

SENATE BILL No. 1104

October 2, 2014, Introduced by Senators HOPGOOD, WHITMER, ANDERSON, GREGORY and HOOD and referred to the Committee on Education.

A bill to amend 1976 PA 451, entitled "The revised school code," by amending sections 502, 503, 503c, 522, 523c, 528, 552, 553, 553c, 1311d, and 1311e (MCL 380.502, 380.503, 380.503c, 380.522, 380.523c, 380.528, 380.552, 380.553, 380.553c, 380.1311d, and 380.1311e), sections 502, 503, 522, 528, and 553 as amended and sections 503c, 523c, and 553c as added by 2011 PA 277, section 552 as amended by 2012 PA 129, section 1311d as added by 1999 PA 23, and section 1311e as amended by 2009 PA 205.

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

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

10 (2) ~~Any~~ **SUBJECT TO SUBSECTIONS (4) AND (5), ANY** of the
11 following may act as an authorizing body to issue a contract to
12 organize and operate 1 or more public school academies under this
13 part:

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

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

26 (c) The board of a community college. However, except as
27 otherwise provided in this subdivision, the board of a community

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

20 (d) The governing board of a state public university. However,
21 the combined total number of contracts for public school academies
22 issued by all state public universities shall not exceed 300
23 ~~through December 31, 2012 and shall not exceed 500 through December~~
24 ~~31, 2014. After December 31, 2014, there is no limit on the~~
25 ~~combined total number of contracts for public school academies that~~
26 ~~may be issued by all state public universities.~~ **THE COMBINED TOTAL**
27 **NUMBER OF PUBLIC SCHOOL ACADEMIES AUTHORIZED BY ALL STATE PUBLIC**

1 **UNIVERSITIES THAT ARE IN OPERATION DURING THE 2014-2015 SCHOOL**
2 **YEAR.**

3 (e) Two or more of the public agencies described in
4 subdivisions (a) to (d) exercising power, privilege, or authority
5 jointly pursuant to an interlocal agreement under the urban
6 cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to
7 124.512. **HOWEVER, IF 1 OR MORE OF THE PUBLIC AGENCIES THAT IS PARTY**
8 **TO THE INTERLOCAL AGREEMENT IS A STATE PUBLIC UNIVERSITY, THEN THE**
9 **ISSUANCE OF THE CONTRACT IS SUBJECT TO THE LIMITATION ON THE**
10 **COMBINED TOTAL NUMBER OF CONTRACTS FOR PUBLIC SCHOOL ACADEMIES**
11 **ISSUED BY ALL STATE PUBLIC UNIVERSITIES UNDER SUBDIVISION (D).**

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

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

17 (b) Subject to the resolution adopted by the authorizing body
18 under section 503(5), a list of the proposed members of the board
19 of directors of the public school academy and a description of the
20 qualifications and method for appointment or election of members of
21 the board of directors.

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

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

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

26 This language shall provide that the public school academy is
27 incorporated pursuant to this part and that the public school

1 academy corporation is a governmental entity.

2 (iii) The name of the authorizing body.

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

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

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

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

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

12 (ii) A copy of the educational goals of the public school
13 academy and the curricula to be offered and methods of pupil
14 assessment to be used by the public school academy. The educational
15 goals shall include demonstrated improved pupil academic
16 achievement for all groups of pupils. To the extent applicable, the
17 progress of the pupils in the public school academy shall be
18 assessed using at least a Michigan education assessment program
19 (MEAP) test or the Michigan merit examination under section 1279g,
20 as applicable.

21 (iii) The admission policy and criteria to be maintained by the
22 public school academy. The admission policy and criteria shall
23 comply with section 504. This part of the application also shall
24 include a description of how the applicant will provide to the
25 general public adequate notice that a public school academy is
26 being created and adequate information on the admission policy,
27 criteria, and process.

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

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

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

5 (g) For an application to the board of a school district, an
6 intermediate school board, or board of a community college,
7 identification of the local and intermediate school districts in
8 which the public school academy will be located.

9 (h) An agreement that the public school academy will comply
10 with the provisions of this part and, subject to the provisions of
11 this part, with all other state law applicable to public bodies and
12 with federal law applicable to public bodies or school districts.

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

18 **(J) THE CERTIFICATE OF NEED ISSUED BY THE STATE BOARD UNDER**
19 **SUBSECTION (4).**

20 **(4) AN AUTHORIZING BODY SHALL NOT ISSUE A CONTRACT TO ORGANIZE**
21 **AND OPERATE A PUBLIC SCHOOL ACADEMY UNDER THIS PART UNLESS THE**
22 **APPLICATION IS ACCOMPANIED BY A CERTIFICATE OF NEED ISSUED BY THE**
23 **STATE BOARD UNDER THIS SUBSECTION. THE STATE BOARD SHALL PROMULGATE**
24 **RULES TO DEVELOP AND IMPLEMENT A PROCESS FOR ISSUING A CERTIFICATE**
25 **OF NEED FOR A NEW PUBLIC SCHOOL ACADEMY. THE STANDARDS FOR ISSUING**
26 **A CERTIFICATE OF NEED SHALL INCLUDE, BUT ARE NOT LIMITED TO, ALL OF**
27 **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 SECTION 1280C(1) OF THE PUBLIC SCHOOLS IN THIS STATE THAT THE
16 DEPARTMENT HAS DETERMINED TO BE AMONG THE LOWEST ACHIEVING 5% OF
17 ALL PUBLIC SCHOOLS IN THIS STATE.

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

21 (I) THE NUMBER OF PUBLIC SCHOOL OPTIONS ALREADY AVAILABLE IN
22 THE PROXIMITY OF A PROPOSED LOCATION OF THE PROPOSED PUBLIC SCHOOL
23 ACADEMY.

24 (J) THE IMPACT OF THE ISSUANCE OF THE CONTRACT ON EXISTING
25 PUBLIC SCHOOLS IN THE PROXIMITY OF A PROPOSED LOCATION OF THE
26 PROPOSED PUBLIC SCHOOL ACADEMY.

27 (5) AN AUTHORIZING BODY SHALL NOT ISSUE A NEW CONTRACT TO

1 ORGANIZE AND OPERATE A PUBLIC SCHOOL ACADEMY UNDER THIS PART TO AN
2 EXISTING PUBLIC SCHOOL ACADEMY, URBAN HIGH SCHOOL ACADEMY, SCHOOL
3 OF EXCELLENCE, OR STRICT DISCIPLINE ACADEMY THAT HAS HAD ITS
4 CONTRACT WITH ITS PREVIOUS AUTHORIZING BODY REVOKED, TERMINATED, OR
5 NOT RENEWED. THE BOARD OF DIRECTORS OF A PUBLIC SCHOOL ACADEMY,
6 URBAN HIGH SCHOOL ACADEMY, SCHOOL OF EXCELLENCE, OR STRICT
7 DISCIPLINE ACADEMY DESCRIBED IN THIS SUBSECTION SHALL NOT APPLY FOR
8 A CONTRACT THAT WOULD VIOLATE THIS SUBSECTION.

9 (6) ~~(4)~~—An authorizing body shall oversee, or shall contract
10 with an intermediate school district, community college, or state
11 public university to oversee, each public school academy operating
12 under a contract issued by the authorizing body. The authorizing
13 body is responsible for overseeing compliance by the board of
14 directors with the contract and all applicable law. This subsection
15 does not relieve any other government entity of its enforcement or
16 supervisory responsibility.

17 (7) ~~(5)~~—If the superintendent of public instruction finds that
18 an authorizing body is not engaging in appropriate continuing
19 oversight of 1 or more public school academies operating under a
20 contract issued by the authorizing body, the superintendent of
21 public instruction may suspend the power of the authorizing body to
22 issue new contracts to organize and operate public school
23 academies. A contract issued by the authorizing body during the
24 suspension is void. A contract issued by the authorizing body
25 before the suspension is not affected by the suspension. **IN**
26 **EVALUATING WHETHER AN AUTHORIZING BODY IS ENGAGING IN APPROPRIATE**
27 **CONTINUING OVERSIGHT OF 1 OR MORE PUBLIC SCHOOL ACADEMIES OPERATING**

1 UNDER A CONTRACT ISSUED BY THE AUTHORIZING BODY, THE SUPERINTENDENT
2 OF PUBLIC INSTRUCTION SHALL TAKE INTO ACCOUNT ALL OF THE FOLLOWING:

3 (A) THE ACADEMIC PERFORMANCE OF THE PUBLIC SCHOOL ACADEMIES
4 AUTHORIZED BY THE AUTHORIZING BODY, INCLUDING AT LEAST THE RANKING
5 OF THOSE SCHOOLS ON THE DEPARTMENT'S "TOP-TO-BOTTOM" LIST AND THE
6 MEASURES ALREADY IMPLEMENTED AT THE SCHOOL TO ADDRESS STUDENT
7 IMPROVEMENT.

8 (B) NEW OR REAUTHORIZED CONTRACTS THAT ARE SUBMITTED BY THE
9 AUTHORIZING BODY TO THE SUPERINTENDENT OF PUBLIC INSTRUCTION WITH
10 MORE THAN 2 DEFICIENCIES.

11 (C) TRANSPARENCY DEMONSTRATED BY THE PUBLIC SCHOOL ACADEMIES
12 AUTHORIZED BY THE AUTHORIZING BODY, INCLUDING AT LEAST THE NUMBER
13 OF THOSE SCHOOLS' WEBSITES THAT HAVE AN INACTIVE OR OUTDATED
14 "TRANSPARENCY MITTEN" OR DO NOT HAVE AN UPDATED BUDGET.

15 (D) FISCAL RESPONSIBILITY DEMONSTRATED BY THE PUBLIC SCHOOL
16 ACADEMIES AUTHORIZED BY THE AUTHORIZING BODY, INCLUDING AT LEAST
17 THE NUMBER OF LATE AUDITS, AUDIT FINDINGS, AND DEFICITS AMONG THOSE
18 SCHOOLS.

