

SENATE BILL No. 312

April 30, 2015, Introduced by Senators ANANICH, YOUNG, HOPGOOD and HOOD and referred to the Committee on Education.

A bill to amend 1976 PA 451, entitled "The revised school code," by amending sections 507, 528, 561, and 1311/ (MCL 380.507, 380.528, 380.561, and 380.1311/), sections 507, 528, and 561 as amended by 2011 PA 277 and section 1311/ as added by 1999 PA 23.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

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

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

8 (c) Establish the method of selection, length of term, and
9 number of members of the board of directors of each public school

1 academy that it authorizes. The authorizing body shall ensure that
2 the board of directors includes representation from the local
3 community.

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

8 (e) Develop and implement a process for holding a public
9 school academy accountable for meeting applicable academic
10 performance standards set forth in the contract and for
11 implementing corrective action for a public school academy that
12 does not meet those standards.

13 (f) Take necessary measures to ensure that the board of
14 directors of a public school academy operates independently of any
15 educational management company involved in the operations of the
16 public school academy.

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

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

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

26 (3) The authorizing body for a public school academy is the
27 fiscal agent for the public school academy. A state school aid

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

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

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

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

20 (c) Failure of the public school academy to meet generally
21 accepted public sector accounting principles and demonstrate sound
22 fiscal stewardship.

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

25 (5) Except for a public school academy that is an alternative
26 school serving a special student population, if the superintendent
27 of public instruction determines that a public school academy site

1 that has been operating for at least 4 years is ~~among~~ **ON THE LIST**
2 **UNDER SECTION 1280C(1) OF** the lowest achieving 5% of all public
3 schools in this state, ~~as defined for the purposes of the federal~~
4 ~~incentive grant program created under sections 14005 and 14006 of~~
5 ~~title XIV of the American recovery and reinvestment act of 2009,~~
6 ~~Public Law 111-5,~~ is in year 2 of restructuring sanctions under the
7 no child left behind act of 2001, Public Law 107-110, not to
8 include the individualized education plan subgroup, and is not
9 currently undergoing reconstitution under this section, the
10 superintendent of public instruction shall notify the public school
11 academy's authorizing body. If an authorizing body receives notice
12 from the superintendent of public instruction under this
13 subsection, the authorizing body shall amend the public school
14 academy's contract to eliminate the public school academy's
15 authority to operate the existing age and grade levels at the site
16 and the public school academy shall cease operating the existing
17 age and grade levels at the site, effective at the end of the
18 current school year. If the public school academy operates at only
19 1 site, and the authorizing body receives notice from the
20 superintendent of public instruction under this subsection, the
21 authorizing body shall revoke the public school academy's contract,
22 effective at the end of the current school year.

23 (6) The decision of an authorizing body to issue, not issue,
24 or reconstitute a contract under this part, or to terminate or
25 revoke a contract under this section, is solely within the
26 discretion of the authorizing body, is final, and is not subject to
27 review by a court or any state agency. An authorizing body that

1 issues, does not issue, or reconstitutes a contract under this
2 part, or that terminates or revokes a contract under this section,
3 is not liable for that action to the public school academy, the
4 public school academy corporation, a pupil of the public school
5 academy, the parent or guardian of a pupil of the public school
6 academy, or any other person.

7 (7) Except as otherwise provided in subsection (5), before an
8 authorizing body revokes a contract, the authorizing body may
9 consider and take corrective measures to avoid revocation. An
10 authorizing body may reconstitute the public school academy in a
11 final attempt to improve student educational performance or to
12 avoid interruption of the educational process. An authorizing body
13 shall include a reconstituting provision in the contract that
14 identifies these corrective measures, including, but not limited
15 to, canceling a contract with an educational management
16 organization, if any, withdrawing approval of a contract under
17 section 506, or appointing a new board of directors or a trustee to
18 take over operation of the public school academy.

