAL MANAGEMENT
2 ORGANIZATION, IF ANY, WITHDRAWING APPROVAL OF A CONTRACT UNDER
3 SECTION 506, OR APPOINTING A NEW BOARD OF DIRECTORS OR A TRUSTEE TO
4 TAKE OVER OPERATION OF THE PUBLIC SCHOOL ACADEMY.

5 (8) IF AN AUTHORIZING BODY REVOKES A CONTRACT, THE AUTHORIZING
6 BODY SHALL WORK WITH A SCHOOL DISTRICT OR ANOTHER PUBLIC SCHOOL, OR
7 WITH A COMBINATION OF THESE ENTITIES, TO ENSURE A SMOOTH TRANSITION
8 FOR THE AFFECTED PUPILS. IF THE REVOCATION OCCURS DURING THE SCHOOL
9 YEAR, THE AUTHORIZING BODY, AS THE FISCAL AGENT FOR THE PUBLIC
10 SCHOOL ACADEMY UNDER THIS PART, SHALL RETURN ANY SCHOOL AID FUNDS
11 HELD BY THE AUTHORIZING BODY THAT ARE ATTRIBUTABLE TO THE AFFECTED
12 PUPILS TO THE STATE TREASURER FOR DEPOSIT INTO THE STATE SCHOOL AID
13 FUND. THE STATE TREASURER SHALL DISTRIBUTE FUNDS TO THE PUBLIC
14 SCHOOL IN WHICH THE PUPILS ENROLL AFTER THE REVOCATION PURSUANT TO
15 A METHODOLOGY ESTABLISHED BY THE DEPARTMENT AND THE CENTER FOR
16 EDUCATIONAL PERFORMANCE AND INFORMATION.

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

22 Sec. 522. (1) An urban high school academy shall be organized
23 and administered under the direction of a board of directors in
24 accordance with this part and with bylaws adopted by the board of
25 directors. An urban high school academy corporation shall be
26 organized under the nonprofit corporation act, 1982 PA 162, MCL
27 450.2101 to 450.3192, except that an urban high school academy

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

8 (2) The governing board of a state public university may act
9 as an authorizing body to issue a contract for the organization and
10 operation of an urban high school academy under this part. ~~Subject~~
11 ~~to section 524(1), not more than 15 contracts may be issued under~~
12 ~~this part. A contract issued under this part shall be for an urban~~
13 ~~high school academy that will be located in a county with a~~
14 ~~population of at least 1,000,000. An urban high school academy~~
15 ~~authorized under this part shall not operate outside the boundaries~~
16 ~~of a county with a population of at least 1,000,000.~~

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

23 (4) To obtain a contract to organize and operate 1 or more
24 urban high school academies, an entity may apply to an authorizing
25 body described in subsection (2). The contract shall be issued to
26 an urban high school academy corporation designated by the entity
27 applying for the contract. The application shall include at least

1 all of the following:

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

3 (b) Subject to the resolution adopted by the authorizing body
4 under section 528, a list of the proposed members of the board of
5 directors of the urban high school academy and a description of the
6 qualifications and method for appointment or election of members of
7 the board of directors.

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

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

12 (ii) The purposes for the urban high school academy
13 corporation. This language shall provide that the urban high school
14 academy is incorporated pursuant to this part and that the urban
15 high school academy corporation is a governmental entity and
16 political subdivision of this state.

17 (iii) The name of the authorizing body.

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

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

22 (d) A copy of the proposed bylaws of the urban high school
23 academy.

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

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

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

1 academy and the curricula to be offered and methods of pupil
2 assessment to be used by the urban high school academy. **THE**
3 **EDUCATIONAL GOALS SHALL INCLUDE DEMONSTRATED IMPROVED PUPIL**
4 **ACADEMIC ACHIEVEMENT FOR ALL GROUPS OF PUPILS.** To the extent
5 applicable, the progress of the pupils in the urban high school
6 academy shall be assessed using at least a Michigan education
7 assessment program (MEAP) test or ~~an assessment instrument~~
8 ~~developed under section 1279.~~ **THE MICHIGAN MERIT EXAMINATION UNDER**
9 **SECTION 1279G, AS APPLICABLE.**

10 (iii) The admission policy and criteria to be maintained by the
11 urban high school academy. The admission policy and criteria shall
12 comply with section 524. 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 an urban high 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 urban
20 high school academy's governance structure.