19 (E) ASSURANCES AND VERIFICATIONS, AS DEFINED BY THE
20 SUPERINTENDENT OF PUBLIC INSTRUCTION.

21 (8) ~~(6)~~—An authorizing body shall not charge a fee, or require
22 reimbursement of expenses, for considering an application for a
23 contract, for issuing a contract, or for providing oversight of a
24 contract for a public school academy in an amount that exceeds a
25 combined total of 3% of the total state school aid received by the
26 public school academy in the school year in which the fees or
27 expenses are charged. An authorizing body may provide other

1 services for a public school academy and charge a fee for those
2 services, but shall not require such an arrangement as a condition
3 to issuing the contract authorizing the public school academy.

4 (9) ~~(7)~~—A public school academy shall be presumed to be
5 legally organized if it has exercised the franchises and privileges
6 of a public school academy for at least 2 years.

7 (10) ~~(8)~~—An authorizing body may enter into an
8 intergovernmental agreement with another authorizing body to issue
9 public school academy contracts. At a minimum, the agreement shall
10 further the purposes set forth in section 501, describe which
11 authorizing body shall issue the contract, and set forth which
12 authorizing body will be responsible for monitoring compliance by
13 the board of directors of the public school academy with the
14 contract and all applicable law. **HOWEVER, IF 1 OF THE PARTIES TO**
15 **THE INTERGOVERNMENTAL AGREEMENT IS A STATE PUBLIC UNIVERSITY, THEN**
16 **THE ISSUANCE OF THE CONTRACT IS SUBJECT TO THE LIMITATION ON THE**
17 **COMBINED TOTAL NUMBER OF CONTRACTS FOR PUBLIC SCHOOL ACADEMIES**
18 **ISSUED BY ALL STATE PUBLIC UNIVERSITIES UNDER SUBSECTION (2) (D) .**

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

24 (a) The resources available for the proposed public school
25 academy.

26 (b) The population to be served by the proposed public school
27 academy.

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

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

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

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

9 (g) The number of schools in the proximity of a proposed
10 location of the proposed public school academy that are on the list
11 under section 1280c(1) of the public schools in this state that the
12 department has determined to be among the lowest achieving 5% of
13 all public schools in this state.

14 (h) The number of pupils on waiting lists of public school
15 academies in the proximity of a proposed location of the proposed
16 public school academy.

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

25 (3) If a person or entity applies to the board of a school
26 district for a contract to organize and operate 1 or more public
27 school academies within the boundaries of the school district and

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

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

19 (5) An authorizing body shall adopt a resolution establishing
20 the method of selection, length of term, and number of members of
21 the board of directors of each public school academy subject to its
22 jurisdiction. The resolution shall be written or amended as
23 necessary to include a requirement that each member of the board of
24 directors must be a citizen of the United States. **THE RESOLUTION**
25 **SHALL ALSO BE WRITTEN OR AMENDED AS NECESSARY TO INCLUDE A PROCESS**
26 **AND STANDARDS FOR REMOVAL OF A MEMBER OF THE BOARD OF DIRECTORS.**
27 **THE RESOLUTION SHALL PROVIDE THAT A MEMBER OF THE BOARD OF**

1 DIRECTORS MAY BE REMOVED ONLY FOR GROSS NEGLECT OF DUTY OR FOR
2 CORRUPT CONDUCT IN OFFICE, OR FOR ANY OTHER MISFEASANCE,
3 MALFEASANCE, OR NONFEASANCE IN OFFICE.

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

6 (a) The educational goals the public school academy 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 public school academy 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 public school academy'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 507.

24 (f) A description of and address for the proposed physical
25 plant in which the public school academy will be located. An
26 authorizing body may include a provision in the contract allowing
27 the board of directors of the public school academy 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) The term of the contract and a description of the process
10 and standards for renewal of the contract at the end of the term.
11 The standards for renewal shall include increases in academic
12 achievement for all groups of pupils as measured by assessments and
13 other objective criteria as the most important factor in the
14 decision of whether or not to renew the contract.

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

19 (j) A requirement that the board of directors of the public
20 school academy shall ensure compliance with the requirements of
21 1968 PA 317, MCL 15.321 to 15.330.

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

1 public school academy. The contract shall identify the specific
2 prohibited relationships consistent with applicable law.

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

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

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

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

22 (iii) Quarterly financial reports submitted to the authorizing
23 body.

24 (iv) A current list of teachers and school administrators
25 working at the public school academy that includes their individual
26 salaries as submitted to the registry of educational personnel;
27 copies of the teaching or school administrator's certificates or

1 permits of current teaching and administrative staff; and evidence
2 of compliance with the criminal background and records checks and
3 unprofessional conduct check required under sections 1230, 1230a,
4 and 1230b for all teachers and administrators working at the public
5 school academy.

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

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

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

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

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

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

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

20 (n) A requirement that the authorizing body must review and
21 may disapprove any agreement between the board of directors of the
22 public school academy and an educational management organization
23 before the agreement is final and valid. An authorizing body may
24 disapprove an agreement described in this subdivision only if the
25 agreement is contrary to the contract or applicable law.

26 (o) A requirement that the board of directors of the public
27 school academy shall demonstrate all of the following to the

1 satisfaction of the authorizing body with regard to its pupil
2 admission process:

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

5 (ii) That the open enrollment period for the public school
6 academy is for a duration of at least 2 weeks and that the
7 enrollment times include some evening and weekend times.

8 (p) A requirement that the board of directors of the public
9 school academy shall prohibit any individual from being employed by
10 the public school academy in more than 1 full-time position and
11 simultaneously being compensated at a full-time rate for each of
12 those positions.

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

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

16 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to
17 15.246.

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

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

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

21 (f) Laws concerning participation in state assessments, data
22 collection systems, state level student growth models, state
23 accountability and accreditation systems, and other public
24 comparative data collection required for public schools.

25 (8) A public school academy and its incorporators, board
26 members, officers, employees, and volunteers have governmental
27 immunity as provided in section 7 of 1964 PA 170, MCL 691.1407. An

1 authorizing body and its board members, officers, and employees are
2 immune from civil liability, both personally and professionally,
3 for an act or omission in authorizing a public school academy if
4 the authorizing body or the person acted or reasonably believed he
5 or she acted within the authorizing body's or the person's scope of
6 authority.

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

24 (10) A public school academy may acquire by purchase, gift,
25 devise, lease, sublease, installment purchase agreement, land
26 contract, option, or by any other means, hold and own in its own
27 name buildings and other property for school purposes, and

1 interests therein, and other real and personal property, including,
2 but not limited to, interests in property subject to mortgages,
3 security interests, or other liens, necessary or convenient to
4 fulfill its purposes. For the purposes of condemnation, a public
5 school academy may proceed under the uniform condemnation
6 procedures act, 1980 PA 87, MCL 213.51 to 213.75, excluding
7 sections 6 to 9 of that act, MCL 213.56 to 213.59, or other
8 applicable statutes, but only with the express, written permission
9 of the authorizing body in each instance of condemnation and only
10 after just compensation has been determined and paid.

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

16 Sec. 503c. (1) Beginning with management agreements described
17 in this section that are entered into or renewed after the
18 effective date of this section, if the board of directors of a
19 public school academy enters into or renews a management agreement
20 with an educational management organization to carry out the
21 operations of the public school academy, both of the following
22 apply:

23 (a) The management agreement shall require the educational
24 management organization to provide to the board of directors at
25 least annually all of the same information that a school district
26 is required to disclose under section 18(2) of the state school aid
27 act of 1979, MCL 388.1618, for the most recent school fiscal year

1 for which that information is available.

2 (b) Within ~~30~~15 days after receiving the information under
3 subdivision (a), the board of directors shall make all of the
4 information it receives under subdivision (a) available through a
5 link on the public school academy's website homepage, in a form and
6 manner prescribed by the department.

7 (2) BEGINNING WITH MANAGEMENT AGREEMENTS THAT ARE ENTERED INTO
8 OR RENEWED AFTER THE EFFECTIVE DATE OF THIS SUBSECTION, IF THE
9 BOARD OF DIRECTORS OF A PUBLIC SCHOOL ACADEMY ENTERS INTO OR RENEWS
10 A MANAGEMENT AGREEMENT WITH AN EDUCATIONAL MANAGEMENT ORGANIZATION
11 TO CARRY OUT THE OPERATIONS OF THE PUBLIC SCHOOL ACADEMY, BOTH OF
12 THE FOLLOWING APPLY:

13 (A) THE MANAGEMENT AGREEMENT SHALL NOT INCLUDE THE PROVISION
14 OF SERVICES THAT REQUIRE COMPETITIVE BIDDING UNDER SECTION 1267 OR
15 THE PROCUREMENT OF SUPPLIES, MATERIALS, AND EQUIPMENT THAT REQUIRE
16 COMPETITIVE BIDDING UNDER SECTION 1274.

17 (B) THE PUBLIC SCHOOL ACADEMY SHALL NOT ALSO ENTER INTO AN
18 AGREEMENT WITH THAT EDUCATIONAL MANAGEMENT ORGANIZATION FOR
19 MATERIAL AND LABOR DESCRIBED IN SECTION 1267 OR FOR THE PROCUREMENT
20 OF SUPPLIES, MATERIALS, AND EQUIPMENT DESCRIBED IN SECTION 1274
21 WITHOUT FIRST OBTAINING COMPETITIVE BIDS AS PRESCRIBED UNDER THOSE
22 SECTIONS, AS APPLICABLE.

23 (3) ~~(2)~~As used in this section:

24 (a) "Educational management organization" means an entity that
25 enters into a management agreement with a public school academy.

26 (b) "Entity" means a partnership, nonprofit or business
27 corporation, or any other association, corporation, trust, or other

1 legal entity.

2 (c) "Management agreement" means an agreement to provide
3 comprehensive educational, administrative, management, or
4 instructional services or staff to a public school academy.

5 (d) "School fiscal year" means the period that begins July 1
6 and ends June 30.