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

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

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

9 (10) IF A PUBLIC SCHOOL ACADEMY'S CONTRACT TERMINATES OR IS
10 REVOKED, TITLE TO ALL REAL AND PERSONAL PROPERTY, INTEREST IN REAL
11 OR PERSONAL PROPERTY, AND OTHER ASSETS OWNED BY THE PUBLIC SCHOOL
12 ACADEMY SHALL REVERT TO THE STATE. THIS PROPERTY SHALL BE
13 DISTRIBUTED IN ACCORDANCE WITH THE FOLLOWING:

14 (A) WITHIN 30 DAYS FOLLOWING THE TERMINATION OR REVOCATION,
15 THE BOARD OF DIRECTORS OF A PUBLIC SCHOOL ACADEMY SHALL HOLD A
16 PUBLIC MEETING TO ADOPT A PLAN OF DISTRIBUTION OF ASSETS AND TO
17 APPROVE THE DISSOLUTION OF THE PUBLIC SCHOOL ACADEMY CORPORATION,
18 ALL IN ACCORDANCE WITH CHAPTER 8 OF THE NONPROFIT CORPORATION ACT,
19 1982 PA 162, MCL 450.2801 TO 450.2864.

20 (B) THE PUBLIC SCHOOL ACADEMY SHALL FILE A CERTIFICATE OF
21 DISSOLUTION WITH THE DIRECTOR OF THE DEPARTMENT OF LICENSING AND
22 REGULATORY AFFAIRS WITHIN 10 BUSINESS DAYS FOLLOWING BOARD
23 APPROVAL.

24 (C) SIMULTANEOUSLY WITH THE FILING OF THE CERTIFICATE OF
25 DISSOLUTION UNDER SUBDIVISION (B), THE PUBLIC SCHOOL ACADEMY BOARD
26 OF DIRECTORS SHALL PROVIDE A COPY OF THE BOARD OF DIRECTORS' PLAN
27 OF DISTRIBUTION OF ASSETS TO THE STATE TREASURER FOR APPROVAL.

1 WITHIN 30 DAYS, THE STATE TREASURER, OR HIS OR HER DESIGNEE, SHALL
2 REVIEW AND APPROVE THE BOARD OF DIRECTORS' PLAN OF DISTRIBUTION OF
3 ASSETS. IF THE PROPOSED PLAN OF DISTRIBUTION OF ASSETS IS NOT
4 APPROVED WITHIN 30 DAYS, THE STATE TREASURER, OR HIS OR HER
5 DESIGNEE, SHALL PROVIDE THE BOARD OF DIRECTORS WITH AN ACCEPTABLE
6 PLAN OF DISTRIBUTION OF ASSETS.

7 (D) THE STATE TREASURER, OR HIS OR HER DESIGNEE, SHALL MONITOR
8 THE PUBLIC SCHOOL ACADEMY'S WINDING UP OF THE DISSOLVED CORPORATION
9 IN ACCORDANCE WITH THE PLAN OF DISTRIBUTION OF ASSETS APPROVED OR
10 PROVIDED UNDER SUBDIVISION (C).

11 (E) AS PART OF THE PLAN OF DISTRIBUTION OF ASSETS, THE PUBLIC
12 SCHOOL ACADEMY BOARD OF DIRECTORS SHALL DESIGNATE THE DIRECTOR OF
13 THE DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET, OR HIS OR HER
14 DESIGNEE, TO DISPOSE OF ALL REAL PROPERTY OF THE PUBLIC SCHOOL
15 ACADEMY CORPORATION IN ACCORDANCE WITH THE DIRECTIVES DEVELOPED FOR
16 DISPOSITION OF SURPLUS LAND AND FACILITIES UNDER SECTION 251 OF THE
17 MANAGEMENT AND BUDGET ACT, 1984 PA 431, MCL 18.1251.

