

# HOUSE BILL No. 5917

November 6, 2014, Introduced by Reps. Irwin, Roberts, Brunner, Nathan and Lipton and referred to the Committee on Education.

A bill to amend 1976 PA 451, entitled "The revised school code," by amending sections 502, 503, 507, 522, 523, 528, 552, 553, and 561 (MCL 380.502, 380.503, 380.507, 380.522, 380.523, 380.528, 380.552, 380.553, and 380.561), sections 502, 503, 507, 522, 523, 528, 553, and 561 as amended by 2011 PA 277 and section 552 as amended by 2012 PA 129.

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

1           Sec. 502. (1) A public school academy shall be organized and  
2 administered under the direction of a board of directors in  
3 accordance with this part and with bylaws adopted by the board of  
4 directors. A public school academy corporation shall be organized  
5 under the nonprofit corporation act, 1982 PA 162, MCL 450.2101 to  
6 450.3192, except that a public school academy corporation is not

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

7 (2) ~~Any~~ **SUBJECT TO SUBSECTION (9), ANY** of the following may  
8 act as an authorizing body to issue a contract to organize and  
9 operate 1 or more public school academies under this part:

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

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

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

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

16 (d) The governing board of a state public university. However,  
17 the combined total number of contracts for public school academies  
18 issued by all state public universities ~~shall not exceed 300~~  
19 ~~through December 31, 2012 and shall not exceed 500 through December~~  
20 ~~31, 2014.~~ After December 31, 2014, there is no limit on the  
21 combined total number of contracts for public school academies that  
22 may be issued by all state public universities.

23 (e) Two or more of the public agencies described in  
24 subdivisions (a) to (d) exercising power, privilege, or authority  
25 jointly pursuant to an interlocal agreement under the urban  
26 cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to  
27 124.512.

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(5), 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) A description of and address for the proposed physical  
3 plant in which the public school academy will be located. An  
4 applicant may request the authorizing body to issue a contract  
5 allowing the public school academy board of directors to operate  
6 the same configuration of age or grade levels at more than 1 site.

7 (4) An authorizing body shall oversee, or shall contract with  
8 an intermediate school district, community college, or state public  
9 university to oversee, each public school academy operating under a  
10 contract issued by the authorizing body. The authorizing body is  
11 responsible for overseeing compliance by the board of directors  
12 with the contract and all applicable law. This subsection does not  
13 relieve any other government entity of its enforcement or  
14 supervisory responsibility.

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

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

1 combined total of 3% of the total state school aid received by the  
2 public school academy in the school year in which the fees or  
3 expenses are charged. An authorizing body may provide other  
4 services for a public school academy and charge a fee for those  
5 services, but shall not require such an arrangement as a condition  
6 to issuing the contract authorizing the public school academy.

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

10 (8) An authorizing body may enter into an intergovernmental  
11 agreement with another authorizing body to issue public school  
12 academy contracts. At a minimum, the agreement shall further the  
13 purposes set forth in section 501, describe which authorizing body  
14 shall issue the contract, and set forth which authorizing body will  
15 be responsible for monitoring compliance by the board of directors  
16 of the public school academy with the contract and all applicable  
17 law.

18 (9) AN AUTHORIZING BODY MAY NOT ISSUE A NEW CONTRACT FOR THE  
19 OPERATION OF A PUBLIC SCHOOL ACADEMY THAT WILL OPERATE AS THE  
20 SUCCESSOR TO A PUBLIC SCHOOL ACADEMY, URBAN HIGH SCHOOL ACADEMY,  
21 SCHOOL OF EXCELLENCE, OR STRICT DISCIPLINE ACADEMY THAT IS  
22 CURRENTLY BEING OPERATED UNDER A CONTRACT ISSUED BY ANOTHER  
23 AUTHORIZING BODY AND EITHER IS ON THE LIST PUBLISHED UNDER SECTION  
24 1280C OF THE PUBLIC SCHOOLS THAT THE DEPARTMENT HAS DETERMINED TO  
25 BE AMONG THE LOWEST ACHIEVING 5% OF ALL PUBLIC SCHOOLS IN THIS  
26 STATE OR IS BEING SUBJECTED TO CORRECTIVE MEASURES BY THE  
27 AUTHORIZING BODY AS DESCRIBED IN SECTION 507(7), 528(7), OR 561(7),

1 **AS APPLICABLE.**

2           Sec. 503. (1) An authorizing body is not required to issue a  
3 contract to any person or entity. Subject to subsection (2), public  
4 school academy contracts shall be issued on a competitive basis. In  
5 deciding whether to issue a contract for a proposed public school  
6 academy, an authorizing body shall consider all of the following:

7           (a) The resources available for the proposed public school  
8 academy.

9           (b) The population to be served by the proposed public school  
10 academy.

11           (c) The educational goals to be achieved by the proposed  
12 public school academy.

13           (d) The applicant's track record, if any, in organizing public  
14 school academies or other public schools.

15           (e) The graduation rate of a school district in which the  
16 proposed public school academy is proposed to be located.

17           (f) The population of a county in which the proposed public  
18 school academy is proposed to be located.

19           (g) The number of schools in the proximity of a proposed  
20 location of the proposed public school academy that are on the list  
21 under section 1280c(1) of the public schools in this state that the  
22 department has determined to be among the lowest achieving 5% of  
23 all public schools in this state.

24           (h) The number of pupils on waiting lists of public school  
25 academies in the proximity of a proposed location of the proposed  
26 public school academy.

27           (2) An authorizing body may give priority to a proposed public



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

8 (3) If a person or entity applies to the board of a school  
9 district for a contract to organize and operate 1 or more public  
10 school academies within the boundaries of the school district and  
11 the board does not issue the contract, the person or entity may  
12 petition the board to place the question of issuing the contract on  
13 the ballot to be decided by the school electors of the school  
14 district. The petition shall contain all of the information  
15 required to be in the contract application under section 502 and  
16 shall be signed by a number of school electors of the school  
17 district equal to at least 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 (4) 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.

2 (5) An authorizing body shall adopt a resolution establishing  
3 the method of selection, length of term, and number of members of  
4 the board of directors of each public school academy subject to its  
5 jurisdiction. The resolution shall be written or amended as  
6 necessary to include a requirement that each member of the board of  
7 directors must be a citizen of the United States.

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

10 (a) The educational goals the public school academy is to  
11 achieve and the methods by which it will be held accountable. The  
12 educational goals shall include demonstrated improved pupil  
13 academic achievement for all groups of pupils. To the extent  
14 applicable, the pupil performance of a public school academy shall  
15 be assessed using at least a Michigan education assessment program  
16 (MEAP) test or the Michigan merit examination under section 1279g,  
17 as applicable.

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

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

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

25 (e) Procedures for revoking the contract and grounds for  
26 revoking the contract, including at least the grounds listed in  
27 section 507.

1 (f) A description of and address for the proposed physical  
2 plant in which the public school academy will be located. An  
3 authorizing body may include a provision in the contract allowing  
4 the board of directors of the public school academy to operate the  
5 same configuration of age or grade levels at more than 1 site if  
6 each configuration of age or grade levels and each site identified  
7 in the contract are under the direction and control of the board of  
8 directors.