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

20 (2) ~~The~~ **SUBJECT TO SUBSECTIONS (5) AND (6), THE** governing
21 board of a state public university may act as an authorizing body
22 to issue a contract for the organization and operation of an urban
23 high school academy under this part.

24 (3) A contract issued under this part shall be issued for an
25 initial term of 10 years. If the urban high school academy meets
26 the educational goals set forth in the contract and operates in
27 substantial compliance with this part, the authorizing body shall

1 automatically renew the contract for a subsequent 10-year term.

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

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

9 (b) Subject to the resolution adopted by the authorizing body
10 under section 528, a list of the proposed members of the board of
11 directors of the urban high school academy and a description of the
12 qualifications and method for appointment or election of members of
13 the board of directors.

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

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

18 (ii) The purposes for the urban high school academy
19 corporation. This language shall provide that the urban high school
20 academy is incorporated pursuant to this part and that the urban
21 high school academy corporation is a governmental entity and
22 political subdivision of this state.

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 urban high school
2 academy.

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

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

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

15 (iii) The admission policy and criteria to be maintained by the
16 urban high school academy. The admission policy and criteria shall
17 comply with section 524. This part of the application also shall
18 include a description of how the applicant will provide to the
19 general public adequate notice that an urban high school academy is
20 being created and adequate information on the admission policy,
21 criteria, and process.

22 (iv) 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 urban
25 high school academy's governance structure.

26 (g) A description of and address for the proposed building or
27 buildings in which the urban high school academy will be located,

1 and a financial commitment by the entity applying for the contract
2 to construct or renovate the building or buildings that will be
3 occupied by the urban high school academy that is issued the
4 contract.

5 (H) THE CERTIFICATE OF NEED ISSUED BY THE STATE BOARD UNDER
6 SUBSECTION (5).

7 (5) AN AUTHORIZING BODY SHALL NOT ISSUE A CONTRACT TO ORGANIZE
8 AND OPERATE AN URBAN HIGH SCHOOL ACADEMY UNDER THIS PART UNLESS THE
9 APPLICATION IS ACCOMPANIED BY A CERTIFICATE OF NEED ISSUED BY THE
10 STATE BOARD UNDER THIS SUBSECTION. THE STATE BOARD SHALL PROMULGATE
11 RULES TO DEVELOP AND IMPLEMENT A PROCESS FOR ISSUING A CERTIFICATE
12 OF NEED FOR A NEW URBAN HIGH SCHOOL ACADEMY. THE STANDARDS FOR
13 ISSUING A CERTIFICATE OF NEED SHALL INCLUDE, BUT ARE NOT LIMITED
14 TO, ALL OF THE FOLLOWING:

15 (A) THE RESOURCES AVAILABLE FOR THE PROPOSED URBAN HIGH SCHOOL
16 ACADEMY.

17 (B) THE POPULATION TO BE SERVED BY THE PROPOSED URBAN HIGH
18 SCHOOL ACADEMY.

19 (C) THE EDUCATIONAL GOALS TO BE ACHIEVED BY THE PROPOSED URBAN
20 HIGH SCHOOL ACADEMY.

21 (D) THE APPLICANT'S TRACK RECORD, IF ANY, IN ORGANIZING URBAN
22 HIGH SCHOOL ACADEMIES OR OTHER PUBLIC SCHOOLS.

23 (E) THE GRADUATION RATE OF A SCHOOL DISTRICT IN WHICH THE
24 PROPOSED URBAN HIGH SCHOOL ACADEMY IS PROPOSED TO BE LOCATED.

25 (F) THE POPULATION OF A COUNTY IN WHICH THE PROPOSED URBAN
26 HIGH SCHOOL ACADEMY IS PROPOSED TO BE LOCATED.

27 (G) THE NUMBER OF SCHOOLS IN THE PROXIMITY OF A PROPOSED

1 LOCATION OF THE PROPOSED URBAN HIGH SCHOOL ACADEMY THAT ARE ON THE
2 LIST UNDER SECTION 1280C(1) OF THE PUBLIC SCHOOLS IN THIS STATE
3 THAT THE DEPARTMENT HAS DETERMINED TO BE AMONG THE LOWEST ACHIEVING
4 5% OF ALL PUBLIC SCHOOLS IN THIS STATE.

5 (H) THE NUMBER OF PUPILS ON WAITING LISTS OF URBAN HIGH SCHOOL
6 ACADEMIES IN THE PROXIMITY OF A PROPOSED LOCATION OF THE PROPOSED
7 URBAN HIGH SCHOOL ACADEMY.

8 (I) THE NUMBER OF PUBLIC SCHOOL OPTIONS ALREADY AVAILABLE IN
9 THE PROXIMITY OF A PROPOSED LOCATION OF THE PROPOSED URBAN HIGH
10 SCHOOL ACADEMY.

11 (J) THE IMPACT OF THE ISSUANCE OF THE CONTRACT ON EXISTING
12 PUBLIC SCHOOLS IN THE PROXIMITY OF A PROPOSED LOCATION OF THE
13 PROPOSED URBAN HIGH SCHOOL ACADEMY.

14 (6) AN AUTHORIZING BODY SHALL NOT ISSUE A NEW CONTRACT TO
15 ORGANIZE AND OPERATE AN URBAN HIGH SCHOOL ACADEMY UNDER THIS PART
16 TO AN EXISTING PUBLIC SCHOOL ACADEMY THAT HAS HAD ITS CONTRACT WITH
17 ITS PREVIOUS AUTHORIZING BODY REVOKED, TERMINATED, OR NOT RENEWED.
18 THE BOARD OF DIRECTORS OF A PUBLIC SCHOOL ACADEMY DESCRIBED IN THIS
19 SUBSECTION SHALL NOT APPLY FOR A CONTRACT THAT WOULD VIOLATE THIS
20 SUBSECTION.

21 (7) ~~(5)~~—If a particular state public university issues a
22 contract that allows an urban high school academy to operate the
23 same configuration of grades at more than 1 site, as provided in
24 section 524(1), each of those sites shall be under the direction of
25 the board of directors that is a party to the contract.

26 (8) ~~(6)~~—If the superintendent of public instruction finds that
27 an authorizing body is not engaging in appropriate continuing

1 oversight of 1 or more urban high school academies operating under
2 a contract issued by the authorizing body, the superintendent of
3 public instruction may suspend the power of the authorizing body to
4 issue new contracts to organize and operate urban high school
5 academies. A contract issued by the authorizing body during the
6 suspension is void. A contract issued by the authorizing body
7 before the suspension is not affected by the suspension. **IN**
8 **EVALUATING WHETHER AN AUTHORIZING BODY IS ENGAGING IN APPROPRIATE**
9 **CONTINUING OVERSIGHT OF 1 OR MORE URBAN HIGH SCHOOL ACADEMIES**
10 **OPERATING UNDER A CONTRACT ISSUED BY THE AUTHORIZING BODY, THE**
11 **SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL TAKE INTO ACCOUNT ALL OF**
12 **THE FOLLOWING:**

13 (A) THE ACADEMIC PERFORMANCE OF THE URBAN HIGH SCHOOL
14 ACADEMIES AUTHORIZED BY THE AUTHORIZING BODY, INCLUDING AT LEAST
15 THE RANKING OF THOSE SCHOOLS ON THE DEPARTMENT'S "TOP-TO-BOTTOM"
16 LIST AND THE MEASURES ALREADY IMPLEMENTED AT THE SCHOOL TO ADDRESS
17 STUDENT IMPROVEMENT.

18 (B) NEW OR REAUTHORIZED CONTRACTS THAT ARE SUBMITTED BY THE
19 AUTHORIZING BODY TO THE SUPERINTENDENT OF PUBLIC INSTRUCTION WITH
20 MORE THAN 2 DEFICIENCIES.

21 (C) TRANSPARENCY DEMONSTRATED BY THE URBAN HIGH SCHOOL
22 ACADEMIES AUTHORIZED BY THE AUTHORIZING BODY, INCLUDING AT LEAST
23 THE NUMBER OF THOSE SCHOOLS' WEBSITES THAT HAVE AN INACTIVE OR
24 OUTDATED "TRANSPARENCY MITTEN" OR DO NOT HAVE AN UPDATED BUDGET.

25 (D) FISCAL RESPONSIBILITY DEMONSTRATED BY THE URBAN HIGH
26 SCHOOL ACADEMIES AUTHORIZED BY THE AUTHORIZING BODY, INCLUDING AT
27 LEAST THE NUMBER OF LATE AUDITS, AUDIT FINDINGS, AND DEFICITS AMONG

1 THOSE SCHOOLS.

2 (E) ASSURANCES AND VERIFICATIONS, AS DEFINED BY THE
3 SUPERINTENDENT OF PUBLIC INSTRUCTION.

4 (9) ~~(7)~~—An authorizing body shall not charge a fee, or require
5 reimbursement of expenses, for considering an application for a
6 contract, for issuing a contract, or for providing oversight of a
7 contract for an urban high school academy in an amount that exceeds
8 a combined total of 3% of the total state school aid received by
9 the urban high school academy in the school year in which the fees
10 or expenses are charged. All of the following apply to this fee:

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

13 (i) Considering applications and issuing or administering
14 contracts.

15 (ii) Compliance monitoring and oversight of urban high school
16 academies.

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

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

20 (v) Academic support to urban high school academies or to
21 pupils or graduates of urban high school academies.

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

23 (vii) Training of teachers, including supervision of teacher
24 interns.

25 (viii) Other purposes that assist the urban high school
26 academies or traditional public schools in achieving improved
27 academic performance.

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

5 (10) ~~(8)~~—An urban high school academy shall be presumed to be
6 legally organized if it has exercised the franchises and privileges
7 of an urban high school academy for at least 2 years.