18 (F) IF THE BOARD OF DIRECTORS OF A PUBLIC SCHOOL ACADEMY FAILS
19 TO TAKE ANY NECESSARY ACTION UNDER THIS SECTION, THE STATE
20 TREASURER, OR HIS OR HER DESIGNEE, MAY SUSPEND THE PUBLIC SCHOOL
21 ACADEMY BOARD OF DIRECTORS AND APPOINT A TRUSTEE TO CARRY OUT THE
22 BOARD'S PLAN OF DISTRIBUTION OF ASSETS. UPON APPOINTMENT, THE
23 TRUSTEE SHALL HAVE ALL THE RIGHTS, POWERS, AND PRIVILEGES UNDER LAW
24 THAT THE PUBLIC SCHOOL ACADEMY BOARD OF DIRECTORS HAD BEFORE BEING
25 SUSPENDED.

26 (G) FOLLOWING THE SALE OF THE REAL OR PERSONAL PROPERTY OR
27 INTERESTS IN THE REAL OR PERSONAL PROPERTY, AND AFTER PAYMENT OF

1 ANY PUBLIC SCHOOL ACADEMY DEBT SECURED BY THE PROPERTY OR INTEREST
2 IN PROPERTY, WHETHER REAL OR PERSONAL, THE PUBLIC SCHOOL ACADEMY
3 BOARD OF DIRECTORS, OR A TRUSTEE APPOINTED UNDER THIS SECTION,
4 SHALL FORWARD ANY REMAINING MONEY TO THE STATE TREASURER. FOLLOWING
5 RECEIPT, THE STATE TREASURER, OR HIS OR HER DESIGNEE, SHALL DEPOSIT
6 THIS REMAINING MONEY IN THE STATE SCHOOL AID FUND.

7 (H) THE AUTHORIZING BODY FOR THE PUBLIC SCHOOL ACADEMY SHALL
8 TAKE CUSTODY OF ALL STUDENT RECORDS OF THE PUBLIC SCHOOL ACADEMY,
9 SHALL MAINTAIN THESE RECORDS IN THE SAME MANNER AS REQUIRED BY LAW
10 FOR A SCHOOL DISTRICT, AND SHALL ENSURE THAT THESE RECORDS ARE
11 TRANSFERRED TO THE SCHOOL IN WHICH A PUPIL ENROLLS AFTER THE
12 TERMINATION OR REVOCATION IN THE MANNER PRESCRIBED BY LAW.

13 (11) IF AN AUTHORIZING BODY REVOKES A PUBLIC SCHOOL ACADEMY
14 CONTRACT, NOT LATER THAN 90 DAYS AFTER THE CONTRACT IS REVOKED THE
15 AUTHORIZING BODY SHALL SUBMIT A CONTRACT REVOCATION REPORT TO THE
16 SUPERINTENDENT OF PUBLIC INSTRUCTION AND SHALL POST THE CONTRACT
17 REVOCATION REPORT ON ITS WEBSITE. THE CONTRACT REVOCATION REPORT
18 SHALL BE SUBMITTED IN THE FORM AND MANNER PRESCRIBED BY THE
19 SUPERINTENDENT OF PUBLIC INSTRUCTION AND SHALL INCLUDE AT LEAST ALL
20 OF THE FOLLOWING:

21 (A) IDENTIFICATION OF THE NAME AND LOCATION OF THE PUBLIC
22 SCHOOL ACADEMY, THE EFFECTIVE DATE OF THE REVOCATION, AND THE
23 REASONS FOR THE REVOCATION.

24 (B) A DESCRIPTION OF THE MEASURES TAKEN UNDER SUBSECTION (8)
25 TO ENSURE A SMOOTH TRANSITION FOR THE AFFECTED PUPILS.

26 (C) A DESCRIPTION OF THE MEASURES TAKEN TO COMPLY WITH
27 SUBSECTION (10).

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

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

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

8 (c) Adopt a resolution establishing the method of selection,
9 length of term, and number of members of the board of directors of
10 each urban high school academy that it authorizes. The resolution
11 shall be written or amended as necessary to include a requirement
12 that each member of the board of directors must be a citizen of the
13 United States.

