

HOUSE BILL NO. 5231

October 25, 2023, Introduced by Reps. Weiss, Koleszar, Churches, Hoskins, McKinney, Conlin, Glanville and Morse and referred to the Committee on Education.

A bill to amend 1976 PA 451, entitled
"The revised school code,"
by amending section 503 (MCL 380.503), as amended by 2023 PA 34.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

1 (a) The resources available for the proposed public school
2 academy.

3 (b) The population to be served by the proposed public school
4 academy.

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

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

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

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

13 (g) The number of schools in the proximity of a proposed
14 location of the proposed public school academy that are on the list
15 under federal accountability requirements as provided under the
16 every student succeeds act, Public Law 114-95, of the public
17 schools in this state determined to be among the lowest achieving
18 5% of public schools in this state.

19 (h) The number of pupils on waiting lists of public school
20 academies in the proximity of a proposed location of the proposed
21 public school academy.

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

1 (3) If a person or entity applies to the board of a school
2 district for a contract to organize and operate 1 or more public
3 school academies within the boundaries of the school district and
4 the board does not issue the contract, the person or entity may
5 petition the board to place the question of issuing the contract on
6 the ballot to be decided by the school electors of the school
7 district. The petition must contain all of the information required
8 to be in the contract application under section 502 and must be
9 signed by a number of school electors of the school district equal
10 to at least 5% of the total number of school electors of that
11 school district. The petition must be filed with the school
12 district filing official. If the board receives a petition meeting
13 the requirements of this subsection, the board shall have the
14 question of issuing the contract placed on the ballot at its next
15 regular school election held at least 60 days after receiving the
16 petition. If a majority of the school electors of the school
17 district voting on the question vote to issue the contract, the
18 board shall issue the contract.

19 (4) Within 10 days after issuing a contract for a public
20 school academy, the authorizing body shall submit to the
21 superintendent of public instruction a copy of the contract.

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

28 (6) A contract issued to organize and administer a public
29 school academy must contain at least all of the following:

1 (a) The educational goals the public school academy is to
2 achieve and the methods by which it will be held accountable. The
3 educational goals must include demonstrated improved pupil academic
4 achievement for all groups of pupils. To the extent applicable, the
5 pupil performance of a public school academy must be assessed using
6 at least the Michigan student test of educational progress (M-STEP)
7 or the Michigan merit examination under section 1279g, as
8 applicable.

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

12 (c) A description of the process for amending the contract
13 during the term of the contract.

14 (d) All of the matters set forth in the application for the
15 contract.

16 (e) Procedures for revoking the contract and grounds for
17 revoking the contract, including at least the grounds listed in
18 section 507.

19 (f) A description of and address for the proposed physical
20 plant in which the public school academy will be located. An
21 authorizing body may include a provision in the contract allowing
22 the board of directors of the public school academy to operate the
23 same configuration of age or grade levels at more than 1 site if
24 each configuration of age or grade levels and each site identified
25 in the contract are under the direction and control of the board of
26 directors.

27 (g) Requirements and procedures for financial audits. The
28 financial audits ~~shall~~**must** be conducted at least annually by a
29 certified public accountant in accordance with generally accepted

1 governmental auditing principles.

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

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

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

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

23 (l) A requirement that the board of directors of the public
24 school academy ~~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 (m) A requirement that the board of directors of the public
28 school academy ~~shall~~ collect, maintain, and make available to the
29 public and the authorizing body, in accordance with applicable law

1 and the contract, at least all of the following information
2 concerning the operation and management of the public school
3 academy:

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

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

13 (iii) Quarterly financial reports submitted to the authorizing
14 body.

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

24 (v) Curriculum documents and materials given to the
25 authorizing body.

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

27 (vii) Copies of facility leases or deeds, or both, and of any
28 equipment leases.

29 (viii) Copies of any management contracts or services contracts

1 approved by the board of directors.

2 (ix) All health and safety reports and certificates, including
3 those relating to fire safety, environmental matters, asbestos
4 inspection, boiler inspection, and food service.

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

7 (xi) Any other information specifically required under this
8 act.

9 (n) A requirement that the authorizing body must review and
10 may disapprove any agreement between the board of directors of the
11 public school academy and an educational management organization
12 before the agreement is final and valid. An authorizing body may
13 disapprove an agreement described in this subdivision only if the
14 agreement is contrary to the contract or applicable law.

15 (o) A requirement that the board of directors of the public
16 school academy ~~shall~~ demonstrate all of the following to the
17 satisfaction of the authorizing body with regard to its pupil
18 admission process:

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

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

29 **(q) Unless prohibited by a local ordinance or local zoning**

1 authority, a requirement that the name of the authorizing body and
2 the educational management organization, if applicable, appear on
3 all signage, advertising, and promotional material for the public
4 school academy. This requirement applies only to a sign erected,
5 repaired, or installed after the effective date of the amendatory
6 act that added this subdivision and to any advertising or
7 promotional material created or distributed on or after the
8 effective date of the amendatory act that added this subdivision.
9 As used in this subdivision, "educational management organization"
10 means that term as defined in section 503c.

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

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

14 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to
15 15.246.

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

17 (d) Sections 1134, 1135, 1146, 1153, 1263(3), 1267, and 1274.

18 (e) Laws concerning participation in state assessments, data
19 collection systems, state level student growth models, state
20 accountability and accreditation systems, and other public
21 comparative data collection required for public schools.

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

1 person's scope of authority.

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

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

1 **act, 1980 PA 87, MCL 213.56 to 213.59, or other applicable**
2 **statutes, but only with the express, written permission of the**
3 **authorizing body in each instance of condemnation and only after**
4 **just compensation has been determined and paid.**

5 (11) A member of the board of directors of a public school
6 academy is a public officer and shall, before entering upon the
7 duties of the office, take the constitutional oath of office for
8 public officers under section 1 of article XI of the state
9 constitution of 1963.