21 (g) A description of and address for the proposed building or
22 buildings in which the urban high school academy will be located,
23 and a financial commitment by the entity applying for the contract
24 to construct or renovate the building or buildings that will be
25 occupied by the urban high school academy that is issued the
26 contract.

27 (5) If a particular state public university issues a contract

1 that allows an urban high school academy to operate the same
2 configuration of grades at more than 1 site, as provided in section
3 524(1), each of those sites shall be under the direction of the
4 board of directors that is a party to the contract.

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

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

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

24 (i) Considering applications and issuing or administering
25 contracts.

26 (ii) Compliance monitoring and oversight of urban high school
27 academies.

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

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

4 (v) Academic support to urban high school academies or to
5 pupils or graduates of urban high school academies.

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

7 (vii) Training of teachers, including supervision of teacher
8 interns.

9 (viii) Other purposes that assist the urban high school
10 academies or traditional public schools in achieving improved
11 academic performance.

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

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

19 Sec. 523. (1) An authorizing body is not required to issue a
20 contract to any entity. Urban high school academy contracts shall
21 be issued on a competitive basis taking into consideration the
22 resources available for the proposed urban high school academy, the
23 population to be served by the proposed urban high school academy,
24 and the educational goals to be achieved by the proposed urban high
25 school academy. In evaluating if an applicant is qualified, the
26 authorizing body shall examine the proposed performance standards,
27 proposed academic program, financial viability of the applicant,

1 and the ability of the proposed board of directors to meet the
2 contract goals and objectives. An authorizing body shall give
3 priority to applicants that demonstrate all of the following:

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

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

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

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

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

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

16 (a) The educational goals the urban high school academy 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 an urban high school academy
21 shall be assessed using at least a Michigan education assessment
22 program (MEAP) test or the Michigan merit examination developed
23 under section 1279g, as applicable.

24 (b) A description of the method to be used to monitor the
25 urban high school academy'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. An authorizing body may approve
2 amendment of the contract with respect to any provision contained
3 in the contract.

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

8 (e) Procedures for revoking the contract and grounds for
9 revoking the contract.

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

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

16 (h) A requirement that the board of directors shall ensure
17 compliance with the requirements of 1968 PA 317, MCL 15.321 to
18 15.330.

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

27 (j) A requirement that the board of directors of the urban

1 high school academy shall make information concerning its operation
2 and management available to the public and to the authorizing body
3 in the same manner as is required by state law for school
4 districts.

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

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

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

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

22 (iv) A current list of teachers working at the urban high
23 school academy that includes their individual salaries **AS SUBMITTED**
24 **TO THE REGISTRY OF EDUCATIONAL PERSONNEL**; copies of the teaching
25 certificates or permits of current teaching staff; and evidence of
26 compliance with the criminal background and records checks and
27 unprofessional conduct check required under sections 1230, 1230a,

1 and 1230b for all teachers and administrators working at the urban
2 high school academy.

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

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

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

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

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

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

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

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

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

26 (i) That the urban high school academy has made a reasonable
27 effort to advertise its enrollment openings. ~~in a newspaper of~~

1 ~~general circulation in the intermediate school district in which~~
2 ~~the urban high school academy is located.~~

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

6 (A) Reasonable efforts to advertise all enrollment openings to
7 organizations and media that regularly serve and advocate for
8 individuals with disabilities within the boundaries of the
9 intermediate school district in which the urban high school academy
10 is located.

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

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

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

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

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

Senate Bill No. 618 as amended October 6, 2011

1 assessments and other objective criteria as a ~~significant~~ **THE MOST**
 2 **IMPORTANT** factor in the decision of whether or not to renew the
 3 contract.

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

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

7 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to
 8 15.246.

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

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

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

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

13 (g) The uniform budgeting and accounting act, 1968 PA 2, MCL
 14 141.421 to 141.440a.

15 (h) The revised municipal finance act, 2001 PA 34, MCL
 16 141.2101 to 141.2821.

17 (i) The federal no child left behind act of 2001, Public Law
 18 107-110, 115 Stat. 1425.

19 (j) Sections 1134, 1135, 1146, 1153, 1263(3), 1267, 1274, and
 20 1280.