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

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

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

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

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

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

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

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

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

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

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

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

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

12 (5) Except for an urban high school academy that is an
13 alternative school serving a special student population, if the
14 superintendent of public instruction determines that an urban high
15 school academy site that has been operating for at least 4 years is
16 ~~among~~ **ON THE LIST UNDER SECTION 1280C(1) OF** the lowest achieving 5%
17 of all public schools in this state, ~~as defined for the purposes of~~
18 ~~the federal incentive grant program created under sections 14005~~
19 ~~and 14006 of title XIV of the American recovery and reinvestment~~
20 ~~act of 2009, Public Law 111-5,~~ is in year 2 of restructuring
21 sanctions under the no child left behind act of 2001, Public Law
22 107-110, not to include the individualized education plan subgroup,
23 and is not currently undergoing reconstitution under this section,
24 the superintendent of public instruction shall notify the urban
25 high school academy's authorizing body. If an authorizing body
26 receives notice from the superintendent of public instruction under
27 this subsection, the authorizing body shall amend the urban high

1 school academy's contract to eliminate the urban high school
2 academy's authority to operate the existing age and grade levels at
3 the site and the urban high school academy shall cease operating
4 the existing age and grade levels at the site, effective at the end
5 of the current school year. If the urban high school academy
6 operates at only 1 site, and the authorizing body receives notice
7 from the superintendent of public instruction under this
8 subsection, the authorizing body shall revoke the urban high school
9 academy's contract, effective at the end of the current school
10 year.

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

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

1 shall include a reconstituting provision in the contract that
2 identifies these corrective measures, including, but not limited
3 to, removing 1 or more members of the board of directors,
4 withdrawing approval to contract under section 527, or appointing a
5 new board of directors or a trustee to take over operation of the
6 urban high school academy.

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

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

24 (10) Not more than 10 days after an urban high school
25 academy's contract terminates or is revoked, the authorizing body
26 shall notify the superintendent of public instruction in writing of
27 the name of the urban high school academy whose contract has

1 terminated or been revoked and the date of contract termination or
2 revocation.

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

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

14 (b) The urban high school academy shall file a certificate of
15 dissolution with the ~~bureau of commercial services~~ **DIRECTOR OF THE**
16 **DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS** within 10 business
17 days following board approval.

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

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

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

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

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

1 designee, shall deposit this remaining money in the state school
2 aid fund.

3 (H) THE AUTHORIZING BODY FOR THE URBAN HIGH SCHOOL ACADEMY
4 SHALL TAKE CUSTODY OF ALL STUDENT RECORDS OF THE URBAN HIGH SCHOOL
5 ACADEMY, SHALL MAINTAIN THESE RECORDS IN THE SAME MANNER AS
6 REQUIRED BY LAW FOR A SCHOOL DISTRICT, AND SHALL ENSURE THAT THESE
7 RECORDS ARE TRANSFERRED TO THE SCHOOL IN WHICH A PUPIL ENROLLS
8 AFTER THE TERMINATION OR REVOCATION IN THE MANNER PRESCRIBED BY
9 LAW.

10 (12) IF AN AUTHORIZING BODY REVOKES AN URBAN HIGH SCHOOL
11 ACADEMY CONTRACT, NOT LATER THAN 90 DAYS AFTER THE CONTRACT IS
12 REVOKED THE AUTHORIZING BODY SHALL SUBMIT A CONTRACT REVOCATION
13 REPORT TO THE SUPERINTENDENT OF PUBLIC INSTRUCTION AND SHALL POST
14 THE CONTRACT REVOCATION REPORT ON ITS WEBSITE. THE CONTRACT
15 REVOCATION REPORT SHALL BE SUBMITTED IN THE FORM AND MANNER
16 PRESCRIBED BY THE SUPERINTENDENT OF PUBLIC INSTRUCTION AND SHALL
17 INCLUDE AT LEAST ALL OF THE FOLLOWING:

18 (A) IDENTIFICATION OF THE NAME AND LOCATION OF THE URBAN HIGH
19 SCHOOL ACADEMY, THE EFFECTIVE DATE OF THE REVOCATION, AND THE
20 REASONS FOR THE REVOCATION.