8 Sec. 523c. (1) Beginning with management agreements described
9 in this section that are entered into or renewed after the
10 effective date of this section, if the board of directors of an
11 urban high school academy enters into or renews a management
12 agreement with an educational management organization to carry out
13 the operations of the urban high school academy, both of the
14 following apply:

15 (a) The management agreement shall require the educational
16 management organization to provide to the board of directors at
17 least annually all of the same information that a school district
18 is required to disclose under section 18(2) of the state school aid
19 act of 1979, MCL 388.1618, for the most recent school fiscal year
20 for which that information is available.

21 (b) Within ~~30~~—15 days after receiving the information under
22 subdivision (a), the board of directors shall make all of the
23 information it receives under subdivision (a) available through a
24 link on the urban high school academy's website homepage, in a form
25 and manner prescribed by the department.

26 (2) **BEGINNING WITH MANAGEMENT AGREEMENTS THAT ARE ENTERED INTO**
27 **OR RENEWED AFTER THE EFFECTIVE DATE OF THIS SUBSECTION, IF THE**

1 BOARD OF DIRECTORS OF AN URBAN HIGH SCHOOL ACADEMY ENTERS INTO OR
2 RENEWS A MANAGEMENT AGREEMENT WITH AN EDUCATIONAL MANAGEMENT
3 ORGANIZATION TO CARRY OUT THE OPERATIONS OF THE PUBLIC SCHOOL
4 ACADEMY, BOTH OF THE FOLLOWING APPLY:

5 (A) THE MANAGEMENT AGREEMENT SHALL NOT INCLUDE THE PROVISION
6 OF SERVICES THAT REQUIRE COMPETITIVE BIDDING UNDER SECTION 1267 OR
7 THE PROCUREMENT OF SUPPLIES, MATERIALS, AND EQUIPMENT THAT REQUIRE
8 COMPETITIVE BIDDING UNDER SECTION 1274.

9 (B) THE URBAN HIGH SCHOOL ACADEMY SHALL NOT ALSO ENTER INTO AN
10 AGREEMENT WITH THE EDUCATIONAL MANAGEMENT ORGANIZATION FOR MATERIAL
11 AND LABOR DESCRIBED IN SECTION 1267 OR FOR THE PROCUREMENT OF
12 SUPPLIES, MATERIALS, AND EQUIPMENT DESCRIBED IN SECTION 1274
13 WITHOUT FIRST OBTAINING COMPETITIVE BIDS AS PRESCRIBED UNDER THOSE
14 SECTIONS, AS APPLICABLE.

15 (3) ~~(2)~~—As used in this section:

16 (a) "Educational management organization" means an entity that
17 enters into a management agreement with an urban high school
18 academy.

19 (b) "Entity" means a partnership, nonprofit or business
20 corporation, or any other association, corporation, trust, or other
21 legal entity.

22 (c) "Management agreement" means an agreement to provide
23 comprehensive educational, administrative, management, or
24 instructional services or staff to an urban high school academy.

25 (d) "School fiscal year" means the period that begins July 1
26 and ends June 30.

27 Sec. 528. (1) An authorizing body that issues a contract for

1 an urban high school academy under this part shall do all of the
2 following:

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

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

7 (c) Adopt a resolution establishing the method of selection,
8 length of term, and number of members of the board of directors of
9 each urban high school academy that it authorizes. The resolution
10 shall be written or amended as necessary to include a requirement
11 that each member of the board of directors must be a citizen of the
12 United States. **THE RESOLUTION SHALL ALSO BE WRITTEN OR AMENDED AS**
13 **NECESSARY TO INCLUDE A PROCESS AND STANDARDS FOR REMOVAL OF A**
14 **MEMBER OF THE BOARD OF DIRECTORS. THE RESOLUTION SHALL PROVIDE THAT**
15 **A MEMBER OF THE BOARD OF DIRECTORS MAY BE REMOVED ONLY FOR GROSS**
16 **NEGLECT OF DUTY OR FOR CORRUPT CONDUCT IN OFFICE, OR FOR ANY OTHER**
17 **MISFEASANCE, MALFEASANCE, OR NONFEASANCE IN OFFICE.**

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

26 (e) Develop and implement a process for holding an urban high
27 school academy board of directors accountable for meeting

1 applicable academic performance standards set forth in the contract
2 and for implementing corrective action for an urban high school
3 academy that does not meet those standards.

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

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

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

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

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

1 for the urban high school academy to receive funding under the
2 state school aid act of 1979.

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

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

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

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

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

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

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

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

25 (7) Except as otherwise provided in subsection (5), before an
26 authorizing body revokes a contract, the authorizing body may
27 consider and take corrective measures to avoid revocation. An

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5 Sec. 552. (1) ~~An~~ **SUBJECT TO SUBSECTIONS (8) AND (9), AN**
6 authorizing body may issue contracts under this subsection to
7 organize and operate a school of excellence. All of the following
8 apply to the issuance of a contract by an authorizing body under
9 this subsection:

10 (a) The issuance of the contract must be approved by the
11 superintendent of public instruction. The superintendent of public
12 instruction shall approve issuance of a contract if he or she
13 determines that the proposed school of excellence is modeled after
14 a high-performing school or program.

15 (b) The first 5 contracts issued by all authorizing bodies
16 under this subsection shall be for schools of excellence that offer
17 1 or more of high school grades 9 to 12, or any combination of
18 those grades, as specified in the contract.

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

23 (2) Subject to the limitations in this subsection and
24 subsection ~~(14)~~, **(16), AND SUBJECT TO SUBSECTIONS (8) AND (9)**, an
25 authorizing body may issue contracts under this subsection for 1 or
26 more schools of excellence that are cyber schools. ~~Until December~~
27 ~~31, 2013, the combined total number of contracts that may be issued~~

1 ~~by all statewide authorizing bodies under this subsection for~~
2 ~~schools of excellence that are cyber schools shall not exceed 5.~~
3 Until December 31, 2014, the combined total number of contracts
4 that may be issued by all statewide authorizing bodies under this
5 subsection for schools of excellence that are cyber schools shall
6 not exceed 10. After December 31, 2014, the combined total number
7 of contracts issued by all statewide authorizing bodies under this
8 subsection for schools of excellence that are cyber schools shall
9 not exceed 15. The board of a school district, an intermediate
10 school board, the board of a community college that is not a
11 statewide authorizing body, or 2 or more public agencies acting
12 jointly as described in subsection (6)(e) may not act as the
13 authorizing body for more than 1 school of excellence that is a
14 cyber school. An authorizing body shall not issue a contract for a
15 school of excellence that is a cyber school unless the school of
16 excellence that is a cyber school meets all of the following
17 requirements:

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

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

20 (c) The entity applying for the school of excellence that is a
21 cyber school demonstrates experience in delivering a quality
22 education program that improves pupil academic achievement. In
23 determining whether this requirement is met, an authorizing body
24 shall refer to the standards for quality online learning
25 established by the national association of charter school
26 authorizers or other similar nationally recognized standards for
27 quality online learning.

1 (d) The enrollment in the school of excellence that is a cyber
2 school is limited to not more than 2,500 pupils in membership for
3 the first school year of operation of the school of excellence that
4 is a cyber school, not more than 5,000 pupils in membership for the
5 second school year of operation of the school of excellence that is
6 a cyber school, and not more than 10,000 pupils in membership for
7 the third and subsequent school years of operation of the school of
8 excellence that is a cyber school. As used in this subdivision,
9 "membership" means that term as defined in section 6 of the state
10 school aid act of 1979, MCL 388.1606.

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

14 (3) For a public school academy operating under part 6a that
15 meets the requirements of subsection (4), with the approval of its
16 authorizing body, the board of directors of the public school
17 academy may adopt a resolution choosing to convert the public
18 school academy to a school of excellence under this part. If the
19 board of directors of a public school academy that meets the
20 requirements of subsection (4) is issued a contract as a school of
21 excellence under this subsection, all the following apply:

22 (a) The public school academy shall cease to operate as a
23 public school academy under part 6a and shall operate as a school
24 of excellence upon the issuance of a contract or at another time as
25 determined by the authorizing body.

26 (b) The public school academy shall be considered to be a
27 school of excellence for all purposes upon the issuance of a

1 contract or at another time as determined by the authorizing body,
2 but shall retain its corporate identity.

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

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

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

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

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

21 (ii) On average over a 3-year period, at least 70% of the
22 pupils enrolled in the public school academy achieved a score of
23 proficient or better on the Michigan education assessment program
24 mathematics and reading tests or successor state assessment program
25 and at least 50% of the pupils enrolled in the public school
26 academy met the income eligibility criteria for the federal free or
27 reduced-price lunch program, as determined under the Richard B.

1 Russell national school lunch act, 42 USC 1751 to 1769i, and
2 reported to the department.

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

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

19 (6) ~~Any~~ **SUBJECT TO SUBSECTIONS (8) AND (9), ANY** of the
20 following may act as an authorizing body to issue a contract to
21 organize and operate 1 or more schools of excellence under this
22 part:

23 (a) The board of a school district that operates grades K to
24 12. However, except as otherwise provided in this subdivision, the
25 board of a school district shall not issue a contract for a school
26 of excellence to operate outside the school district's boundaries,
27 and a school of excellence authorized by the board of a school

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

6 (b) An intermediate school board. However, except as otherwise
7 provided in this subdivision, the board of an intermediate school
8 district shall not issue a contract for a school of excellence to
9 operate outside the intermediate school district's boundaries, and
10 a school of excellence authorized by the board of an intermediate
11 school district shall not operate outside that intermediate school
12 district's boundaries. If the board of an intermediate school
13 district issues a contract for a school of excellence that is a
14 cyber school, the contract may authorize the school of excellence
15 that is a cyber school to operate outside that intermediate school
16 district's boundaries.

17 (c) The board of a community college. Except as otherwise
18 provided in this subdivision, the board of a community college
19 shall not issue a contract for a school of excellence to operate
20 outside the boundaries of the community college district, and a
21 school of excellence authorized by the board of a community college
22 shall not operate outside the boundaries of the community college
23 district. If the board of a community college issues a contract for
24 a school of excellence that is a cyber school, the contract may
25 authorize the school of excellence that is a cyber school to
26 operate outside the boundaries of the community college district.
27 The board of a community college also may issue a contract for not

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

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

10 (e) Two or more of the public agencies described in
11 subdivisions (a) to (d) exercising power, privilege, or authority
12 jointly pursuant to an interlocal agreement under the urban
13 cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to
14 124.512.