**<<(K) LAWS CONCERNING PARTICIPATION IN STATE ASSESSMENTS, DATA
 COLLECTION SYSTEMS, STATE LEVEL STUDENT GROWTH MODELS, STATE
 ACCOUNTABILITY AND ACCREDITATION SYSTEMS, AND OTHER PUBLIC COMPARATIVE
 DATA COLLECTION REQUIRED FOR PUBLIC SCHOOLS.>>**

21 (4) An urban high school academy 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 any acts or omissions in authorizing or oversight of an urban
 27 high school academy if the authorizing body or the person acted or

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

3 (5) An urban high school academy is exempt from all taxation
4 on its earnings and property. **PROPERTY OCCUPIED BY AN URBAN HIGH**
5 **SCHOOL ACADEMY AND USED EXCLUSIVELY FOR EDUCATIONAL PURPOSES IS**
6 **EXEMPT FROM REAL AND PERSONAL PROPERTY TAXES.** Instruments of
7 conveyance to or from an urban high school academy are exempt from
8 all taxation, including taxes imposed by 1966 PA 134, MCL 207.501
9 to 207.513. An urban high school academy may not levy ad valorem
10 property taxes or any other tax for any purpose.

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

25 Sec. 524. (1) An urban high school academy may be located in
26 all or part of an existing public school building. Except as
27 otherwise provided in this subsection, an urban high school academy

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

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

1 subsection (4).

2 (3) Except for a foreign exchange student who is not a United
3 States citizen, an urban high school academy shall not enroll a
4 pupil who is not a resident of this state. Enrollment in an urban
5 high school academy shall be open to all pupils who reside in this
6 state who meet the admission policy. Subject to subsection (4), if
7 there are more applications to enroll in the urban high school
8 academy than there are spaces available, pupils shall be selected
9 to attend using a random selection process. An urban high school
10 academy shall allow any pupil who was enrolled in the urban high
11 school academy in the immediately preceding school year to enroll
12 in the urban high school academy in the appropriate grade unless
13 the appropriate grade is not offered at that urban high school
14 academy.

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

17 (a) A sibling of a pupil enrolled in the urban high school
18 academy.

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

23 (5) Subject to the terms of the contract authorizing the urban
24 high school academy, an urban high school academy shall include at
25 least grades 9 through 12 within 5 years after beginning operations
26 and may include other grades or any configuration of those grades,
27 including kindergarten and early childhood education, as specified

1 in its contract. If specified in its contract, an urban high school
2 academy may also operate an adult basic education program, adult
3 high school completion program, or general education development
4 testing preparation program.

5 Sec. 528. (1) An authorizing body that issues a contract for
6 an urban high school academy under this part shall do all of the
7 following:

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

10 (b) Within 10 days after issuing the contract, submit to the
11 department a copy of the contract.

12 (c) Adopt a resolution establishing the method of selection,
13 length of term, and number of members of the board of directors of
14 each urban high school academy that it authorizes.

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

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

1 (f) Take necessary measures to ensure that an urban high
2 school academy board of directors operates independently of any
3 educational management company involved in the operations of the
4 urban high school academy.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

27 (10) ~~(9)~~—Not more than 10 days after an urban high school

1 academy's contract terminates or is revoked, the authorizing body
2 shall notify the superintendent of public instruction in writing of
3 the name of the urban high school academy whose contract has
4 terminated or been revoked and the date of contract termination or
5 revocation.

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

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

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

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

1 approved within 30 days, the state treasurer, or his or her
2 designee, shall provide the board of directors with an acceptable
3 plan of distribution of assets.

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

8 (e) As part of the plan of distribution of assets, the urban
9 high school academy board of directors shall designate the director
10 of the department of **TECHNOLOGY**, management, and budget, or his or
11 her designee, to dispose of all real property of the urban high
12 school academy corporation in accordance with the directives
13 developed for disposition of surplus land and facilities under
14 section 251 of the management and budget act, 1984 PA 431, MCL
15 18.1251.

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

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

1 school academy board of directors, or a trustee appointed under
2 this section, shall forward any remaining money to the state
3 treasurer. Following receipt, the state treasurer, or his or her
4 designee, shall deposit this remaining money in the state school
5 aid fund.

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

17 (2) As used in this part:

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

20 (i) The board of a school district that operates grades K to
21 12.

22 (ii) An intermediate school board.

23 (iii) The board of a community college.