9 (g) Requirements and procedures for financial audits. The  
10 financial audits shall be conducted at least annually by a  
11 certified public accountant in accordance with generally accepted  
12 governmental auditing principles.

13 (h) The term of the contract and a description of the process  
14 and standards for renewal of the contract at the end of the term.  
15 The standards for renewal shall include increases in academic  
16 achievement for all groups of pupils as measured by assessments and  
17 other objective criteria as the most important factor in the  
18 decision of whether or not to renew the contract.

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

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

26 (k) A requirement that the board of directors of the public  
27 school academy shall prohibit specifically identified family

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

7 (l) A requirement that the board of directors of the public  
8 school academy 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 (m) A requirement that the board of directors of the public  
12 school academy 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 public school  
16 academy:

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

19 (ii) A list of currently serving members of the board of  
20 directors of the public school academy, including name, address,  
21 and term of office; copies of policies approved by the board of  
22 directors; board meeting agendas and minutes; a 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 public school academy 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 public  
9 school academy.

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 (g).

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

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

1 ~~SHALL~~ disapprove an agreement described in this subdivision ~~only if~~  
2 the agreement is contrary to the contract or applicable law **OR IF**  
3 **THE EDUCATIONAL MANAGEMENT ORGANIZATION, OR ANY EDUCATIONAL**  
4 **MANAGEMENT ORGANIZATION AFFILIATED WITH IT, OPERATES A PUBLIC**  
5 **SCHOOL THAT IS ON THE LIST PUBLISHED UNDER SECTION 1280C OF THE**  
6 **PUBLIC SCHOOLS THAT THE DEPARTMENT HAS DETERMINED TO BE AMONG THE**  
7 **LOWEST ACHIEVING 5% OF ALL PUBLIC SCHOOLS IN THIS STATE.**

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

12 (i) That the public school academy has made a reasonable effort  
13 to advertise its enrollment openings.

14 (ii) That the open enrollment period for the public 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 (p) A requirement that the board of directors of the public  
18 school academy shall prohibit any individual from being employed by  
19 the public school academy in more than 1 full-time position and  
20 simultaneously being compensated at a full-time rate for each of  
21 those positions.

22 **(Q) IF THE CONTRACT PERMITS THE PUBLIC SCHOOL ACADEMY TO**  
23 **OPERATE AT MORE THAN 1 SITE, A REQUIREMENT THAT THE PUBLIC SCHOOL**  
24 **ACADEMY MAY ONLY EXERCISE THAT AUTHORITY AFTER ESTABLISHING THAT**  
25 **NONE OF ITS CURRENT SITES IS ON THE LIST PUBLISHED UNDER SECTION**  
26 **1280C OF THE PUBLIC SCHOOLS THAT THE DEPARTMENT HAS DETERMINED TO**  
27 **BE AMONG THE LOWEST ACHIEVING 5% OF ALL PUBLIC SCHOOLS IN THIS**

1 **STATE.**

2 (7) A public school academy shall comply with all applicable  
3 law, including all of the following:

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

5 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to  
6 15.246.

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

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

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

10 (f) Laws concerning participation in state assessments, data  
11 collection systems, state level student growth models, state  
12 accountability and accreditation systems, and other public  
13 comparative data collection required for public schools.

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

23 (9) A public school academy is exempt from all taxation on its  
24 earnings and property. Instruments of conveyance to or from a  
25 public school academy are exempt from all taxation including taxes  
26 imposed by 1966 PA 134, MCL 207.501 to 207.513. Unless the property  
27 is already fully exempt from real and personal property taxes under

1 the general property tax act, 1893 PA 206, MCL 211.1 to 211.155,  
2 property occupied by a public school academy and used exclusively  
3 for educational purposes is exempt from real and personal property  
4 taxes levied for school operating purposes under section 1211, to  
5 the extent exempted under that section, and from real and personal  
6 property taxes levied under the state education tax act, 1993 PA  
7 331, MCL 211.901 to 211.906. A public school academy may not levy  
8 ad valorem property taxes or another tax for any purpose. However,  
9 operation of 1 or more public school academies by a school district  
10 or intermediate school district does not affect the ability of the  
11 school district or intermediate school district to levy ad valorem  
12 property taxes or another tax.

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

27 (11) A member of the board of directors of a public school



1 academy is a public officer and shall, before entering upon the  
2 duties of the office, take the constitutional oath of office for  
3 public officers under section 1 of article XI of the state  
4 constitution of 1963.

5 Sec. 507. (1) An authorizing body that issues a contract for a  
6 public 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) Establish the method of selection, length of term, and  
13 number of members of the board of directors of each public school  
14 academy that it authorizes. The authorizing body shall ensure that  
15 the board of directors includes representation from the local  
16 community.

17 (d) Oversee each public school academy operating under a  
18 contract issued by the authorizing body. The oversight shall be  
19 sufficient to ensure that the board of directors is in compliance  
20 with the terms of the contract and with applicable law.

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

26 (f) Take necessary measures to ensure that the board of  
27 directors of a public school academy operates independently of any

1 educational management company involved in the operations of the  
2 public school academy.

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

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

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

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

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

1 (a) Failure of the public school academy to demonstrate  
2 improved pupil academic achievement for all groups of pupils or  
3 meet the educational goals set forth in the contract.

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

6 (c) Failure of the public school academy to meet generally  
7 accepted public sector accounting principles and demonstrate sound  
8 fiscal stewardship.

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

11 (5) Except for a public school academy that is an alternative  
12 school serving a special student population, if the superintendent  
13 of public instruction determines that a public school academy site  
14 that has been operating for at least 4 years is among the lowest  
15 achieving 5% of all public schools in this state, as defined for  
16 the purposes of the federal incentive grant program created under  
17 sections 14005 and 14006 of title XIV of the American recovery and  
18 reinvestment act of 2009, Public Law 111-5, is in year 2 of  
19 restructuring sanctions under the no child left behind act of 2001,  
20 Public Law 107-110, not to include the individualized education  
21 plan subgroup, and is not currently undergoing reconstitution under  
22 this section, the superintendent of public instruction shall notify  
23 the public school academy's authorizing body. If an authorizing  
24 body receives notice from the superintendent of public instruction  
25 under this subsection, the authorizing body shall amend the public  
26 school academy's contract to eliminate the public school academy's  
27 authority to operate the existing age and grade levels at the site

1 and the public school academy shall cease operating the existing  
2 age and grade levels at the site, effective at the end of the  
3 current school year. If the public school academy operates at only  
4 1 site, and the authorizing body receives notice from the  
5 superintendent of public instruction under this subsection, the  
6 authorizing body shall revoke the public school academy's contract,  
7 effective at the end of the current school year. **FAILURE OF AN  
8 AUTHORIZING BODY TO COMPLY WITH THIS SUBSECTION IS A FAILURE BY THE  
9 AUTHORIZING BODY TO ENGAGE IN APPROPRIATE CONTINUING OVERSIGHT FOR  
10 THE PURPOSES OF SECTION 502(5).**

11 (6) ~~The~~ **SUBJECT TO SUBSECTION (5), THE** decision of an  
12 authorizing body to issue, not issue, or reconstitute a contract  
13 under this part, or to terminate or revoke a contract under this  
14 section, is solely within the discretion of the authorizing body,  
15 is final, and is not subject to review by a court or any state  
16 agency. An authorizing body that issues, does not issue, or  
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 public school academy, the public school academy  
20 corporation, a pupil of the public school academy, the parent or  
21 guardian of a pupil of the public school academy, or any other  
22 person.