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

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

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

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

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

1 (ii) The purposes for the school of excellence corporation.
2 This language shall provide that the school of excellence is
3 incorporated pursuant to this part and that the school of
4 excellence is a governmental entity.

5 (iii) The name of the authorizing body.

6 (iv) The proposed time when the articles of incorporation will
7 be effective.

8 (v) Other matters considered expedient to be in the articles
9 of incorporation.

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

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

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

14 (ii) A copy of the educational goals of the school of
15 excellence and the curricula to be offered and methods of pupil
16 assessment to be used by the school of excellence. The educational
17 goals shall include demonstrated improved pupil academic
18 achievement for all groups of pupils. To the extent applicable, the
19 progress of the pupils in the school of excellence shall be
20 assessed using at least a Michigan education assessment program
21 (MEAP) test or the Michigan merit examination under section 1279g,
22 as applicable.

23 (iii) The admission policy and criteria to be maintained by the
24 school of excellence. The admission policy and criteria shall
25 comply with section 556. This part of the application also shall
26 include a description of how the applicant will provide to the
27 general public adequate notice that a school of excellence is being

1 created and adequate information on the admission policy, criteria,
2 and process.

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

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

6 (f) Descriptions of staff responsibilities and of the school
7 of excellence governance structure.

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

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

16 (i) A description of and address for the proposed physical
17 plant in which the school of excellence will be located. An
18 applicant may request the authorizing body to issue a contract
19 allowing the board of directors of the school of excellence to
20 operate the same configuration of age or grade levels at more than
21 1 site.

22 **(J) THE CERTIFICATE OF NEED ISSUED BY THE STATE BOARD UNDER**
23 **SUBSECTION (8) .**

24 **(8) AN AUTHORIZING BODY SHALL NOT ISSUE A CONTRACT TO ORGANIZE**
25 **AND OPERATE A SCHOOL OF EXCELLENCE UNDER THIS PART UNLESS THE**
26 **APPLICATION IS ACCOMPANIED BY A CERTIFICATE OF NEED ISSUED BY THE**
27 **STATE BOARD UNDER THIS SUBSECTION. THE STATE BOARD SHALL PROMULGATE**

1 RULES TO DEVELOP AND IMPLEMENT A PROCESS FOR ISSUING A CERTIFICATE
2 OF NEED FOR A NEW SCHOOL OF EXCELLENCE. THE STANDARDS FOR ISSUING A
3 CERTIFICATE OF NEED SHALL INCLUDE, BUT ARE NOT LIMITED TO, ALL OF
4 THE FOLLOWING:

5 (A) THE RESOURCES AVAILABLE FOR THE PROPOSED SCHOOL OF
6 EXCELLENCE.

7 (B) THE POPULATION TO BE SERVED BY THE PROPOSED SCHOOL OF
8 EXCELLENCE.

9 (C) THE EDUCATIONAL GOALS TO BE ACHIEVED BY THE PROPOSED
10 SCHOOL OF EXCELLENCE.

11 (D) THE APPLICANT'S TRACK RECORD, IF ANY, IN ORGANIZING
12 SCHOOLS OF EXCELLENCE OR OTHER PUBLIC SCHOOLS.

13 (E) THE GRADUATION RATE OF A SCHOOL DISTRICT IN WHICH THE
14 PROPOSED SCHOOL OF EXCELLENCE IS PROPOSED TO BE LOCATED.

15 (F) THE POPULATION OF A COUNTY IN WHICH THE PROPOSED SCHOOL OF
16 EXCELLENCE IS PROPOSED TO BE LOCATED.

17 (G) THE NUMBER OF PUBLIC SCHOOLS IN THE PROXIMITY OF A
18 PROPOSED LOCATION OF THE PROPOSED SCHOOL OF EXCELLENCE THAT ARE ON
19 THE LIST UNDER SECTION 1280C(1) OF THE PUBLIC SCHOOLS IN THIS STATE
20 THAT THE DEPARTMENT HAS DETERMINED TO BE AMONG THE LOWEST ACHIEVING
21 5% OF ALL PUBLIC SCHOOLS IN THIS STATE.

22 (H) THE NUMBER OF PUPILS ON WAITING LISTS OF SCHOOLS OF
23 EXCELLENCE AND PUBLIC SCHOOL ACADEMIES IN THE PROXIMITY OF A
24 PROPOSED LOCATION OF THE PROPOSED SCHOOL OF EXCELLENCE.

25 (I) THE NUMBER OF PUBLIC SCHOOL OPTIONS ALREADY AVAILABLE IN
26 THE PROXIMITY OF A PROPOSED LOCATION OF THE PROPOSED SCHOOL OF
27 EXCELLENCE.

1 (J) THE IMPACT OF THE ISSUANCE OF THE CONTRACT ON EXISTING
2 PUBLIC SCHOOLS IN THE PROXIMITY OF A PROPOSED LOCATION OF THE
3 PROPOSED SCHOOL OF EXCELLENCE.

4 (9) AN AUTHORIZING BODY SHALL NOT ISSUE A NEW CONTRACT TO
5 ORGANIZE AND OPERATE A SCHOOL OF EXCELLENCE UNDER THIS PART TO AN
6 EXISTING PUBLIC SCHOOL ACADEMY THAT HAS HAD ITS CONTRACT WITH ITS
7 PREVIOUS AUTHORIZING BODY REVOKED, TERMINATED, OR NOT RENEWED. THE
8 BOARD OF DIRECTORS OF A PUBLIC SCHOOL ACADEMY DESCRIBED IN THIS
9 SUBSECTION SHALL NOT APPLY FOR A CONTRACT THAT WOULD VIOLATE THIS
10 SUBSECTION.

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

19 (11) ~~(9)~~—If the superintendent of public instruction finds
20 that an authorizing body is not engaging in appropriate continuing
21 oversight of 1 or more schools of excellence operating under a
22 contract issued by the authorizing body, the superintendent of
23 public instruction may suspend the power of the authorizing body to
24 issue new contracts to organize and operate schools of excellence.
25 A contract issued by the authorizing body during the suspension is
26 void. A contract issued by the authorizing body before the
27 suspension is not affected by the suspension. **IN EVALUATING WHETHER**

1 AN AUTHORIZING BODY IS ENGAGING IN APPROPRIATE CONTINUING OVERSIGHT
2 OF 1 OR MORE SCHOOLS OF EXCELLENCE OPERATING UNDER A CONTRACT
3 ISSUED BY THE AUTHORIZING BODY, THE SUPERINTENDENT OF PUBLIC
4 INSTRUCTION SHALL TAKE INTO ACCOUNT ALL OF THE FOLLOWING:

5 (A) THE ACADEMIC PERFORMANCE OF THE SCHOOLS OF EXCELLENCE AND
6 OTHER PUBLIC SCHOOL ACADEMIES AUTHORIZED BY THE AUTHORIZING BODY,
7 INCLUDING AT LEAST THE RANKING OF THOSE SCHOOLS ON THE DEPARTMENT'S
8 "TOP-TO-BOTTOM" LIST AND THE MEASURES ALREADY IMPLEMENTED AT THE
9 SCHOOL TO ADDRESS STUDENT IMPROVEMENT.

10 (B) NEW OR REAUTHORIZED CONTRACTS THAT ARE SUBMITTED BY THE
11 AUTHORIZING BODY TO THE SUPERINTENDENT OF PUBLIC INSTRUCTION WITH
12 MORE THAN 2 DEFICIENCIES.

13 (C) TRANSPARENCY DEMONSTRATED BY THE SCHOOLS OF EXCELLENCE AND
14 OTHER PUBLIC SCHOOL ACADEMIES AUTHORIZED BY THE AUTHORIZING BODY,
15 INCLUDING AT LEAST THE NUMBER OF THOSE SCHOOLS' WEBSITES THAT HAVE
16 AN INACTIVE OR OUTDATED "TRANSPARENCY MITTEN" OR DO NOT HAVE AN
17 UPDATED BUDGET.

18 (D) FISCAL RESPONSIBILITY DEMONSTRATED BY THE SCHOOLS OF
19 EXCELLENCE AND OTHER PUBLIC SCHOOL ACADEMIES AUTHORIZED BY THE
20 AUTHORIZING BODY, INCLUDING AT LEAST THE NUMBER OF LATE AUDITS,
21 AUDIT FINDINGS, AND DEFICITS AMONG THOSE SCHOOLS.

22 (E) ASSURANCES AND VERIFICATIONS, AS DEFINED BY THE
23 SUPERINTENDENT OF PUBLIC INSTRUCTION.

24 (12) ~~(10)~~—An authorizing body shall not charge a fee, or
25 require reimbursement of expenses, for considering an application
26 for a contract, for issuing a contract, or for providing oversight
27 of a contract for a school of excellence in an amount that exceeds

1 a combined total of 3% of the total state school aid received by
2 the school of excellence in the school year in which the fees or
3 expenses are charged. The authorizing body may provide other
4 services for a school of excellence 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 school of excellence.

7 (13) ~~(11)~~—A school of excellence shall be presumed to be
8 legally organized if it has exercised the franchises and privileges
9 of a public school academy for at least 2 years.

10 (14) ~~(12)~~—A member of the board of directors of a school of
11 excellence is a public officer and shall, before entering upon the
12 duties of the office, take the constitutional oath of office for
13 public officers under section 1 of article XI of the state
14 constitution of 1963.

15 (15) ~~(13)~~—A school of excellence that is a cyber school may
16 make available to other public schools for purchase any of the
17 course offerings that the cyber school offers to its own pupils.