21 (B) A DESCRIPTION OF THE MEASURES TAKEN UNDER SUBSECTION (8)
22 TO ENSURE A SMOOTH TRANSITION FOR THE AFFECTED PUPILS.

23 (C) A DESCRIPTION OF THE MEASURES TAKEN TO COMPLY WITH
24 SUBSECTION (11).

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

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

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

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

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

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

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

26 (g) Oversee and ensure that the pupil admission process used
27 by the school of excellence is operated in a fair and open manner

1 and is in compliance with the contract and this part.

2 (h) Ensure that the board of directors of the school of
3 excellence maintains and releases information as necessary to
4 comply with applicable law.

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

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

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

24 (a) Failure of the school of excellence to demonstrate
25 improved pupil academic achievement for all groups of pupils or
26 meet the educational goals set forth in the contract.

27 (b) Failure of the school of excellence to comply with all

1 applicable law.

2 (c) Failure of the school of excellence to meet generally
3 accepted public sector accounting principles and demonstrate sound
4 fiscal stewardship.

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

7 (5) Except for a school of excellence that is an alternative
8 school serving a special student population, if the superintendent
9 of public instruction determines that a school of excellence site
10 that has been operating for at least 4 years is ~~among~~ **ON THE LIST**
11 **UNDER SECTION 1280C(1) OF** the lowest achieving 5% of all public
12 schools in this state, ~~as defined for the purposes of the federal~~
13 ~~incentive grant program created under sections 14005 and 14006 of~~
14 ~~title XIV of the American recovery and reinvestment act of 2009,~~
15 ~~Public Law 111-5,~~ is in year 2 of restructuring sanctions under the
16 no child left behind act of 2001, Public Law 107-110, not to
17 include the individualized education plan subgroup, and is not
18 currently undergoing reconstitution under this section, the
19 superintendent of public instruction shall notify the school of
20 excellence's authorizing body. If an authorizing body receives
21 notice from the superintendent of public instruction under this
22 subsection, the authorizing body shall amend the school of
23 excellence's contract to eliminate the school of excellence's
24 authority to operate the existing age and grade levels at the site
25 and the school of excellence shall cease operating the existing age
26 and grade levels at the site, effective at the end of the current
27 school year. If the school of excellence operates at only 1 site or

1 is a cyber school, and the authorizing body receives notice from
2 the superintendent of public instruction under this subsection, the
3 authorizing body shall revoke the school of excellence's contract,
4 effective at the end of the current school year.

5 (6) Except for a contract issued by a school district pursuant
6 to a vote by the school electors on a ballot question under section
7 553(2), the decision of the authorizing body to issue, not issue,
8 or reconstitute a contract under this part, or to terminate or
9 revoke a contract under this section, is solely within the
10 discretion of the authorizing body, is final, and is not subject to
11 review by a court or any other state agency. If the authorizing
12 body issues, does not issue, or reconstitutes a contract under this
13 part, or terminates or revokes a contract under this section, the
14 authorizing body is not liable for that action to the school of
15 excellence, the school of excellence corporation, a pupil of the
16 school of excellence, the parent or guardian of a pupil of the
17 school of excellence, or any other person.

18 (7) Except as otherwise provided in subsection (5), before the
19 authorizing body revokes a contract, the authorizing body may
20 consider and take corrective measures to avoid revocation. The
21 authorizing body may reconstitute the school of excellence in a
22 final attempt to improve student educational performance or to
23 avoid interruption of the educational process. The authorizing body
24 shall include a reconstituting provision in the contract that
25 identifies these corrective measures, including, but not limited
26 to, canceling a contract with an educational management
27 organization, if any, withdrawing approval to contract under

1 section 560, or appointing a new board of directors or a trustee to
2 take over operation of the school of excellence.

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

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

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

25 (a) Within 30 days following the termination or revocation,
26 the board of directors of a school of excellence shall hold a
27 public meeting to adopt a plan of distribution of assets and to

1 approve the dissolution of the school of excellence corporation,
2 all in accordance with chapter 8 of the nonprofit corporation act,
3 1982 PA 162, MCL 450.2801 to 450.2864.