23 (7) Except as otherwise provided in subsection (5), before an  
24 authorizing body revokes a contract, the authorizing body may  
25 consider and take corrective measures to avoid revocation. An  
26 authorizing body may reconstitute the public school academy in a  
27 final attempt to improve student educational performance or to

1 avoid interruption of the educational process. An authorizing body  
2 shall include a reconstituting provision in the contract that  
3 identifies these corrective measures, including, but not limited  
4 to, canceling a contract with an educational management  
5 organization, if any, withdrawing approval of a contract under  
6 section 506, or appointing a new board of directors or a trustee to  
7 take over operation of the public school academy.

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

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

25 Sec. 522. (1) An urban high school academy shall be organized  
26 and administered under the direction of a board of directors in  
27 accordance with this part and with bylaws adopted by the board of

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

11 (2) ~~The~~ **SUBJECT TO SUBSECTION (9), THE** governing board of a  
12 state public university may act as an authorizing body to issue a  
13 contract for the organization and operation of an urban high school  
14 academy under this part.

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

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

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

27 (b) Subject to the resolution adopted by the authorizing body

1 under section 528, a list of the proposed members of the board of  
2 directors of the urban high school academy and a description of the  
3 qualifications and method for appointment or election of members of  
4 the board of directors.

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

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

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

14 (iii) The name of the authorizing body.

15 (iv) The proposed time when the articles of incorporation will  
16 be effective.

17 (v) Other matters considered expedient to be in the articles  
18 of incorporation.

19 (d) A copy of the proposed bylaws of the urban high school  
20 academy.

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

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

24 (ii) A copy of the educational goals of the urban high school  
25 academy and the curricula to be offered and methods of pupil  
26 assessment to be used by the urban high school academy. The  
27 educational goals shall include demonstrated improved pupil

1 academic achievement for all groups of pupils. To the extent  
2 applicable, the progress of the pupils in the urban high school  
3 academy shall be assessed using at least a Michigan education  
4 assessment program (MEAP) test or the Michigan merit examination  
5 under section 1279g, as applicable.

6 (iii) The admission policy and criteria to be maintained by the  
7 urban high school academy. The admission policy and criteria shall  
8 comply with section 524. This part of the application also shall  
9 include a description of how the applicant will provide to the  
10 general public adequate notice that an urban high school academy is  
11 being created and adequate information on the admission policy,  
12 criteria, and process.

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

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

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

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

23 (5) If a particular state public university issues a contract  
24 that allows an urban high school academy to operate the same  
25 configuration of grades at more than 1 site, as provided in section  
26 524(1), each of those sites shall be under the direction of the  
27 board of directors that is a party to the contract.



1           (6) If the superintendent of public instruction finds that an  
2 authorizing body is not engaging in appropriate continuing  
3 oversight of 1 or more urban high school academies operating under  
4 a contract issued by the authorizing body, the superintendent of  
5 public instruction may suspend the power of the authorizing body to  
6 issue new contracts to organize and operate urban high school  
7 academies. A contract issued by the authorizing body during the  
8 suspension is void. A contract issued by the authorizing body  
9 before the suspension is not affected by the suspension.

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

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

19           (i) Considering applications and issuing or administering  
20 contracts.

21           (ii) Compliance monitoring and oversight of urban high school  
22 academies.

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

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

26           (v) Academic support to urban high school academies or to  
27 pupils or graduates of urban high school academies.

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

2 (vii) Training of teachers, including supervision of teacher  
3 interns.

4 (viii) Other purposes that assist the urban high school  
5 academies or traditional public schools in achieving improved  
6 academic performance.

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

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

14 (9) AN AUTHORIZING BODY MAY NOT ISSUE A NEW CONTRACT FOR THE  
15 OPERATION OF AN URBAN HIGH SCHOOL ACADEMY THAT WILL OPERATE AS THE  
16 SUCCESSOR TO A PUBLIC SCHOOL ACADEMY THAT IS CURRENTLY BEING  
17 OPERATED UNDER A CONTRACT ISSUED BY ANOTHER AUTHORIZING BODY AND  
18 EITHER IS ON THE LIST PUBLISHED UNDER SECTION 1280C OF THE PUBLIC  
19 SCHOOLS THAT THE DEPARTMENT HAS DETERMINED TO BE AMONG THE LOWEST  
20 ACHIEVING 5% OF ALL PUBLIC SCHOOLS IN THIS STATE OR IS BEING  
21 SUBJECTED TO CORRECTIVE MEASURES BY THE AUTHORIZING BODY AS  
22 DESCRIBED IN SECTION 507(7), 528(7), OR 561(7), AS APPLICABLE.

23 Sec. 523. (1) An authorizing body is not required to issue a  
24 contract to any entity. Urban high school academy contracts shall  
25 be issued on a competitive basis taking into consideration the  
26 resources available for the proposed urban high school academy, the  
27 population to be served by the proposed urban high school academy,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20 (h) A requirement that the board of directors shall ensure  
21 compliance with the requirements of 1968 PA 317, MCL 15.321 to  
22 15.330.

23 (i) A requirement that the board of directors shall prohibit  
24 specifically identified family relationships between members of the  
25 board of directors, individuals who have an ownership interest in  
26 or who are officers or employees of an educational management  
27 company involved in the operation of the urban high school academy,

1 and employees of the urban high school academy. The contract shall  
2 identify the specific prohibited relationships consistent with  
3 applicable law.

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

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

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

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

24 (iii) Quarterly financial reports submitted to the authorizing  
25 body.

26 (iv) A current list of teachers working at the urban high  
27 school academy that includes their individual salaries as submitted

1 to the registry of educational personnel; copies of the teaching  
2 certificates or permits of current teaching staff; and evidence of  
3 compliance with the criminal background and records checks and  
4 unprofessional conduct check required under sections 1230, 1230a,  
5 and 1230b for all teachers and administrators working at the urban  
6 high school academy.

7 (v) Curriculum documents and materials given to the  
8 authorizing body.

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

10 (vii) Copies of facility leases or deeds, or both, and of any  
11 equipment leases.

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

14 (ix) All health and safety reports and certificates, including  
15 those relating to fire safety, environmental matters, asbestos  
16 inspection, boiler inspection, and food service.

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

19 (xi) Any other information specifically required under this  
20 act.

21 (l) A requirement that the authorizing body must review and may  
22 disapprove any agreement between the board of directors and an  
23 educational management company before the agreement is final and  
24 valid. An authorizing body ~~may~~**SHALL** disapprove an agreement  
25 described in this subdivision ~~only~~ if the agreement is contrary to  
26 the contract or applicable law **OR IF THE EDUCATIONAL MANAGEMENT**  
27 **ORGANIZATION, OR ANY EDUCATIONAL MANAGEMENT ORGANIZATION AFFILIATED**

1 WITH IT, OPERATES A PUBLIC SCHOOL THAT IS ON THE LIST PUBLISHED  
2 UNDER SECTION 1280C OF THE PUBLIC SCHOOLS THAT THE DEPARTMENT HAS  
3 DETERMINED TO BE AMONG THE LOWEST ACHIEVING 5% OF ALL PUBLIC  
4 SCHOOLS IN THIS STATE.