18 ~~—— (14) If the department determines that the combined total~~
19 ~~statewide final audited membership for all pupils in membership in~~
20 ~~schools of excellence that are cyber schools for the 2012-2013~~
21 ~~state fiscal year exceeds a number equal to 1% of the combined~~
22 ~~total statewide final audited membership for all pupils in~~
23 ~~membership in public schools for the 2011-2012 state fiscal year,~~
24 ~~then all of the following apply:~~

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

1 ~~(b) A school of excellence that is a cyber school may not~~
2 ~~enroll any new pupils in the school of excellence that is a cyber~~
3 ~~school in the 2013-2014 school year.~~

4 (16) ~~(15)~~ Beginning July 1, 2013, if the department determines
5 that the combined total statewide final audited membership for all
6 pupils in membership in schools of excellence that are cyber
7 schools for a state fiscal year exceeds a number equal to 2% of the
8 combined total statewide final audited membership for all pupils in
9 membership in public schools for the 2011-2012 state fiscal year,
10 then all of the following apply:

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

15 (b) Subject to subdivision (c), a school of excellence that is
16 a cyber school may not enroll any new pupils in the school of
17 excellence that is a cyber school in a school year that begins
18 after that determination is made.

19 (c) If the department determines that the combined total
20 statewide final audited membership for all pupils in membership in
21 schools of excellence that are cyber schools for a state fiscal
22 year does not exceed a number equal to 2% of the combined total
23 statewide final audited membership for all pupils in membership in
24 public schools for the 2011-2012 state fiscal year, then
25 subdivisions (a) and (b) do not apply for a school year that begins
26 after that determination is made unless the department makes a new
27 determination that the membership limits under this subsection have

1 been exceeded.

2 (17) ~~(16)~~ For the purposes of ~~subsections (14) and (15), not~~
3 ~~later than July 1, 2012, and~~ **SUBSECTION (16)**, by not later than
4 July 1 of each year, ~~thereafter,~~ the department shall determine the
5 percentage of the combined total statewide final audited membership
6 for all pupils in membership in public schools that are pupils in
7 membership in schools of excellence that are cyber schools for the
8 state fiscal year that includes that July 1.

9 (18) ~~(17)~~ As used in this section:

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

12 (b) "Statewide authorizing body" means the governing board of
13 a state public university or the board of a federally
14 controlled community college that is recognized under the tribally
15 controlled colleges and universities assistance act of 1978, 25 USC
16 1801 to 1852, and is determined by the department to meet the
17 requirements for accreditation by a recognized regional accrediting
18 body.

19 (19) ~~(18)~~ Not later than October 1, 2012, if a district, an
20 intermediate school district, a public school academy, or the
21 education achievement system offers online learning, the board or
22 board of directors of the district, intermediate school district,
23 or public school academy, or the education achievement system,
24 shall submit to the department a report that details the per-pupil
25 costs of operating the online learning. The report shall include,
26 on a per-pupil basis, at least all of the following costs:

27 (a) Textbooks, instructional materials, and supplies,

1 including electronic instructional material.

2 (b) Computer and other electronic equipment, including
3 internet and telephone access.

4 (c) Salaries and benefits for the online learning employees.

5 (d) Purchased courses and curricula.

6 (e) Fees associated with oversight and regulation.

7 (f) Travel costs associated with school activities and
8 testing.

9 (g) Facilities costs.

10 (h) Costs associated with special education.

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

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

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

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

20 (20) The board of directors of a school of excellence that is
21 a cyber school, or the board of a school district, intermediate
22 school district, or public school academy that operates an online
23 or other distance learning program, shall submit a monthly report
24 to the department, in the form and manner prescribed by the
25 department, that reports the number of pupils enrolled in the
26 school of excellence that is a cyber school, or in the online or
27 other distance learning program, during the immediately preceding

1 month.

2 (21) The board of directors of a school of excellence that is
3 a cyber school shall ensure that, when a pupil enrolls in the
4 school of excellence that is a cyber school, the pupil and his or
5 her parent or legal guardian are provided with a parent-student
6 orientation. If the pupil is at least age 18 or is an emancipated
7 minor, the orientation may be provided to just the pupil.

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

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

1 petition meeting the requirements of this subsection, the board
2 shall have the question of issuing the contract placed on the
3 ballot at its next regular school election held at least 60 days
4 after receiving the petition. If a majority of the school electors
5 of the school district voting on the question vote to issue the
6 contract, the board shall issue the contract.

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

10 (4) An authorizing body shall adopt a resolution establishing
11 the method of selection, length of term, and number of members of
12 the board of directors of each school of excellence subject to its
13 jurisdiction. The resolution shall be written or amended as
14 necessary to include a requirement that each member of the board of
15 directors must be a citizen of the United States. **THE RESOLUTION**
16 **SHALL ALSO BE WRITTEN OR AMENDED AS NECESSARY TO INCLUDE A PROCESS**
17 **AND STANDARDS FOR REMOVAL OF A MEMBER OF THE BOARD OF DIRECTORS.**
18 **THE RESOLUTION SHALL PROVIDE THAT A MEMBER OF THE BOARD OF**
19 **DIRECTORS MAY BE REMOVED ONLY FOR GROSS NEGLIGENCE OF DUTY OR FOR**
20 **CORRUPT CONDUCT IN OFFICE, OR FOR ANY OTHER MISFEASANCE,**
21 **MALFEASANCE, OR NONFEASANCE IN OFFICE.**

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

24 (a) The educational goals the school of excellence is to
25 achieve and the methods by which it will be held accountable. The
26 educational goals shall include demonstrated improved pupil
27 academic achievement for all groups of pupils. To the extent

1 applicable, the pupil performance of a school of excellence shall
2 be assessed using at least a Michigan education assessment program
3 (MEAP) test or the Michigan merit examination under section 1279g,
4 as applicable.

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

8 (c) A description of the process for amending the contract
9 during the term of the contract.

10 (d) All of the matters set forth in the application for the
11 contract.

12 (e) Procedures for revoking the contract and grounds for
13 revoking the contract, including at least the grounds listed in
14 section 561.

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

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

27 (h) A certification, signed by an authorized member of the

1 school of excellence board of directors, that the school of
2 excellence will comply with the contract and all applicable law.

3 (i) A requirement that the board of directors shall ensure
4 compliance with the requirements of 1968 PA 317, MCL 15.321 to
5 15.330.

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

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

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

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

26 (ii) A list of currently serving members of the board of
27 directors of the school of excellence, including name, address, and

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

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

8 (iv) A current list of teachers and school administrators
9 working at the school of excellence that includes their individual
10 salaries as submitted to the registry of educational personnel;
11 copies of the teaching or school administrator's certificates or
12 permits of current teaching and administrative staff; and evidence
13 of compliance with the criminal background and records checks and
14 unprofessional conduct check required under sections 1230, 1230a,
15 and 1230b for all teachers and administrators working at the school
16 of excellence.

17 (v) Curriculum documents and materials given to the
18 authorizing body.

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

20 (vii) Copies of facility leases or deeds, or both, and of any
21 equipment leases.

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

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

27 (x) Any management letters issued as part of the annual

1 financial audit under subdivision (g).

2 (xi) Any other information specifically required under this
3 act.

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

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

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

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

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

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

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

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

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

11 (6) A school of excellence 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) 1965 PA 166, MCL 408.551 to 408.558.

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

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

23 (7) A school of excellence and its incorporators, board
24 members, officers, employees, and volunteers have governmental
25 immunity as provided in section 7 of 1964 PA 170, MCL 691.1407. An
26 authorizing body and its board members, officers, and employees are
27 immune from civil liability, both personally and professionally,

1 for an act or omission in authorizing a school of excellence if the
2 authorizing body or the person acted or reasonably believed he or
3 she acted within the authorizing body's or the person's scope of
4 authority.

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

22 (9) A school of excellence may acquire by purchase, gift,
23 devise, lease, sublease, installment purchase agreement, land
24 contract, option, or by any other means, hold, and own in its own
25 name buildings and other property for school purposes, and
26 interests therein, and other real and personal property, including,
27 but not limited to, interests in property subject to mortgages,

1 security interests, or other liens, necessary or convenient to
2 fulfill its purposes. For the purposes of condemnation, a school of
3 excellence may proceed under the uniform condemnation procedures
4 act, 1980 PA 87, MCL 213.51 to 213.75, excluding sections 6 to 9 of
5 that act, MCL 213.56 to 213.59, or other applicable statutes, but
6 only with the express, written permission of the authorizing body
7 in each instance of condemnation and only after just compensation
8 has been determined and paid.

9 Sec. 553c. (1) Beginning with management agreements described
10 in this section that are entered into or renewed after the
11 effective date of this section, if the board of directors of a
12 school of excellence enters into or renews a management agreement
13 with an educational management organization to carry out the
14 operations of the school of excellence, both of the following
15 apply:

16 (a) The management agreement shall require the educational
17 management organization to provide to the board of directors at
18 least annually all the same information that a school district is
19 required to disclose under section 18(2) of the state school aid
20 act of 1979, MCL 388.1618, for the most recent school fiscal year
21 for which that information is available.

22 (b) Within ~~30~~15 days after receiving the information under
23 subdivision (a), the board of directors shall make all of the
24 information it receives under subdivision (a) available through a
25 link on the school of excellence's website homepage, in a form and
26 manner prescribed by the department.

27 **(2) BEGINNING WITH MANAGEMENT AGREEMENTS THAT ARE ENTERED INTO**

1 OR RENEWED AFTER THE EFFECTIVE DATE OF THIS SUBSECTION, IF THE
2 BOARD OF DIRECTORS OF A SCHOOL OF EXCELLENCE ENTERS INTO OR RENEWS
3 A MANAGEMENT AGREEMENT WITH AN EDUCATIONAL MANAGEMENT ORGANIZATION
4 TO CARRY OUT THE OPERATIONS OF THE SCHOOL OF EXCELLENCE, BOTH OF
5 THE FOLLOWING APPLY:

6 (A) THE MANAGEMENT AGREEMENT SHALL NOT INCLUDE THE PROVISION
7 OF SERVICES THAT REQUIRE COMPETITIVE BIDDING UNDER SECTION 1267 OR
8 THE PROCUREMENT OF SUPPLIES, MATERIALS, AND EQUIPMENT THAT REQUIRE
9 COMPETITIVE BIDDING UNDER SECTION 1274.