4 (b) The school of excellence shall file a certificate of
5 dissolution with the ~~bureau of commercial services~~ **DIRECTOR OF THE**
6 **DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS** within 10 business
7 days following board approval.

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

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

22 (e) As part of the plan of distribution of assets, the school
23 of excellence board of directors shall designate the director of
24 the department of technology, management, and budget, or his or her
25 designee, to dispose of all real property of the school of
26 excellence corporation in accordance with the directives developed
27 for disposition of surplus land and facilities under section 251 of

1 the management and budget act, 1984 PA 431, MCL 18.1251.

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

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

18 (H) THE AUTHORIZING BODY FOR THE SCHOOL OF EXCELLENCE SHALL
19 TAKE CUSTODY OF ALL STUDENT RECORDS OF THE SCHOOL OF EXCELLENCE,
20 SHALL MAINTAIN THESE RECORDS IN THE SAME MANNER AS REQUIRED BY LAW
21 FOR A SCHOOL DISTRICT, AND SHALL ENSURE THAT THESE RECORDS ARE
22 TRANSFERRED TO THE SCHOOL IN WHICH A PUPIL ENROLLS AFTER THE
23 TERMINATION OR REVOCATION IN THE MANNER PRESCRIBED BY LAW.

24 (11) IF AN AUTHORIZING BODY REVOKES A CONTRACT, NOT LATER THAN
25 90 DAYS AFTER THE CONTRACT IS REVOKED THE AUTHORIZING BODY SHALL
26 SUBMIT A CONTRACT REVOCATION REPORT TO THE SUPERINTENDENT OF PUBLIC
27 INSTRUCTION AND SHALL POST THE CONTRACT REVOCATION REPORT ON ITS

1 WEBSITE. THE CONTRACT REVOCATION REPORT SHALL BE SUBMITTED IN THE
2 FORM AND MANNER PRESCRIBED BY THE SUPERINTENDENT OF PUBLIC
3 INSTRUCTION AND SHALL INCLUDE AT LEAST ALL OF THE FOLLOWING:

4 (A) IDENTIFICATION OF THE NAME AND LOCATION OF THE SCHOOL OF
5 EXCELLENCE, THE EFFECTIVE DATE OF THE REVOCATION, AND THE REASONS
6 FOR THE REVOCATION.

7 (B) A DESCRIPTION OF THE MEASURES TAKEN UNDER SUBSECTION (8)
8 TO ENSURE A SMOOTH TRANSITION FOR THE AFFECTED PUPILS.

9 (C) A DESCRIPTION OF THE MEASURES TAKEN TO COMPLY WITH
10 SUBSECTION (10).

11 Sec. 1311/. (1) The authorizing body for a strict discipline
12 academy is the fiscal agent for the strict discipline academy. A
13 state school aid payment for a strict discipline academy shall be
14 paid to the authorizing body that is the fiscal agent for that
15 strict discipline academy, which shall then forward the payment to
16 the strict discipline academy. An authorizing body has the
17 responsibility to oversee a strict discipline academy's compliance
18 with the contract and all applicable law. A contract issued under
19 sections 1311b to 1311/ may be revoked by the authorizing body that
20 issued the contract if the authorizing body determines that 1 or
21 more of the following has occurred:

22 (a) Failure of the strict discipline academy to abide by and
23 meet the educational goals set forth in the contract.

24 (b) Failure of the strict discipline academy to comply with
25 all applicable law.

26 (c) Failure of the strict discipline academy to meet generally
27 accepted public sector accounting principles.

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

3 (2) The decision of an authorizing body to revoke a contract
4 under this section is solely within the discretion of the
5 authorizing body, is final, and is not subject to review by a court
6 or any state agency. An authorizing body that revokes a contract
7 under this section is not liable for that action to the strict
8 discipline academy, strict discipline academy corporation, a pupil
9 of the strict discipline academy, the parent or guardian of a pupil
10 of the strict discipline academy, or any other person.