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

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

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

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

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

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

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

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

4 (p) The term of the contract and a description of the process  
5 and standards for renewal of the contract at the end of the term.  
6 The standards for renewal shall include increases in academic  
7 achievement for all groups of pupils as measured by assessments and  
8 other objective criteria as the most important factor in the  
9 decision of whether or not to renew the contract.

10 **(Q) IF THE CONTRACT PERMITS THE URBAN HIGH SCHOOL ACADEMY TO**  
11 **OPERATE AT MORE THAN 1 SITE, A REQUIREMENT THAT THE URBAN HIGH**  
12 **SCHOOL ACADEMY MAY ONLY EXERCISE THAT AUTHORITY AFTER ESTABLISHING**  
13 **THAT NONE OF ITS CURRENT SITES IS ON THE LIST PUBLISHED UNDER**  
14 **SECTION 1280C OF THE PUBLIC SCHOOLS THAT THE DEPARTMENT HAS**  
15 **DETERMINED TO BE AMONG THE LOWEST ACHIEVING 5% OF ALL PUBLIC**  
16 **SCHOOLS IN THIS STATE.**

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

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

20 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to  
21 15.246.

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

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

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

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

26 (g) The uniform budgeting and accounting act, 1968 PA 2, MCL  
27 141.421 to 141.440a.



1 (h) The revised municipal finance act, 2001 PA 34, MCL  
2 141.2101 to 141.2821.

3 (i) The ~~federal~~-no child left behind act of 2001, Public Law  
4 107-110. ~~, 115 Stat. 1425.~~

5 (j) Sections 1134, 1135, 1146, 1153, 1263(3), 1267, 1274, and  
6 1280.

7 (k) Laws concerning participation in state assessments, data  
8 collection systems, state level student growth models, state  
9 accountability and accreditation systems, and other public  
10 comparative data collection required for public schools.

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

20 (5) An urban high school academy is exempt from all taxation  
21 on its earnings and property. Unless the property is already fully  
22 exempt from real and personal property taxes under the general  
23 property tax act, 1893 PA 206, MCL 211.1 to 211.155, property  
24 occupied by an urban high school academy and used exclusively for  
25 educational purposes is exempt from real and personal property  
26 taxes levied for school operating purposes under section 1211, to  
27 the extent exempted under that section, and from real and personal

1 property taxes levied under the state education tax act, 1993 PA  
2 331, MCL 211.901 to 211.906. Instruments of conveyance to or from  
3 an urban high school academy are exempt from all taxation,  
4 including taxes imposed by 1966 PA 134, MCL 207.501 to 207.513. An  
5 urban high school academy may not levy ad valorem property taxes or  
6 any other tax for any purpose.

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

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

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

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

1 (c) Adopt a resolution establishing the method of selection,  
2 length of term, and number of members of the board of directors of  
3 each urban high school academy that it authorizes. The resolution  
4 shall be written or amended as necessary to include a requirement  
5 that each member of the board of directors must be a citizen of the  
6 United States.

7 (d) Oversee the operations of each urban high school academy  
8 operating under a contract issued by the authorizing body. The  
9 oversight shall be sufficient to ensure that the urban high school  
10 academy is in compliance with the terms of the contract and with  
11 applicable law. An authorizing body may enter into an agreement  
12 with 1 or more other authorizing bodies to oversee an urban high  
13 school academy operating under a contract issued by the authorizing  
14 body.

15 (e) Develop and implement a process for holding an urban high  
16 school academy board of directors accountable for meeting  
17 applicable academic performance standards set forth in the contract  
18 and for implementing corrective action for an urban high school  
19 academy that does not meet those standards.

20 (f) Take necessary measures to ensure that an urban high  
21 school academy board of directors operates independently of any  
22 educational management company involved in the operations of the  
23 urban high school academy.

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

27 (h) Ensure that the board of directors of the urban high

1 school academy maintains and releases information as necessary to  
2 comply with applicable law.

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

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

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

22 (a) Failure of the urban high school academy to demonstrate  
23 improved pupil academic achievement for all groups of pupils or  
24 meet the educational goals set forth in the contract.

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

27 (c) Failure of the urban high school academy to meet generally

1 accepted public sector accounting principles and demonstrate sound  
2 fiscal stewardship.

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

5 (5) Except for an urban high school academy that is an  
6 alternative school serving a special student population, if the  
7 superintendent of public instruction determines that an urban high  
8 school academy site that has been operating for at least 4 years is  
9 among the lowest achieving 5% of all public schools in this state,  
10 as defined for the purposes of the federal incentive grant program  
11 created under sections 14005 and 14006 of title XIV of the American  
12 recovery and reinvestment act of 2009, Public Law 111-5, is in year  
13 2 of restructuring sanctions under the no child left behind act of  
14 2001, Public Law 107-110, not to include the individualized  
15 education plan subgroup, and is not currently undergoing  
16 reconstitution under this section, the superintendent of public  
17 instruction shall notify the urban high school academy's  
18 authorizing body. If an authorizing body receives notice from the  
19 superintendent of public instruction under this subsection, the  
20 authorizing body shall amend the urban high school academy's  
21 contract to eliminate the urban high school academy's authority to  
22 operate the existing age and grade levels at the site and the urban  
23 high school academy shall cease operating the existing age and  
24 grade levels at the site, effective at the end of the current  
25 school year. If the urban high school academy operates at only 1  
26 site, and the authorizing body receives notice from the  
27 superintendent of public instruction under this subsection, the

1 authorizing body shall revoke the urban high school academy's  
2 contract, effective at the end of the current school year. **FAILURE**  
3 **OF AN AUTHORIZING BODY TO COMPLY WITH THIS SUBSECTION IS A FAILURE**  
4 **BY THE AUTHORIZING BODY TO ENGAGE IN APPROPRIATE CONTINUING**  
5 **OVERSIGHT FOR THE PURPOSES OF SECTION 522(6).**

6 (6) ~~The~~**SUBJECT TO SUBSECTION (5), THE** decision of an  
7 authorizing body to issue, not issue, or reconstitute a contract  
8 under this part, or to terminate or revoke a contract under this  
9 section, is solely within the discretion of the authorizing body,  
10 is final, and is not subject to review by a court or any state  
11 agency. An authorizing body that issues, does not issue, or  
12 reconstitutes a contract under this part, or that terminates or  
13 revokes a contract under this section, is not liable for that  
14 action to the urban high school academy, the urban high school  
15 academy corporation, a pupil of the urban high school academy, the  
16 parent or guardian of a pupil of the urban high school academy, or  
17 any other person.

18 (7) Except as otherwise provided in subsection (5), before an  
19 authorizing body revokes a contract, the authorizing body may  
20 consider and take corrective measures to avoid revocation. An  
21 authorizing body may reconstitute the urban high school academy in  
22 a final attempt to improve student educational performance or to  
23 avoid interruption of the educational process. An authorizing body  
24 shall include a reconstituting provision in the contract that  
25 identifies these corrective measures, including, but not limited  
26 to, removing 1 or more members of the board of directors,  
27 withdrawing approval to contract under section 527, or appointing a

1 new board of directors or a trustee to take over operation of the  
2 urban high school academy.