10 (B) THE SCHOOL OF EXCELLENCE SHALL NOT ALSO ENTER INTO AN
11 AGREEMENT WITH THAT EDUCATIONAL MANAGEMENT ORGANIZATION FOR
12 MATERIAL AND LABOR DESCRIBED IN SECTION 1267 OR FOR THE PROCUREMENT
13 OF SUPPLIES, MATERIALS, AND EQUIPMENT DESCRIBED IN SECTION 1274
14 WITHOUT FIRST OBTAINING COMPETITIVE BIDS AS PRESCRIBED UNDER THOSE
15 SECTIONS, AS APPLICABLE.

16 (3) ~~(2)~~As used in this section:

17 (a) "Educational management organization" means an entity that
18 enters into a management agreement with a school of excellence.

19 (b) "Entity" means a partnership, nonprofit or business
20 corporation, or any other association, corporation, trust, or other
21 legal entity.

22 (c) "Management agreement" means an agreement to provide
23 comprehensive educational, administrative, management, or
24 instructional services or staff to a school of excellence.

25 (d) "School fiscal year" means the period that begins July 1
26 and ends June 30.

27 Sec. 1311d. (1) A strict discipline academy shall be organized

1 and administered under the direction of a board of directors in
2 accordance with sections 1311b to 1311/ and with bylaws adopted by
3 the board of directors. A strict discipline academy corporation
4 created to operate a strict discipline academy shall be organized
5 under the nonprofit corporation act, 1982 PA 162, MCL 450.2101 to
6 450.3192, except that the strict discipline academy corporation is
7 not required to comply with sections 170 to 177 of 1931 PA 327, MCL
8 450.170 to 450.177. To the extent disqualified under the state or
9 federal constitution, a strict discipline academy shall not be
10 organized by a church or other religious organization and shall not
11 have any organizational or contractual affiliation with or
12 constitute a church or other religious organization.

13 (2) ~~Any~~ **SUBJECT TO SUBSECTIONS (4) AND (5), ANY** of the
14 following may act as an authorizing body to issue a contract to
15 organize and operate 1 or more strict discipline academies under
16 sections 1311b to 1311/:

17 (a) The board of a school district that operates grades K to
18 12. However, the board of a school district shall not issue a
19 contract for a strict discipline academy to operate outside the
20 school district's boundaries, and a strict discipline academy
21 authorized by the board of a school district shall not operate
22 outside that school district's boundaries.

23 (b) An intermediate school board. However, the board of an
24 intermediate school district shall not issue a contract for a
25 strict discipline academy to operate outside the intermediate
26 school district's boundaries, and a strict discipline academy
27 authorized by the board of an intermediate school district shall

1 not operate outside that intermediate school district's boundaries.

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

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

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

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

2 (b) Subject to the resolution adopted by the authorizing body
3 under section 1311e, a list of the proposed members of the board of
4 directors of the strict discipline academy and a description of the
5 qualifications and method for appointment or election of members of
6 the board of directors.

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

9 (i) The name of the proposed strict discipline academy.

10 (ii) The purposes for the strict discipline academy corporation
11 that will operate the strict discipline academy. This language
12 shall provide that the strict discipline academy is established
13 pursuant to sections 1311b to 1311l and that the strict discipline
14 academy corporation is a governmental entity.

15 (iii) The name of the authorizing body.

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

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

20 (d) A copy of the proposed bylaws of the strict discipline
21 academy.

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

24 (i) The governance structure of the strict discipline academy.

25 (ii) A copy of the educational goals of the strict discipline
26 academy and the curricula to be offered and methods of pupil
27 assessment to be used by the strict discipline academy. To the

1 extent applicable, the progress of the pupils in the strict
2 discipline academy shall be assessed using at least a Michigan
3 education assessment program (MEAP) test or an assessment
4 instrument developed under section 1279 for a state-endorsed high
5 school diploma.

6 (iii) The admission policy and criteria to be maintained by the
7 strict discipline academy. The admission policy and criteria shall
8 comply with section 1311g. 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 a strict discipline 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 (vi) The type of pupils to be enrolled in the strict discipline
16 academy, as described in section 1311g(3) and (4).

17 (f) Descriptions of staff responsibilities and of the strict
18 discipline academy's governance structure.

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

23 (h) An agreement that the strict discipline academy will
24 comply with the provisions of sections 1311b to 1311l and, subject
25 to the provisions of these sections, with all other state law
26 applicable to public bodies and with federal law applicable to
27 public bodies or school districts.

1 (i) For a strict discipline academy authorized by a school
2 district, an assurance that employees of the strict discipline
3 academy will be covered by the collective bargaining agreements
4 that apply to other employees of the school district employed in
5 similar classifications in schools that are not strict discipline
6 academies.

7 (j) A description of and address for the proposed physical
8 plant in which the strict discipline academy will be located.

9 (K) THE CERTIFICATE OF NEED ISSUED BY THE STATE BOARD UNDER
10 SUBSECTION (4).

11 (4) AN AUTHORIZING BODY SHALL NOT ISSUE A CONTRACT TO ORGANIZE
12 AND OPERATE A STRICT DISCIPLINE ACADEMY UNDER THIS PART UNLESS THE
13 APPLICATION IS ACCOMPANIED BY A CERTIFICATE OF NEED ISSUED BY THE
14 STATE BOARD UNDER THIS SUBSECTION. THE STATE BOARD SHALL PROMULGATE
15 RULES TO DEVELOP AND IMPLEMENT A PROCESS FOR ISSUING A CERTIFICATE
16 OF NEED FOR A NEW STRICT DISCIPLINE ACADEMY. THE STANDARDS FOR
17 ISSUING A CERTIFICATE OF NEED SHALL INCLUDE, BUT ARE NOT LIMITED
18 TO, ALL OF THE FOLLOWING:

19 (A) THE RESOURCES AVAILABLE FOR THE PROPOSED STRICT DISCIPLINE
20 ACADEMY.

21 (B) THE POPULATION TO BE SERVED BY THE PROPOSED STRICT
22 DISCIPLINE ACADEMY.

23 (C) THE EDUCATIONAL GOALS TO BE ACHIEVED BY THE PROPOSED
24 STRICT DISCIPLINE ACADEMY.

25 (D) THE APPLICANT'S TRACK RECORD, IF ANY, IN ORGANIZING STRICT
26 DISCIPLINE ACADEMIES OR OTHER PUBLIC SCHOOLS.

27 (E) THE GRADUATION RATE OF A SCHOOL DISTRICT IN WHICH THE

1 PROPOSED STRICT DISCIPLINE ACADEMY IS PROPOSED TO BE LOCATED.

2 (F) THE POPULATION OF A COUNTY IN WHICH THE PROPOSED STRICT
3 DISCIPLINE ACADEMY IS PROPOSED TO BE LOCATED.

4 (G) THE NUMBER OF SCHOOLS IN THE PROXIMITY OF A PROPOSED
5 LOCATION OF THE PROPOSED STRICT DISCIPLINE ACADEMY THAT ARE ON THE
6 LIST UNDER SECTION 1280C(1) OF THE PUBLIC SCHOOLS IN THIS STATE
7 THAT THE DEPARTMENT HAS DETERMINED TO BE AMONG THE LOWEST ACHIEVING
8 5% OF ALL PUBLIC SCHOOLS IN THIS STATE.

9 (H) THE NUMBER OF PUPILS ON WAITING LISTS OF STRICT DISCIPLINE
10 ACADEMIES IN THE PROXIMITY OF A PROPOSED LOCATION OF THE PROPOSED
11 STRICT DISCIPLINE ACADEMY.

12 (I) THE NUMBER OF PUBLIC SCHOOL OPTIONS ALREADY AVAILABLE IN
13 THE PROXIMITY OF A PROPOSED LOCATION OF THE PROPOSED STRICT
14 DISCIPLINE ACADEMY.

15 (J) THE IMPACT OF THE ISSUANCE OF THE CONTRACT ON EXISTING
16 PUBLIC SCHOOLS IN THE PROXIMITY OF A PROPOSED LOCATION OF THE
17 PROPOSED STRICT DISCIPLINE ACADEMY.

18 (5) AN AUTHORIZING BODY SHALL NOT ISSUE A NEW CONTRACT TO
19 ORGANIZE AND OPERATE A STRICT DISCIPLINE ACADEMY UNDER THIS PART TO
20 AN EXISTING PUBLIC SCHOOL ACADEMY THAT HAS HAD ITS CONTRACT WITH
21 ITS PREVIOUS AUTHORIZING BODY REVOKED, TERMINATED, OR NOT RENEWED.
22 THE BOARD OF DIRECTORS OF A PUBLIC SCHOOL ACADEMY DESCRIBED IN THIS
23 SUBSECTION SHALL NOT APPLY FOR A CONTRACT THAT WOULD VIOLATE THIS
24 SUBSECTION.

25 (6) ~~(4)~~An authorizing body shall oversee, or shall contract
26 with an intermediate school district, community college, or state
27 public university to oversee, each strict discipline academy

1 operating under a contract issued by the authorizing body. The
2 oversight shall be sufficient to ensure that the authorizing body
3 can certify that the strict discipline academy is in compliance
4 with statute, rules, and the terms of the contract.