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

25 (v) **TWO OR MORE OF THE PUBLIC AGENCIES DESCRIBED IN**
26 **SUBPARAGRAPHS (i) TO (iv) EXERCISING POWER, PRIVILEGE, OR AUTHORITY**
27 **JOINTLY PURSUANT TO AN INTERLOCAL AGREEMENT UNDER THE URBAN**

1 COOPERATION ACT OF 1967, 1967 (EX SESS) PA 7, MCL 124.501 TO
2 124.512.

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

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

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. All of the following apply to a
15 contract issued under this subsection:

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

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

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

27 (d) A school of excellence authorized under this subsection

1 shall not be located in a school district that has a graduation
2 rate of over 75%, on average, for the most recent 3 school years
3 for which the data are available, as determined by the department.

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

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

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

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

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

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

1 ratio of pupils who are identified as a dropout. Maximum enrollment
2 at a school of excellence that is a cyber school shall not exceed
3 1,000 pupils.

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

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

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

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

25 (d) The contract issued to the public school academy under
26 part 6a shall automatically terminate upon the issuance of a
27 contract or at another time as determined by the authorizing body.

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

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

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

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

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

25 (5) A school of excellence shall be organized and administered
26 under the direction of a board of directors in accordance with this
27 part and with bylaws adopted by the board of directors. A school of

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

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

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

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

24 (c) The board of a community college. ~~The board of a community~~
25 ~~college shall not issue a contract for a school of excellence to~~
26 ~~operate outside the boundaries of the community college district,~~
27 ~~and a school of excellence authorized by the board of a community~~

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

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

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

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

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

23 (b) Subject to the resolution adopted by the authorizing body
24 under section 553(4), a list of the proposed members of the board
25 of directors of the school of excellence and a description of the
26 qualifications and method for appointment or election of members of
27 the board of directors.

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

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

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

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

8 (iii) The name of the authorizing body.

9 (iv) The proposed time when the articles of incorporation will
10 be effective.

11 (v) Other matters considered expedient to be in the articles
12 of incorporation.

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

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

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

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

26 (iii) The admission policy and criteria to be maintained by the
27 school of excellence. The admission policy and criteria shall

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

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

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

9 (f) Descriptions of staff responsibilities and of the school
10 of excellence governance structure.

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

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

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

24 (I) ~~(j)~~—A description of and address for the proposed physical
25 plant in which the school of excellence will be located. **AN**
26 **APPLICANT MAY REQUEST THE AUTHORIZING BODY TO ISSUE A CONTRACT**
27 **ALLOWING THE BOARD OF DIRECTORS OF THE SCHOOL OF EXCELLENCE TO**

1 OPERATE THE SAME CONFIGURATION OF AGE OR GRADE LEVELS AT MORE THAN
2 1 SITE.

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

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

22 (10) An authorizing body shall not charge a fee, or require
23 reimbursement of expenses, for considering an application for a
24 contract, for issuing a contract, or for providing oversight of a
25 contract for a school of excellence in an amount that exceeds a
26 combined total of 3% of the total state school aid received by the
27 school of excellence in the school year in which the fees or

1 expenses are charged. All of the following apply to this fee:

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

4 ~~—— (i) Considering applications and issuing or administering~~
 5 ~~contracts.~~

6 ~~—— (ii) Compliance monitoring and oversight of schools of~~
 7 ~~excellence.~~

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

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

11 ~~—— (v) Academic support to schools of excellence or to pupils of~~
 12 ~~schools of excellence.~~

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

14 ~~—— (vii) Training of teachers.~~

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

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

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

25 **(12) A MEMBER OF THE BOARD OF DIRECTORS OF A SCHOOL OF**
 26 **EXCELLENCE IS A PUBLIC OFFICER AND SHALL, BEFORE ENTERING UPON THE**
 27 **DUTIES OF THE OFFICE, TAKE THE CONSTITUTIONAL OATH OF OFFICE FOR**

1 PUBLIC OFFICERS UNDER SECTION 1 OF ARTICLE XI OF THE STATE
2 CONSTITUTION OF 1963.

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

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

1 contract, the board shall issue the contract.

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

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

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

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

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

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

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

27 ~~—(e) For a school of excellence authorized by a school~~

1 ~~district, an agreement that employees of the school of excellence~~
2 ~~will be covered by the collective bargaining agreements that apply~~
3 ~~to employees of the school district employed in similar~~
4 ~~classifications in schools that are not schools of excellence.~~

5 (E) ~~(f)~~—Procedures for revoking the contract and grounds for
6 revoking the contract, including at least the grounds listed in
7 section 561.

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

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

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

23 (I) ~~(j)~~—A requirement that the board of directors shall ensure
24 compliance with the requirements of 1968 PA 317, MCL 15.321 to
25 15.330.