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

15 (9) If an authorizing body revokes a contract issued under  
16 this part, the authorizing body may issue a new contract within the  
17 1-year period following the revocation without the new contract  
18 counting toward the maximum number of contracts that may be issued  
19 under this part.

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

26 (11) If an urban high school academy's contract terminates or  
27 is revoked, title to all real and personal property, interest in

1 real or personal property, and other assets owned by the urban high  
2 school academy shall revert to the state. This property shall be  
3 distributed in accordance with the following:

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

10 (b) The urban high school academy shall file a certificate of  
11 dissolution with the bureau of commercial services within 10  
12 business days following board approval.

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

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

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



1 high school academy board of directors shall designate the director  
2 of the department of technology, management, and budget, or his or  
3 her designee, to dispose of all real property of the urban high  
4 school academy corporation in accordance with the directives  
5 developed for disposition of surplus land and facilities under  
6 section 251 of the management and budget act, 1984 PA 431, MCL  
7 18.1251.

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

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

25 Sec. 552. (1) ~~An~~ **SUBJECT TO SUBSECTION (19), AN** authorizing  
26 body may issue contracts under this subsection to organize and  
27 operate a school of excellence. All of the following apply to the

1 issuance of a contract by an authorizing body under this  
2 subsection:

3 (a) The issuance of the contract must be approved by the  
4 superintendent of public instruction. The superintendent of public  
5 instruction shall approve issuance of a contract if he or she  
6 determines that the proposed school of excellence is modeled after  
7 a high-performing school or program.

8 (b) The first 5 contracts issued by all authorizing bodies  
9 under this subsection shall be for schools of excellence that offer  
10 1 or more of high school grades 9 to 12, or any combination of  
11 those grades, as specified in the contract.

12 (c) A school of excellence authorized under this subsection  
13 shall not be located in a school district that has a graduation  
14 rate of over 75%, on average, for the most recent 3 school years  
15 for which the data are available, as determined by the department.

16 (2) Subject to the limitations in this subsection and  
17 subsection (14), an authorizing body may issue contracts under this  
18 subsection for 1 or more schools of excellence that are cyber  
19 schools. ~~Until December 31, 2013, the combined total number of~~  
20 ~~contracts that may be issued by all statewide authorizing bodies~~  
21 ~~under this subsection for schools of excellence that are cyber~~  
22 ~~schools shall not exceed 5.~~ Until December 31, 2014, the combined  
23 total number of contracts that may be issued by all statewide  
24 authorizing bodies under this subsection for schools of excellence  
25 that are cyber schools shall not exceed 10. After December 31,  
26 2014, the combined total number of contracts issued by all  
27 statewide authorizing bodies under this subsection for schools of

1 excellence that are cyber schools shall not exceed 15. The board of  
2 a school district, an intermediate school board, the board of a  
3 community college that is not a statewide authorizing body, or 2 or  
4 more public agencies acting jointly as described in subsection  
5 (6)(e) may not act as the authorizing body for more than 1 school  
6 of excellence that is a cyber school. An authorizing body shall not  
7 issue a contract for a school of excellence that is a cyber school  
8 unless the school of excellence that is a cyber school meets all of  
9 the following requirements:

10 (a) Is available for enrollment to all pupils in this state.

11 (b) Offers some configuration of or all of grades K to 12.

12 (c) The entity applying for the school of excellence that is a  
13 cyber school demonstrates experience in delivering a quality  
14 education program that improves pupil academic achievement. In  
15 determining whether this requirement is met, an authorizing body  
16 shall refer to the standards for quality online learning  
17 established by the national association of charter school  
18 authorizers or other similar nationally recognized standards for  
19 quality online learning.

20 (d) The enrollment in the school of excellence that is a cyber  
21 school is limited to not more than 2,500 pupils in membership for  
22 the first school year of operation of the school of excellence that  
23 is a cyber school, not more than 5,000 pupils in membership for the  
24 second school year of operation of the school of excellence that is  
25 a cyber school, and not more than 10,000 pupils in membership for  
26 the third and subsequent school years of operation of the school of  
27 excellence that is a cyber school. As used in this subdivision,

1 "membership" means that term as defined in section 6 of the state  
2 school aid act of 1979, MCL 388.1606.

3 (e) The school of excellence that is a cyber school offers  
4 each pupil's family a computer and subsidizes the cost of internet  
5 access.

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

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

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

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

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

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

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

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

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

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

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

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

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

11 (6) ~~Any~~ **SUBJECT TO SUBSECTION (19), ANY** of the following may  
12 act as an authorizing body to issue a contract to organize and  
13 operate 1 or more schools of excellence under this part:

14 (a) The board of a school district that operates grades K to  
15 12. However, except as otherwise provided in this subdivision, the  
16 board of a school district shall not issue a contract for a school  
17 of excellence to operate outside the school district's boundaries,  
18 and a school of excellence authorized by the board of a school  
19 district shall not operate outside that school district's  
20 boundaries. If the board of a school district issues a contract for  
21 a school of excellence that is a cyber school, the contract may  
22 authorize the school of excellence that is a cyber school to  
23 operate outside that school district's boundaries.

24 (b) An intermediate school board. However, except as otherwise  
25 provided in this subdivision, the board of an intermediate school  
26 district shall not issue a contract for a school of excellence to  
27 operate outside the intermediate school district's boundaries, and

1 a school of excellence authorized by the board of an intermediate  
2 school district shall not operate outside that intermediate school  
3 district's boundaries. If the board of an intermediate school  
4 district issues a contract for a school of excellence that is a  
5 cyber school, the contract may authorize the school of excellence  
6 that is a cyber school to operate outside that intermediate school  
7 district's boundaries.

8 (c) The board of a community college. Except as otherwise  
9 provided in this subdivision, the board of a community college  
10 shall not issue a contract for a school of excellence to operate  
11 outside the boundaries of the community college district, and a  
12 school of excellence authorized by the board of a community college  
13 shall not operate outside the boundaries of the community college  
14 district. If the board of a community college issues a contract for  
15 a school of excellence that is a cyber school, the contract may  
16 authorize the school of excellence that is a cyber school to  
17 operate outside the boundaries of the community college district.  
18 The board of a community college also may issue a contract for not  
19 more than 1 school of excellence to operate on the grounds of an  
20 active or closed federal military installation located outside the  
21 boundaries of the community college district, or may operate a  
22 school of excellence itself on the grounds of such a federal  
23 military installation, if the federal military installation is not  
24 located within the boundaries of any community college district and  
25 the community college has previously offered courses on the grounds  
26 of the federal military installation for at least 10 years.

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

1 (e) Two or more of the public agencies described in  
2 subdivisions (a) to (d) exercising power, privilege, or authority  
3 jointly pursuant to an interlocal agreement under the urban  
4 cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to  
5 124.512.

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

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

11 (b) Subject to the resolution adopted by the authorizing body  
12 under section 553(4), a list of the proposed members of the board  
13 of directors of the school of excellence and a description of the  
14 qualifications and method for appointment or election of members of  
15 the board of directors.