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

23 (4) NOT LATER THAN 10 DAYS AFTER A STRICT DISCIPLINE ACADEMY'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 STRICT DISCIPLINE ACADEMY WHOSE CONTRACT HAS TERMINATED
27 OR BEEN REVOKED AND THE DATE OF CONTRACT TERMINATION OR REVOCATION.

1 (5) IF A STRICT DISCIPLINE ACADEMY'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 STRICT
4 DISCIPLINE ACADEMY SHALL REVERT TO THE STATE. THIS PROPERTY SHALL
5 BE DISTRIBUTED IN ACCORDANCE WITH THE FOLLOWING:

6 (A) WITHIN 30 DAYS FOLLOWING THE TERMINATION OR REVOCATION,
7 THE BOARD OF DIRECTORS OF A STRICT DISCIPLINE ACADEMY SHALL HOLD A
8 PUBLIC MEETING TO ADOPT A PLAN OF DISTRIBUTION OF ASSETS AND TO
9 APPROVE THE DISSOLUTION OF THE STRICT DISCIPLINE ACADEMY
10 CORPORATION, ALL IN ACCORDANCE WITH CHAPTER 8 OF THE NONPROFIT
11 CORPORATION ACT, 1982 PA 162, MCL 450.2801 TO 450.2864.

12 (B) THE STRICT DISCIPLINE ACADEMY SHALL FILE A CERTIFICATE OF
13 DISSOLUTION WITH THE DIRECTOR OF THE DEPARTMENT OF LICENSING AND
14 REGULATORY AFFAIRS WITHIN 10 BUSINESS DAYS FOLLOWING BOARD
15 APPROVAL.

16 (C) SIMULTANEOUSLY WITH THE FILING OF THE CERTIFICATE OF
17 DISSOLUTION UNDER SUBDIVISION (B), THE STRICT DISCIPLINE ACADEMY
18 BOARD OF DIRECTORS SHALL PROVIDE A COPY OF THE BOARD OF DIRECTORS'
19 PLAN OF DISTRIBUTION OF ASSETS TO THE STATE TREASURER FOR APPROVAL.
20 WITHIN 30 DAYS, THE STATE TREASURER, OR HIS OR HER DESIGNEE, SHALL
21 REVIEW AND APPROVE THE BOARD OF DIRECTORS' PLAN OF DISTRIBUTION OF
22 ASSETS. IF THE PROPOSED PLAN OF DISTRIBUTION OF ASSETS IS NOT
23 APPROVED WITHIN 30 DAYS, THE STATE TREASURER, OR HIS OR HER
24 DESIGNEE, SHALL PROVIDE THE BOARD OF DIRECTORS WITH AN ACCEPTABLE
25 PLAN OF DISTRIBUTION OF ASSETS.

26 (D) THE STATE TREASURER, OR HIS OR HER DESIGNEE, SHALL MONITOR
27 THE STRICT DISCIPLINE ACADEMY'S WINDING UP OF THE DISSOLVED

1 CORPORATION IN ACCORDANCE WITH THE PLAN OF DISTRIBUTION OF ASSETS
2 APPROVED OR PROVIDED UNDER SUBDIVISION (C).

3 (E) AS PART OF THE PLAN OF DISTRIBUTION OF ASSETS, THE STRICT
4 DISCIPLINE ACADEMY BOARD OF DIRECTORS SHALL DESIGNATE THE DIRECTOR
5 OF THE DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET, OR HIS OR
6 HER DESIGNEE, TO DISPOSE OF ALL REAL PROPERTY OF THE STRICT
7 DISCIPLINE ACADEMY CORPORATION IN ACCORDANCE WITH THE DIRECTIVES
8 DEVELOPED FOR DISPOSITION OF SURPLUS LAND AND FACILITIES UNDER
9 SECTION 251 OF THE MANAGEMENT AND BUDGET ACT, 1984 PA 431, MCL
10 18.1251.