26 (J) ~~(k)~~—A requirement that the board of directors shall
27 prohibit specifically identified family relationships between

1 members of the board of directors, individuals who have an
2 ownership interest in or who are officers or employees of an
3 educational management organization involved in the operation of
4 the school of excellence, and employees of the school of
5 excellence. The contract shall identify the specific prohibited
6 relationships consistent with applicable law.

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

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

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

19 (ii) A list of currently serving members of the board of
20 directors of the school of excellence, including name, address, and
21 term of office; copies of policies approved by the board of
22 directors; board meeting agendas and minutes; copy of the budget
23 approved by the board of directors and of any amendments to the
24 budget; and copies of bills paid for amounts of \$10,000.00 or more
25 as they were submitted to the board of directors.

26 (iii) Quarterly financial reports submitted to the authorizing
27 body.

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

10 (v) Curriculum documents and materials given to the
11 authorizing body.

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

13 (vii) Copies of facility leases or deeds, or both, and of any
14 equipment leases.

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

17 (ix) All health and safety reports and certificates, including
18 those relating to fire safety, environmental matters, asbestos
19 inspection, boiler inspection, and food service.

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

22 (xi) Any other information specifically required under this
23 act.

24 **(M)** ~~(n)~~—A requirement that the authorizing body must review
25 and may disapprove any agreement between the board of directors and
26 an educational management organization before the agreement is
27 final and valid. An authorizing body may disapprove an agreement

1 described in this subdivision only if the agreement is contrary to
2 contract or applicable law.

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

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

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

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

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

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

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

Senate Bill No. 618 as amended October 6, 2011

1 (P) ~~(g)~~—A requirement that, if requested, the board of
2 directors shall report to the authorizing body the total
3 compensation for each individual working at the school of
4 excellence.

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

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

8 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to
9 15.246.

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

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

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

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

13 (7) A school of excellence 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 school of excellence if the
19 authorizing body or the person acted or reasonably believed he or
20 she acted within the authorizing body's or the person's scope of
21 authority.

22 (8) A school of excellence is exempt from all taxation on its
23 earnings and property. **PROPERTY OCCUPIED BY A SCHOOL OF EXCELLENCE
24 AND USED EXCLUSIVELY FOR EDUCATIONAL PURPOSES IS EXEMPT FROM REAL
25 AND PERSONAL PROPERTY TAXES.** Instruments of conveyance to or from a
26 school of excellence are exempt from all taxation including taxes
27 imposed by 1966 PA 134, MCL 207.501 to 207.513. A school of

1 excellence may not levy ad valorem property taxes or another tax
2 for any purpose. However, operation of 1 or more schools of
3 excellence by a school district or intermediate school district
4 does not affect the ability of the school district or intermediate
5 school district to levy ad valorem property taxes or another tax.

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

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

25 (2) A contract for a school of excellence that is a cyber
26 school shall include all of the provisions required under section
27 553 and all of the following:

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

4 (i) Improving learning by planned instruction.

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

6 (iii) Assessing learning, assigning grades, and determining
7 advancement.

8 (iv) Reporting outcomes to administrators and parents or legal
9 guardians.

10 (b) A requirement that the cyber school will make educational
11 services available to pupils for a minimum of at least 1,098 hours
12 during a school year and will ensure that each pupil participates
13 in the educational program for at least 1,098 hours during a school
14 year.

15 (3) Notwithstanding any other provision of this act or any
16 rule, if a school of excellence that is a cyber school is in
17 compliance with the requirements of subsection (2)(a) regarding a
18 certificated teacher, any other adult assisting with the oversight
19 of a pupil during the pupil's participation in the cyber school's
20 education program is not required to be a certificated teacher or
21 an employee of the school.

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

25 ~~—— (5) At the end of a cyber school's second full school year of~~
26 ~~operations, the authorizing body of a school of excellence that is~~
27 ~~a cyber school shall submit to the superintendent of public~~

1 ~~instruction and the legislature, in the form and manner prescribed~~
2 ~~by the superintendent of public instruction, a report detailing the~~
3 ~~operation of the cyber school, providing statistics of pupil~~
4 ~~participation and academic performance, and making recommendations~~
5 ~~for any further statutory or rule change related to cyber schools~~
6 ~~and online learning in this state.~~