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

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

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

20 This language shall provide that the school of excellence is  
21 incorporated pursuant to this part and that the school of  
22 excellence is a governmental entity.

23 (iii) The name of the authorizing body.

24 (iv) The proposed time when the articles of incorporation will  
25 be effective.

26 (v) Other matters considered expedient to be in the articles  
27 of incorporation.



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

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

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

5 (ii) A copy of the educational goals of the school of  
6 excellence and the curricula to be offered and methods of pupil  
7 assessment to be used by the school of excellence. The educational  
8 goals shall include demonstrated improved pupil academic  
9 achievement for all groups of pupils. To the extent applicable, the  
10 progress of the pupils in the school of excellence shall be  
11 assessed using at least a Michigan education assessment program  
12 (MEAP) test or the Michigan merit examination under section 1279g,  
13 as applicable.

14 (iii) The admission policy and criteria to be maintained by the  
15 school of excellence. The admission policy and criteria shall  
16 comply with section 556. This part of the application also shall  
17 include a description of how the applicant will provide to the  
18 general public adequate notice that a school of excellence is being  
19 created and adequate information on the admission policy, criteria,  
20 and process.

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

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

24 (f) Descriptions of staff responsibilities and of the school  
25 of excellence governance structure.

26 (g) For an application to the board of a school district, an  
27 intermediate school board, or board of a community college,

1 identification of the school district and intermediate school  
2 district in which the school of excellence will be located.

3 (h) An agreement that the school of excellence will comply  
4 with the provisions of this part and, subject to the provisions of  
5 this part, with all other state law applicable to public bodies and  
6 with federal law applicable to public bodies or school districts.

7 (i) A description of and address for the proposed physical  
8 plant in which the school of excellence will be located. An  
9 applicant may request the authorizing body to issue a contract  
10 allowing the board of directors of the school of excellence to  
11 operate the same configuration of age or grade levels at more than  
12 1 site.

13 (8) An authorizing body shall oversee, or shall contract with  
14 an intermediate school district, community college, or state public  
15 university to oversee, each school of excellence operating under a  
16 contract issued by the authorizing body. The authorizing body is  
17 responsible for overseeing compliance by the board of directors  
18 with the contract and all applicable law. This subsection does not  
19 relieve any other government entity of its enforcement or  
20 supervisory responsibility.

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

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

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

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

16 (12) A member of the board of directors of a school of  
17 excellence is a public officer and shall, before entering upon the  
18 duties of the office, take the constitutional oath of office for  
19 public officers under section 1 of article XI of the state  
20 constitution of 1963.

21 (13) A school of excellence that is a cyber school may make  
22 available to other public schools for purchase any of the course  
23 offerings that the cyber school offers to its own pupils.

24 ~~—— (14) If the department determines that the combined total~~  
25 ~~statewide final audited membership for all pupils in membership in~~  
26 ~~schools of excellence that are cyber schools for the 2012-2013~~  
27 ~~state fiscal year exceeds a number equal to 1% of the combined~~

1 ~~total statewide final audited membership for all pupils in~~  
2 ~~membership in public schools for the 2011-2012 state fiscal year,~~  
3 ~~then all of the following apply:~~

4 ~~—— (a) An authorizing body may not issue a new contract for a new~~  
5 ~~school of excellence that is a cyber school to begin operations in~~  
6 ~~the 2013-2014 school year.~~

7 ~~—— (b) A school of excellence that is a cyber school may not~~  
8 ~~enroll any new pupils in the school of excellence that is a cyber~~  
9 ~~school in the 2013-2014 school year.~~

10 (14) ~~(15)~~ Beginning July 1, 2013, if the department determines  
11 that the combined total statewide final audited membership for all  
12 pupils in membership in schools of excellence that are cyber  
13 schools for a state fiscal year exceeds a number equal to 2% of the  
14 combined total statewide final audited membership for all pupils in  
15 membership in public schools for the 2011-2012 state fiscal year,  
16 then all of the following apply:

17 (a) Subject to subdivision (c), an authorizing body may not  
18 issue a new contract for a new school of excellence that is a cyber  
19 school to begin operations in a school year that begins after that  
20 determination is made.

21 (b) Subject to subdivision (c), a school of excellence that is  
22 a cyber school may not enroll any new pupils in the school of  
23 excellence that is a cyber school in a school year that begins  
24 after that determination is made.

25 (c) If the department determines that the combined total  
26 statewide final audited membership for all pupils in membership in  
27 schools of excellence that are cyber schools for a state fiscal

1 year does not exceed a number equal to 2% of the combined total  
2 statewide final audited membership for all pupils in membership in  
3 public schools for the 2011-2012 state fiscal year, then  
4 subdivisions (a) and (b) do not apply for a school year that begins  
5 after that determination is made unless the department makes a new  
6 determination that the membership limits under this subsection have  
7 been exceeded.

8       (15) ~~(16)~~ For the purposes of ~~subsections (14) and (15), not~~  
9 ~~later than July 1, 2012, and~~ **SUBSECTION (14)**, by not later than  
10 July 1 of each year, ~~thereafter,~~ the department shall determine the  
11 percentage of the combined total statewide final audited membership  
12 for all pupils in membership in public schools that are pupils in  
13 membership in schools of excellence that are cyber schools for the  
14 state fiscal year that includes that July 1.

15       (16) ~~(17)~~ As used in this section:

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

18       (b) "Statewide authorizing body" means the governing board of  
19 a state public university or the board of a federal tribally  
20 controlled community college that is recognized under the tribally  
21 controlled colleges and universities assistance act of 1978, 25 USC  
22 1801 to 1852, and is determined by the department to meet the  
23 requirements for accreditation by a recognized regional accrediting  
24 body.

25 ~~—— (18) Not later than October 1, 2012, if a district, an~~  
26 ~~intermediate school district, a public school academy, or the~~  
27 ~~education achievement system offers online learning, the board or~~

~~1 board of directors of the district, intermediate school district,  
2 or public school academy, or the education achievement system,  
3 shall submit to the department a report that details the per pupil  
4 costs of operating the online learning. The report shall include,  
5 on a per pupil basis, at least all of the following costs:~~

~~6 — (a) Textbooks, instructional materials, and supplies,  
7 including electronic instructional material.~~

~~8 — (b) Computer and other electronic equipment, including  
9 internet and telephone access.~~

~~10 — (c) Salaries and benefits for the online learning employees.~~

~~11 — (d) Purchased courses and curricula.~~

~~12 — (e) Fees associated with oversight and regulation.~~

~~13 — (f) Travel costs associated with school activities and  
14 testing.~~

~~15 — (g) Facilities costs.~~

~~16 — (h) Costs associated with special education.~~

~~17 — (19) Not later than December 31, 2012, the department shall  
18 issue a report to the legislature including the following:~~

~~19 — (a) A review of the data submitted under subsection (14).~~

~~20 — (b) A comparison with costs of substantially similar programs  
21 in other states and relevant national research on the costs of  
22 online learning.~~

~~23 — (c) Any conclusions concerning factors or characteristics of  
24 online learning programs that make a difference in the costs of  
25 operating the programs.~~

~~26 (17) (20) The board of directors of a school of excellence  
27 that is a cyber school, or the board of a school district,~~

1 intermediate school district, or public school academy that  
2 operates an online or other distance learning program, shall submit  
3 a monthly report to the department, in the form and manner  
4 prescribed by the department, that reports the number of pupils  
5 enrolled in the school of excellence that is a cyber school, or in  
6 the online or other distance learning program, during the  
7 immediately preceding month.