11 (F) IF THE BOARD OF DIRECTORS OF A STRICT DISCIPLINE ACADEMY
12 FAILS TO TAKE ANY NECESSARY ACTION UNDER THIS SECTION, THE STATE
13 TREASURER, OR HIS OR HER DESIGNEE, MAY SUSPEND THE STRICT
14 DISCIPLINE ACADEMY BOARD OF DIRECTORS AND APPOINT A TRUSTEE TO
15 CARRY OUT THE BOARD'S PLAN OF DISTRIBUTION OF ASSETS. UPON
16 APPOINTMENT, THE TRUSTEE SHALL HAVE ALL THE RIGHTS, POWERS, AND
17 PRIVILEGES UNDER LAW THAT THE STRICT DISCIPLINE ACADEMY BOARD OF
18 DIRECTORS HAD BEFORE BEING SUSPENDED.

19 (G) FOLLOWING THE SALE OF THE REAL OR PERSONAL PROPERTY OR
20 INTERESTS IN THE REAL OR PERSONAL PROPERTY, AND AFTER PAYMENT OF
21 ANY STRICT DISCIPLINE ACADEMY DEBT SECURED BY THE PROPERTY OR
22 INTEREST IN PROPERTY, WHETHER REAL OR PERSONAL, THE STRICT
23 DISCIPLINE ACADEMY BOARD OF DIRECTORS, OR A TRUSTEE APPOINTED UNDER
24 THIS SECTION, SHALL FORWARD ANY REMAINING MONEY TO THE STATE
25 TREASURER. FOLLOWING RECEIPT, THE STATE TREASURER, OR HIS OR HER
26 DESIGNEE, SHALL DEPOSIT THIS REMAINING MONEY IN THE STATE SCHOOL
27 AID FUND.

1 (H) THE AUTHORIZING BODY FOR THE STRICT DISCIPLINE ACADEMY
2 SHALL TAKE CUSTODY OF ALL STUDENT RECORDS OF THE STRICT DISCIPLINE
3 ACADEMY, SHALL MAINTAIN THESE RECORDS IN THE SAME MANNER AS
4 REQUIRED BY LAW FOR A SCHOOL DISTRICT, AND SHALL ENSURE THAT THESE
5 RECORDS ARE TRANSFERRED TO THE SCHOOL IN WHICH A PUPIL ENROLLS
6 AFTER THE TERMINATION OR REVOCATION IN THE MANNER PRESCRIBED BY
7 LAW.

8 (6) IF AN AUTHORIZING BODY REVOKES A STRICT DISCIPLINE
9 ACADEMY'S CONTRACT, NOT LATER THAN 90 DAYS AFTER THE CONTRACT IS
10 REVOKED THE AUTHORIZING BODY SHALL SUBMIT A CONTRACT REVOCATION
11 REPORT TO THE SUPERINTENDENT OF PUBLIC INSTRUCTION AND SHALL POST
12 THE CONTRACT REVOCATION REPORT ON ITS WEBSITE. THE CONTRACT
13 REVOCATION REPORT SHALL BE SUBMITTED IN THE FORM AND MANNER
14 PRESCRIBED BY THE SUPERINTENDENT OF PUBLIC INSTRUCTION AND SHALL
15 INCLUDE AT LEAST ALL OF THE FOLLOWING:

16 (A) IDENTIFICATION OF THE NAME AND LOCATION OF THE STRICT
17 DISCIPLINE ACADEMY, THE EFFECTIVE DATE OF THE REVOCATION, AND THE
18 REASONS FOR THE REVOCATION.

19 (B) A DESCRIPTION OF THE MEASURES TAKEN UNDER SUBSECTION (3)
20 TO ENSURE A SMOOTH TRANSITION FOR THE AFFECTED PUPILS.

21 (C) A DESCRIPTION OF THE MEASURES TAKEN TO COMPLY WITH
22 SUBSECTION (5).

23 Enacting section 1. This amendatory act takes effect 90 days
24 after the date it is enacted into law.