5 (7) ~~(5)~~—If the state board finds that an authorizing body is
6 not engaging in appropriate continuing oversight of 1 or more
7 strict discipline academies operating under a contract issued by
8 the authorizing body, the state board may suspend the power of the
9 authorizing body to issue new contracts to organize and operate
10 strict discipline academies. A contract issued by the authorizing
11 body during the suspension is void. A contract issued by the
12 authorizing body before the suspension is not affected by the
13 suspension. **IN EVALUATING WHETHER AN AUTHORIZING BODY IS ENGAGING
14 IN APPROPRIATE CONTINUING OVERSIGHT OF 1 OR MORE STRICT DISCIPLINE
15 ACADEMIES OPERATING UNDER A CONTRACT ISSUED BY THE AUTHORIZING
16 BODY, THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL TAKE INTO
17 ACCOUNT ALL OF THE FOLLOWING:**

18 (A) **THE ACADEMIC PERFORMANCE OF THE STRICT DISCIPLINE
19 ACADEMIES AND OTHER PUBLIC SCHOOL ACADEMIES AUTHORIZED BY THE
20 AUTHORIZING BODY, INCLUDING AT LEAST THE RANKING OF THOSE SCHOOLS
21 ON THE DEPARTMENT'S "TOP-TO-BOTTOM" LIST AND THE MEASURES ALREADY
22 IMPLEMENTED AT THE SCHOOL TO ADDRESS STUDENT IMPROVEMENT.**

23 (B) **NEW OR REAUTHORIZED CONTRACTS THAT ARE SUBMITTED BY THE
24 AUTHORIZING BODY TO THE SUPERINTENDENT OF PUBLIC INSTRUCTION WITH
25 MORE THAN 2 DEFICIENCIES.**

26 (C) **TRANSPARENCY DEMONSTRATED BY THE STRICT DISCIPLINE
27 ACADEMIES AND OTHER PUBLIC SCHOOL ACADEMIES AUTHORIZED BY THE**

1 AUTHORIZING BODY, INCLUDING AT LEAST THE NUMBER OF THOSE SCHOOLS'
2 WEBSITES THAT HAVE AN INACTIVE OR OUTDATED "TRANSPARENCY MITTEN" OR
3 DO NOT HAVE AN UPDATED BUDGET.

4 (D) FISCAL RESPONSIBILITY DEMONSTRATED BY THE STRICT
5 DISCIPLINE ACADEMIES AND OTHER PUBLIC SCHOOL ACADEMIES AUTHORIZED
6 BY THE AUTHORIZING BODY, INCLUDING AT LEAST THE NUMBER OF LATE
7 AUDITS, AUDIT FINDINGS, AND DEFICITS AMONG THOSE SCHOOLS.

8 (E) ASSURANCES AND VERIFICATIONS, AS DEFINED BY THE
9 SUPERINTENDENT OF PUBLIC INSTRUCTION.

10 (8) ~~(6)~~—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 a strict discipline academy in an amount that exceeds
14 a combined total of 3% of the total state school aid received by
15 the strict discipline academy in the school year in which the fees
16 or expenses are charged. An authorizing body may provide other
17 services for a strict discipline academy and charge a fee for those
18 services, but shall not require such an arrangement as a condition
19 to issuing the contract authorizing the strict discipline academy.

20 (9) ~~(7)~~—A strict discipline academy shall be presumed to be
21 legally organized if it has exercised the franchises and privileges
22 of a strict discipline academy for at least 2 years.

23 Sec. 1311e. (1) An authorizing body is not required to issue a
24 contract to any person or entity. Contracts for strict discipline
25 academies shall be issued on a competitive basis taking into
26 consideration the resources available for the proposed strict
27 discipline academy, the population to be served by the proposed

1 strict discipline academy, and the educational goals to be achieved
2 by the proposed strict discipline academy.

3 (2) If a person or entity applies to the board of a school
4 district for a contract to organize and operate 1 or more strict
5 discipline academies within the boundaries of the school district
6 and the board does not issue the contract, the person or entity may
7 petition the board to place the question of issuing the contract on
8 the ballot to be decided by the school electors of the school
9 district. The petition shall contain all of the information
10 required to be in the contract application under section 1311d and
11 shall be signed by a number of school electors of the school
12 district equal to at least 15% of the total number of school
13 electors of that school district. The petition shall be filed with
14 the secretary of the board. If the board receives a petition
15 meeting the requirements of this subsection, the board shall place
16 the question of issuing the contract on the ballot at its next
17 annual school election held at least 60 days after receiving the
18 petition. If a majority of the school electors of the school
19 district voting on the question vote to issue the contract, the
20 board shall issue the contract.

21 (3) Within 10 days after issuing a contract for a strict
22 discipline academy, the board of the authorizing body shall submit
23 to the state board a copy of the contract and of the application
24 under section 1311d.

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 strict discipline academy subject to

1 its jurisdiction. THE RESOLUTION SHALL ALSO BE WRITTEN OR AMENDED
2 AS NECESSARY TO INCLUDE A PROCESS AND STANDARDS FOR REMOVAL OF A
3 MEMBER OF THE BOARD OF DIRECTORS. THE RESOLUTION SHALL PROVIDE THAT
4 A MEMBER OF THE BOARD OF DIRECTORS MAY BE REMOVED ONLY FOR GROSS
5 NEGLECT OF DUTY OR FOR CORRUPT CONDUCT IN OFFICE, OR FOR ANY OTHER
6 MISFEASANCE, MALFEASANCE, OR NONFEASANCE IN OFFICE.

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

9 (a) The educational goals the strict discipline academy is to
10 achieve and the methods by which it will be held accountable. To
11 the extent applicable, the pupil performance of a strict discipline
12 academy shall be assessed using at least a Michigan education
13 assessment program (MEAP) test or the Michigan merit examination
14 developed under section 1279g, as applicable.

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

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

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

22 (e) For a strict discipline academy authorized by a school
23 district, an agreement that employees of the strict discipline
24 academy will be covered by the collective bargaining agreements
25 that apply to employees of the school district employed in similar
26 classifications in schools that are not strict discipline
27 academies.

1 (f) Procedures for revoking the contract and grounds for
2 revoking the contract, including at least the grounds listed in
3 section 1311/.

4 (g) A description of and address for the proposed physical
5 plant in which the strict discipline academy will be located.

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

10 (i) The term of the contract and a description of the process
11 and standards for renewal of the contract at the end of the term.
12 The standards for renewal shall include student growth as measured
13 by assessments and other objective criteria as a significant factor
14 in the decision of whether or not to renew the contract.

15 (6) A strict discipline academy shall comply with all
16 applicable law, including all of the following:

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

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

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

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

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

23 (f) Except for part 6a, all provisions of this act that
24 explicitly apply to public school academies established under part
25 6a.

26 (7) A strict discipline academy and its incorporators, board
27 members, officers, employees, and volunteers have governmental

1 immunity as provided in section 7 of 1964 PA 170, MCL 691.1407. An
2 authorizing body and its board members, officers, and employees are
3 immune from civil liability, both personally and professionally,
4 for any acts or omissions in authorizing a strict discipline
5 academy if the authorizing body or the person acted or reasonably
6 believed he or she acted within the authorizing body's or the
7 person's scope of authority.

8 (8) A strict discipline academy is exempt from all taxation on
9 its earnings and property. Instruments of conveyance to or from a
10 strict discipline academy are exempt from all taxation including
11 taxes imposed by 1966 PA 134, MCL 207.501 to 207.513. A strict
12 discipline academy may not levy ad valorem property taxes or any
13 other tax for any purpose. However, operation of 1 or more strict
14 discipline academies by a school district or intermediate school
15 district does not affect the ability of the school district or
16 intermediate school district to levy ad valorem property taxes or
17 any other tax.

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

1 sections 6 to 9 of that act, MCL 213.56 to 213.59, or other
2 applicable statutes, but only with the express, written permission
3 of the authorizing body in each instance of condemnation and only
4 after just compensation has been determined and paid.

5 (10) BEGINNING WITH MANAGEMENT AGREEMENTS THAT ARE ENTERED
6 INTO OR RENEWED AFTER THE EFFECTIVE DATE OF THIS SUBSECTION, IF THE
7 BOARD OF DIRECTORS OF A STRICT DISCIPLINE ACADEMY ENTERS INTO OR
8 RENEWS A MANAGEMENT AGREEMENT WITH AN EDUCATIONAL MANAGEMENT
9 ORGANIZATION TO CARRY OUT THE OPERATIONS OF THE STRICT DISCIPLINE
10 ACADEMY, ALL OF THE FOLLOWING APPLY:

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

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

22 (C) THE MANAGEMENT AGREEMENT SHALL NOT INCLUDE THE PROVISION
23 OF SERVICES THAT REQUIRE COMPETITIVE BIDDING UNDER SECTION 1267 OR
24 THE PROCUREMENT OF SUPPLIES, MATERIALS, AND EQUIPMENT THAT REQUIRE
25 COMPETITIVE BIDDING UNDER SECTION 1274.

26 (D) THE STRICT DISCIPLINE ACADEMY SHALL NOT ALSO ENTER INTO AN
27 AGREEMENT WITH THAT EDUCATIONAL MANAGEMENT ORGANIZATION FOR

1 MATERIAL AND LABOR DESCRIBED IN SECTION 1267 OR FOR THE PROCUREMENT
2 OF SUPPLIES, MATERIALS, AND EQUIPMENT DESCRIBED IN SECTION 1274
3 WITHOUT FIRST OBTAINING COMPETITIVE BIDS AS PRESCRIBED UNDER THOSE
4 SECTIONS, AS APPLICABLE.

5 (11) AS USED IN SUBSECTION (10):

6 (A) "EDUCATIONAL MANAGEMENT ORGANIZATION" MEANS AN ENTITY THAT
7 ENTERS INTO A MANAGEMENT AGREEMENT WITH A STRICT DISCIPLINE
8 ACADEMY.

9 (B) "ENTITY" MEANS A PARTNERSHIP, NONPROFIT OR BUSINESS
10 CORPORATION, OR ANY OTHER ASSOCIATION, CORPORATION, TRUST, OR OTHER
11 LEGAL ENTITY.

12 (C) "MANAGEMENT AGREEMENT" MEANS AN AGREEMENT TO PROVIDE
13 COMPREHENSIVE EDUCATIONAL, ADMINISTRATIVE, MANAGEMENT, OR
14 INSTRUCTIONAL SERVICES OR STAFF TO A STRICT DISCIPLINE ACADEMY.

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