8 (18) ~~(21)~~—The board of directors of a school of excellence  
9 that is a cyber school shall ensure that, when a pupil enrolls in  
10 the school of excellence that is a cyber school, the pupil and his  
11 or her parent or legal guardian are provided with a parent-student  
12 orientation. If the pupil is at least age 18 or is an emancipated  
13 minor, the orientation may be provided to just the pupil.

14 (19) AN AUTHORIZING BODY MAY NOT ISSUE A NEW CONTRACT FOR THE  
15 OPERATION OF A SCHOOL OF EXCELLENCE THAT WILL OPERATE AS THE  
16 SUCCESSOR TO A PUBLIC SCHOOL ACADEMY THAT IS CURRENTLY BEING  
17 OPERATED UNDER A CONTRACT ISSUED BY ANOTHER AUTHORIZING BODY AND  
18 EITHER IS ON THE LIST PUBLISHED UNDER SECTION 1280C OF THE PUBLIC  
19 SCHOOLS THAT THE DEPARTMENT HAS DETERMINED TO BE AMONG THE LOWEST  
20 ACHIEVING 5% OF ALL PUBLIC SCHOOLS IN THIS STATE OR IS BEING  
21 SUBJECTED TO CORRECTIVE MEASURES BY THE AUTHORIZING BODY AS  
22 DESCRIBED IN SECTION 507(7), 528(7), OR 561(7), AS APPLICABLE.

23 Sec. 553. (1) An authorizing body is not required to issue a  
24 contract to any person or entity. Schools of excellence contracts  
25 shall be issued on a competitive basis taking into consideration  
26 the resources available for the proposed school of excellence, the  
27 population to be served by the proposed school of excellence, the

1 educational goals to be achieved by the proposed school of  
2 excellence, and the applicant's track record, if any, in operating  
3 public school academies or other public schools.

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

22 (3) Within 10 days after issuing a contract for a school of  
23 excellence, the authorizing body shall submit to the superintendent  
24 of public instruction a copy of the contract.

25 (4) An authorizing body shall adopt a resolution establishing  
26 the method of selection, length of term, and number of members of  
27 the board of directors of each school of excellence subject to its



1 jurisdiction. The resolution shall be written or amended as  
2 necessary to include a requirement that each member of the board of  
3 directors must be a citizen of the United States.

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

6 (a) The educational goals the school of excellence is to  
7 achieve and the methods by which it will be held accountable. The  
8 educational goals shall include demonstrated improved pupil  
9 academic achievement for all groups of pupils. To the extent  
10 applicable, the pupil performance of a school of excellence shall  
11 be assessed using at least a Michigan education assessment program  
12 (MEAP) test or the Michigan merit examination under section 1279g,  
13 as applicable.

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

17 (c) A description of the process for amending the contract  
18 during the term of the contract.

19 (d) All of the matters set forth in the application for the  
20 contract.

21 (e) Procedures for revoking the contract and grounds for  
22 revoking the contract, including at least the grounds listed in  
23 section 561.

24 (f) A description of and address for the proposed physical  
25 plant in which the school of excellence will be located. An  
26 authorizing body may include a provision in the contract allowing  
27 the board of directors of the school of excellence to operate the

1 same configuration of age or grade levels at more than 1 site if  
2 each configuration of age or grade levels and each site identified  
3 in the contract are under the direction and control of the board of  
4 directors.

5 (g) Requirements and procedures for financial audits. The  
6 financial audits shall be conducted at least annually by a  
7 certified public accountant in accordance with generally accepted  
8 governmental auditing principles.

9 (h) A certification, signed by an authorized member of the  
10 school of excellence board of directors, that the school of  
11 excellence will comply with the contract and all applicable law.

12 (i) A requirement that the board of directors shall ensure  
13 compliance with the requirements of 1968 PA 317, MCL 15.321 to  
14 15.330.

15 (j) A requirement that the board of directors shall prohibit  
16 specifically identified family relationships between members of the  
17 board of directors, individuals who have an ownership interest in  
18 or who are officers or employees of an educational management  
19 organization involved in the operation of the school of excellence,  
20 and employees of the school of excellence. The contract shall  
21 identify the specific prohibited relationships consistent with  
22 applicable law.

23 (k) A requirement that the board of directors of the school of  
24 excellence shall make information concerning its operation and  
25 management available to the public and to the authorizing body in  
26 the same manner as is required by state law for school districts.

27 (l) A requirement that the board of directors of the school of

1 excellence shall collect, maintain, and make available to the  
2 public and the authorizing body, in accordance with applicable law  
3 and the contract, at least all of the following information  
4 concerning the operation and management of the school of  
5 excellence:

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

8 (ii) A list of currently serving members of the board of  
9 directors of the school of excellence, including name, address, and  
10 term of office; copies of policies approved by the board of  
11 directors; board meeting agendas and minutes; copy of the budget  
12 approved by the board of directors and of any amendments to the  
13 budget; and copies of bills paid for amounts of \$10,000.00 or more  
14 as they were submitted to the board of directors.

15 (iii) Quarterly financial reports submitted to the authorizing  
16 body.

17 (iv) A current list of teachers and school administrators  
18 working at the school of excellence that includes their individual  
19 salaries as submitted to the registry of educational personnel;  
20 copies of the teaching or school administrator's certificates or  
21 permits of current teaching and administrative staff; and evidence  
22 of compliance with the criminal background and records checks and  
23 unprofessional conduct check required under sections 1230, 1230a,  
24 and 1230b for all teachers and administrators working at the school  
25 of excellence.

26 (v) Curriculum documents and materials given to the  
27 authorizing body.

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

2 (vii) Copies of facility leases or deeds, or both, and of any  
3 equipment leases.

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

6 (ix) All health and safety reports and certificates, including  
7 those relating to fire safety, environmental matters, asbestos  
8 inspection, boiler inspection, and food service.

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

11 (xi) Any other information specifically required under this  
12 act.

13 (m) A requirement that the authorizing body must review and  
14 may disapprove any agreement between the board of directors and an  
15 educational management organization before the agreement is final  
16 and valid. An authorizing body ~~may~~**SHALL** disapprove an agreement  
17 described in this subdivision ~~only~~ if the agreement is contrary to  
18 contract or applicable law **OR IF THE EDUCATIONAL MANAGEMENT**  
19 **ORGANIZATION, OR ANY EDUCATIONAL MANAGEMENT ORGANIZATION AFFILIATED**  
20 **WITH IT, OPERATES A PUBLIC SCHOOL THAT IS ON THE LIST PUBLISHED**  
21 **UNDER SECTION 1280C OF THE PUBLIC SCHOOLS THAT THE DEPARTMENT HAS**  
22 **DETERMINED TO BE AMONG THE LOWEST ACHIEVING 5% OF ALL PUBLIC**  
23 **SCHOOLS IN THIS STATE.**

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

27 (i) That the school of excellence has made a reasonable effort

1 to advertise its enrollment openings.