7 Sec. 556. (1) A school of excellence may be located in all or
8 part of an existing public school building. A school of excellence,
9 other than a cyber school operated under section 553a, shall not
10 operate at a site other than the ~~single site~~ **OR SITES** requested for
11 the configuration of ~~grades~~ **AGE OR GRADE LEVELS** that will use the
12 site **OR SITES**, as specified in the ~~application required under~~
13 ~~section 552 and in the contract.~~ **IN A CONTRACT, AN AUTHORIZING BODY**
14 **MAY PERMIT A SCHOOL OF EXCELLENCE TO OPERATE THE SAME CONFIGURATION**
15 **OF AGE OR GRADE LEVELS AT MORE THAN SITE, AND IF THIS IS INCLUDED**
16 **IN THE CONTRACT, A SCHOOL OF EXCELLENCE MAY OPERATE THE SAME**
17 **CONFIGURATION OF AGE OR GRADE LEVELS AT MORE THAN 1 SITE.**

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

27 (3) Except for a foreign exchange student who is not a United

1 States citizen, a school of excellence shall not enroll a pupil who
2 is not a resident of this state. Enrollment in the school of
3 excellence may be open to all individuals who reside In this state
4 who meet the admission policy and shall be open to all pupils who
5 reside within the geographic boundaries ~~, if any, of the~~ **THAT**
6 ~~authorizing body as described in section 552(6) (a) to (e) who meet~~
7 ~~the admission policy. , except that admission to a school of~~
8 ~~excellence authorized by the board of a community college to~~
9 ~~operate, or operated by the board of a community college, on the~~
10 ~~grounds of a federal military installation, as described in section~~
11 ~~552(6) (e), shall be open to all pupils who reside in the county in~~
12 ~~which the federal military installation is located.~~ For a school of
13 excellence authorized by a **COMMUNITY COLLEGE OR A** state public
14 university, enrollment shall be open to all pupils who reside in
15 this state who meet the admission policy. If there are more
16 applications to enroll in the school of excellence than there are
17 spaces available, pupils shall be selected to attend using a random
18 selection process. A school of excellence shall allow any pupil who
19 was enrolled in the school of excellence in the immediately
20 preceding school year to enroll in the school of excellence in the
21 appropriate grade unless the appropriate grade is not offered at
22 that school of excellence.

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

25 (a) A sibling of a pupil enrolled in the ~~public~~ school **OF**
26 **EXCELLENCE.**

27 (b) A pupil who transfers to the school of excellence from

1 another public school pursuant to a matriculation agreement between
2 the school of excellence and another public school that provides
3 for this enrollment priority, if all of the following requirements
4 are met:

5 (i) Each school of excellence or other public school that
6 enters into the matriculation agreement remains a separate and
7 independent public school.

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

11 (iii) The matriculation agreement allows any pupil who was
12 enrolled at any time during elementary school in a ~~school of~~
13 ~~excellence~~-**PUBLIC SCHOOL** that is party to the matriculation
14 agreement and who was not expelled from the ~~school of excellence~~
15 **PUBLIC SCHOOL** to enroll in the ~~public~~-school **OF EXCELLENCE** giving
16 enrollment priority under the matriculation agreement.

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

21 (5) Subject to subsection (6), a school of excellence may
22 include any grade up to grade 12 or any configuration of those
23 grades, including kindergarten and early childhood education, as
24 specified in its contract. If specified in its contract, a school
25 of excellence may also operate an adult basic education program,
26 adult high school completion program, or general education
27 development testing preparation program. The authorizing body may

1 approve amendment of a contract with respect to ages of pupils or
2 grades offered.

3 (6) In addition to any other grade levels it operates, a
4 school of excellence shall work toward operating all of grades 9 to
5 12 within 6 years after it begins operations, unless a
6 matriculation agreement has been reached with another public school
7 that provides grades 9 to 12.

8 (7) If a school of excellence is a cyber school and its
9 authorizing body is a school district or intermediate school
10 district, the school of excellence shall give enrollment priority
11 to pupils who reside in the school district or intermediate school
12 district that is the authorizing body.

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

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

20 (a) If the school of excellence is ~~operated~~**AUTHORIZED** by a
21 state public university, the school of excellence may use as a
22 classroom teacher in any grade a faculty member who is employed
23 full-time by the state public university and who has been granted
24 institutional tenure, or has been designated as being on tenure
25 track, by the state public university.

26 (b) For a school of excellence ~~operated~~**AUTHORIZED** by a
27 community college, the school of excellence may use as a classroom

1 teacher a full-time member of the community college faculty who has
2 at least 5 years' experience at that community college in teaching
3 the subject matter that he or she is teaching at the school of
4 excellence.