2 (ii) That the school of excellence has made the following  
3 additional efforts to recruit pupils who are eligible for special  
4 education programs and services or English as a second language  
5 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 or children with limited English-  
9 speaking ability within the boundaries of the intermediate school  
10 district in which the school of excellence is located.

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

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

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

22 (p) A requirement that, if requested, the board of directors  
23 shall report to the authorizing body the total compensation for  
24 each individual working at the school of excellence.

25 **(Q) IF THE CONTRACT PERMITS THE SCHOOL OF EXCELLENCE TO**  
26 **OPERATE AT MORE THAN 1 SITE, A REQUIREMENT THAT THE SCHOOL OF**  
27 **EXCELLENCE MAY ONLY EXERCISE THAT AUTHORITY AFTER ESTABLISHING THAT**

1 NONE OF ITS CURRENT SITES IS ON THE LIST PUBLISHED UNDER SECTION  
2 1280C OF THE PUBLIC SCHOOLS THAT THE DEPARTMENT HAS DETERMINED TO  
3 BE AMONG THE LOWEST ACHIEVING 5% OF ALL PUBLIC SCHOOLS IN THIS  
4 STATE.

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.

13 (f) Laws concerning participation in state assessments, data  
14 collection systems, state level student growth models, state  
15 accountability and accreditation systems, and other public  
16 comparative data collection required for public schools.

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

26 (8) A school of excellence is exempt from all taxation on its  
27 earnings and property. Unless the property is already fully exempt

1 from real and personal property taxes under the general property  
2 tax act, 1893 PA 206, MCL 211.1 to 211.155, property occupied by a  
3 school of excellence and used exclusively for educational purposes  
4 is exempt from real and personal property taxes levied for school  
5 operating purposes under section 1211, to the extent exempted under  
6 that section, and from real and personal property taxes levied  
7 under the state education tax act, 1993 PA 331, MCL 211.901 to  
8 211.906. Instruments of conveyance to or from a school of  
9 excellence are exempt from all taxation including taxes imposed by  
10 1966 PA 134, MCL 207.501 to 207.513. A school of excellence may not  
11 levy ad valorem property taxes or another tax for any purpose.  
12 However, operation of 1 or more schools of excellence by a school  
13 district or intermediate school district does not affect the  
14 ability of the school district or intermediate school district to  
15 levy ad valorem property taxes or another tax.

16 (9) A school of excellence may acquire by purchase, gift,  
17 devise, lease, sublease, installment purchase agreement, land  
18 contract, option, or by any other means, hold, and own in its own  
19 name buildings and other property for school purposes, and  
20 interests therein, and other real and personal property, including,  
21 but not limited to, interests in property subject to mortgages,  
22 security interests, or other liens, necessary or convenient to  
23 fulfill its purposes. For the purposes of condemnation, a school of  
24 excellence may proceed under the uniform condemnation procedures  
25 act, 1980 PA 87, MCL 213.51 to 213.75, excluding sections 6 to 9 of  
26 that act, MCL 213.56 to 213.59, or other applicable statutes, but  
27 only with the express, written permission of the authorizing body

1 in each instance of condemnation and only after just compensation  
2 has been determined and paid.

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

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

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

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

15 (d) Oversee the operations of each school of excellence  
16 operating under a contract issued by the authorizing body. The  
17 oversight shall be sufficient to ensure that the school of  
18 excellence is in compliance with the terms of the contract and with  
19 applicable law. This subdivision does not relieve any other  
20 governmental entity of its enforcement or supervisory  
21 responsibility.

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

27 (f) Take necessary measures to ensure that a school of



1 excellence board of directors operates independently of any  
2 educational management organization involved in the operations of  
3 the school of excellence.

4 (g) Oversee and ensure that the pupil admission process used  
5 by the school of excellence 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 school of  
8 excellence maintains and releases information as necessary to  
9 comply with applicable law.

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

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

7 (c) Failure of the school of excellence 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 school of excellence that is an alternative  
13 school serving a special student population, if the superintendent  
14 of public instruction determines that a school of excellence 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 school of excellence's authorizing body. If an authorizing body  
25 receives notice from the superintendent of public instruction under  
26 this subsection, the authorizing body shall amend the school of  
27 excellence's contract to eliminate the school of excellence's

1 authority to operate the existing age and grade levels at the site  
2 and the school of excellence shall cease operating the existing age  
3 and grade levels at the site, effective at the end of the current  
4 school year. If the school of excellence operates at only 1 site or  
5 is a cyber school, and the authorizing body receives notice from  
6 the superintendent of public instruction under this subsection, the  
7 authorizing body shall revoke the school of excellence's contract,  
8 effective at the end of the current school year. **FAILURE OF AN**  
9 **AUTHORIZING BODY TO COMPLY WITH THIS SUBSECTION IS A FAILURE BY THE**  
10 **AUTHORIZING BODY TO ENGAGE IN APPROPRIATE CONTINUING OVERSIGHT FOR**  
11 **THE PURPOSES OF SECTION 552(9).**

12 (6) Except for a contract issued by a school district pursuant  
13 to a vote by the school electors on a ballot question under section  
14 553(2), **AND SUBJECT TO SUBSECTION (5)**, the decision of the  
15 authorizing body to issue, not issue, or reconstitute a contract  
16 under this part, or to terminate or revoke a contract under this  
17 section, is solely within the discretion of the authorizing body,  
18 is final, and is not subject to review by a court or any other  
19 state agency. If the authorizing body issues, does not issue, or  
20 reconstitutes a contract under this part, or terminates or revokes  
21 a contract under this section, the authorizing body is not liable  
22 for that action to the school of excellence, the school of  
23 excellence corporation, a pupil of the school of excellence, the  
24 parent or guardian of a pupil of the school of excellence, or any  
25 other person.

26 (7) Except as otherwise provided in subsection (5), before the  
27 authorizing body revokes a contract, the authorizing body may

1 consider and take corrective measures to avoid revocation. The  
2 authorizing body may reconstitute the school of excellence in a  
3 final attempt to improve student educational performance or to  
4 avoid interruption of the educational process. The authorizing body  
5 shall include a reconstituting provision in the contract that  
6 identifies these corrective measures, including, but not limited  
7 to, canceling a contract with an educational management  
8 organization, if any, withdrawing approval to contract under  
9 section 560, or appointing a new board of directors or a trustee to  
10 take over operation of the school of excellence.

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

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

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

6           (a) Within 30 days following the termination or revocation,  
7 the board of directors of a school of excellence shall hold a  
8 public meeting to adopt a plan of distribution of assets and to  
9 approve the dissolution of the school of excellence corporation,  
10 all in accordance with chapter 8 of the nonprofit corporation act,  
11 1982 PA 162, MCL 450.2801 to 450.2864.

12           (b) The school of excellence shall file a certificate of  
13 dissolution with the bureau of commercial services within 10  
14 business days following board approval.

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

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

1 provided under subdivision (c).

2 (e) As part of the plan of distribution of assets, the school  
3 of excellence board of directors shall designate the director of  
4 the department of technology, management, and budget, or his or her  
5 designee, to dispose of all real property of the school of  
6 excellence corporation in accordance with the directives developed  
7 for disposition of surplus land and facilities under section 251 of  
8 the management and budget act, 1984 PA 431, MCL 18.1251.

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

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