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

7 (3) A school of excellence may develop and implement new
8 teaching techniques or methods or significant revisions to known
9 teaching techniques or methods, and shall report those to the
10 authorizing body and state board to be made available to the
11 public. A school of excellence may use any instructional technique
12 or delivery method that may be used by a school district.

13 Sec. 561. (1) If an authorizing body issues a contract for a
14 school of excellence under this part, the authorizing body shall do
15 all of the following:

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

18 (b) Within 10 days after issuing the contract, submit to the
19 department a copy of the contract.

20 (c) Establish the method of selection, length of term, and
21 number of members of the board of directors of each school of
22 excellence that it authorizes. The authorizing body shall ensure
23 that the board of directors includes representation from the local
24 community.

25 (d) Oversee the operations of each school of excellence
26 operating under a contract issued by the authorizing body. The
27 oversight shall be sufficient to ensure that the school of

1 excellence is in compliance with the terms of the contract and with
2 applicable law. **THIS SUBDIVISION DOES NOT RELIEVE ANY OTHER**
3 **GOVERNMENTAL ENTITY OF ITS ENFORCEMENT OR SUPERVISORY**
4 **RESPONSIBILITY.**

5 (e) Develop and implement a process for holding a school of
6 excellence board of directors accountable for meeting applicable
7 academic performance standards set forth in the contract and for
8 implementing corrective action for a school of excellence that does
9 not meet those standards.

10 (f) Take necessary measures to ensure that a school of
11 excellence board of directors operates independently of any
12 educational management organization involved in the operations of
13 the school of excellence.

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

17 (h) Ensure that the board of directors of the school of
18 excellence maintains and releases information as necessary to
19 comply with applicable law.

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

23 (3) The authorizing body for a school of excellence is the
24 fiscal agent for the school of excellence. A state school aid
25 payment for a school of excellence shall be paid to the authorizing
26 body as the fiscal agent for that school of excellence, and the
27 authorizing body shall then forward the payment to the school of

1 excellence. Within 30 days after a contract is submitted to the
2 department by the authorizing body under subsection (1), the
3 department shall issue a district code to the school of excellence
4 for which the contract was issued. If the department does not issue
5 a district code within 30 days after a contract is filed, the state
6 treasurer shall assign a temporary district code in order for the
7 school of excellence to receive funding under the state school aid
8 act of 1979.

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

12 (a) Failure of the school of excellence to ~~abide by and~~
13 **DEMONSTRATE IMPROVED PUPIL ACADEMIC ACHIEVEMENT FOR ALL GROUPS OF**
14 **PUPILS OR** meet the educational goals set forth in the contract.

15 (b) Failure of the school of excellence to comply with all
16 applicable law.

17 (c) Failure of the school of excellence to meet generally
18 accepted public sector accounting principles **AND DEMONSTRATE SOUND**
19 **FISCAL STEWARDSHIP.**

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

22 (5) Except for a school of excellence that is an alternative
23 school serving a special student population, if the superintendent
24 of public instruction determines that a school of excellence **SITE**
25 that has been operating for at least 4 years is among the lowest
26 achieving 5% of all public schools in this state, as defined for
27 the purposes of the federal incentive grant program created under

1 sections 14005 and 14006 of title XIV of the American recovery and
2 reinvestment act of 2009, Public Law 111-5, ~~and is in year 2 of~~
3 restructuring sanctions under the no child left behind act of 2001,
4 Public Law 107-110, not to include the individualized education
5 plan subgroup, **AND IS NOT CURRENTLY UNDERGOING RECONSTITUTION UNDER**
6 **THIS SECTION**, the superintendent of public instruction shall notify
7 the school of excellence's authorizing body. If an authorizing body
8 receives notice from the superintendent of public instruction under
9 this subsection, the authorizing body shall ~~revoke~~**AMEND** the school
10 of excellence's contract **TO ELIMINATE THE SCHOOL OF EXCELLENCE'S**
11 **AUTHORITY TO OPERATE THE EXISTING AGE AND GRADE LEVELS AT THE SITE**
12 and the school of excellence shall ~~be closed~~,**CEASE OPERATING THE**
13 **EXISTING AGE AND GRADE LEVELS AT THE SITE**, effective at the end of
14 the current school year. **IF THE SCHOOL OF EXCELLENCE OPERATES AT**
15 **ONLY 1 SITE OR IS A CYBER SCHOOL, AND THE AUTHORIZING BODY RECEIVES**
16 **NOTICE FROM THE SUPERINTENDENT OF PUBLIC INSTRUCTION UNDER THIS**
17 **SUBSECTION, THE AUTHORIZING BODY SHALL REVOKE THE SCHOOL OF**
18 **EXCELLENCE'S CONTRACT, EFFECTIVE AT THE END OF THE CURRENT SCHOOL**
19 **YEAR.**

20 (6) Except for a contract issued by a school district pursuant
21 to a vote by the school electors on a ballot question under section
22 553(2), the decision of the authorizing body to issue, ~~reissue~~,**NOT**
23 **ISSUE**, or reconstitute a contract under this part, or to **TERMINATE**
24 **OR** revoke a contract under this section, is solely within the
25 discretion of the authorizing body, is final, and is not subject to
26 review by a court or any other state agency. If the authorizing
27 body **ISSUES**, does not issue, ~~reissue, or reconstitute~~**OR**

1 **RECONSTITUTES** a contract under this part, or **TERMINATES OR** revokes
2 a contract under this section, the authorizing body is not liable
3 for that action to the school of excellence, the school of
4 excellence corporation, a pupil of the school of excellence, the
5 parent or guardian of a pupil of the school of excellence, or any
6 other person.

7 (7) Except as otherwise provided in subsection (5), before the
8 authorizing body revokes a contract, the authorizing body ~~shall~~**MAY**
9 consider and take corrective measures to avoid revocation. The
10 authorizing body may reconstitute the school of excellence in a
11 final attempt to improve student educational performance or to
12 avoid interruption of the educational process. The authorizing body
13 shall include a reconstituting provision in the contract that
14 identifies these corrective measures, including, but not limited
15 to, canceling a contract with an educational management
16 organization, if any, withdrawing approval to contract under
17 section ~~557,~~**560**, or appointing a new board of directors or a
18 trustee to take over operation of the school of excellence.

19 (8) If the authorizing body revokes a contract, the
20 authorizing body shall work with a school district or another
21 public school, or with a combination of these entities, to ensure a
22 smooth transition for the affected pupils. If the revocation occurs
23 during the school year, the authorizing body, as the fiscal agent
24 for the school of excellence under this part, shall return any
25 school aid funds ~~received~~**HELD** by the authorizing body that are
26 attributable to the affected pupils to the state treasurer for
27 deposit into the state school aid fund. The state treasurer shall

1 distribute funds to the public school in which the pupils enroll
2 after the revocation pursuant to a methodology established by the
3 department and the center for educational performance and
4 information.

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

10 (10) If a school of excellence's contract terminates or is
11 revoked, title to all real and personal property, interest in real
12 or personal property, and other assets owned by the school of
13 excellence shall revert to the state. This property shall be
14 distributed in accordance with the following:

15 (a) Within 30 days following the termination or revocation,
16 the board of directors of a school of excellence shall hold a
17 public meeting to adopt a plan of distribution of assets and to
18 approve the dissolution of the school of excellence corporation,
19 all in accordance with chapter 8 of the nonprofit corporation act,
20 1982 PA 162, MCL 450.2801 to 450.2864.

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

25 (c) Simultaneously with the filing of the certificate of
26 dissolution under subdivision (b), the school of excellence board
27 of directors shall provide a copy of the board of directors' plan

1 of distribution of assets to the state treasurer for approval.
2 Within 30 days, the state treasurer, or his or her designee, shall
3 review and approve the board of directors' plan of distribution of
4 assets. If the proposed plan of distribution of assets is not
5 approved within 30 days, the state treasurer, or his or her
6 designee, shall provide the board of directors with an acceptable
7 plan of distribution of assets.

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

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

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

27 (g) Following the sale of the real or personal property or

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1 interests in the real or personal property, and after payment of
2 any school of excellence debt secured by the property or interest
3 in property, whether real or personal, the school of excellence
4 board of directors, or a trustee appointed under this section,
5 shall forward any remaining money to the state treasurer. Following
6 receipt, the state treasurer, or his or her designee, shall deposit
7 this remaining money in the state school aid fund.

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

Enacting section 2. This amendatory act does not take effect unless all of the following bills of the 96th Legislature are enacted into law:

(a) Senate Bill No. 619.

1 (b) Senate Bill No. 620.

2 (c) Senate Bill No. 621.