

**SUBSTITUTE FOR
HOUSE BILL NO. 5384**

A bill to amend 1976 PA 451, entitled
"The revised school code,"
by amending the title and sections 3, 5, 6, 11, 11a, 501, 502, 507,
522, 528, 551, 552, 561, 654, 705, 921, 1147, 1225, 1229, 1231,
1233, 1237, 1240, 1250, 1351a, and 1356 (MCL 380.3, 380.5, 380.6,
380.11, 380.11a, 380.501, 380.502, 380.507, 380.522, 380.528,
380.551, 380.552, 380.561, 380.654, 380.705, 380.921, 380.1147,
380.1225, 380.1229, 380.1231, 380.1233, 380.1237, 380.1240,
380.1250, 380.1351a, and 380.1356), the title as amended by 2003 PA
179, section 3 as amended by 2007 PA 45, section 5 as amended by
2011 PA 232, sections 6 and 1250 as amended by 2009 PA 205, section
11 as amended by 1995 PA 289, section 11a as amended by 2010 PA 91,
sections 501, 502, 507, 522, 528, 551, and 561 as amended by 2011

PA 277, section 552 as amended by 2012 PA 129, section 705 as amended by 2003 PA 299, section 1147 as amended by 2014 PA 479, section 1225 as amended by 2012 PA 1, section 1229 as amended by 2011 PA 105, section 1231 as amended by 2002 PA 735, section 1233 as amended by 2000 PA 288, section 1237 as added by 2000 PA 387, section 1240 as added by 2004 PA 380, section 1351a as amended by 2002 PA 65, and section 1356 as amended by 2002 PA 181, and by adding sections 12b and 1233c and part 5b; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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TITLE

An act to provide a system of public instruction and elementary and secondary schools; to revise, consolidate, and clarify the laws relating to elementary and secondary education; to provide for the organization, regulation, and maintenance of schools, school districts, public school academies, intermediate school districts, and other public school entities; to prescribe rights, powers, duties, and privileges of schools, school districts, public school academies, intermediate school districts, and other public school entities; to provide for the regulation of school teachers and certain other school employees; to provide for school elections and to prescribe powers and duties with respect thereto; to provide for the levy and collection of taxes; to provide for the borrowing of money and issuance of bonds and other evidences of indebtedness; to establish a fund and provide for expenditures from that fund; **TO MAKE APPROPRIATIONS FOR CERTAIN PURPOSES;** to provide for and prescribe the powers and duties of

1 certain state departments, the state board of education, and
2 certain other boards and officials; to provide for licensure of
3 boarding schools; to prescribe penalties; and to repeal acts and
4 parts of acts.

5 Sec. 3. (1) "Area" as used in the phrase "area vocational-
6 technical education program" or "area career and technical
7 education program" means the geographical territory, within the
8 boundaries of a K to 12 school district, an intermediate school
9 district, or a community college district, that is designated by
10 the department as the service area for the operation of an area
11 vocational-technical education program.

12 (2) "Area vocational-technical education program", "area
13 career and technical education program", or "career and technical
14 education program" means a program of organized, systematic
15 instruction designed to prepare the following ~~persons~~**INDIVIDUALS**
16 for useful employment in recognized occupations:

17 (a) ~~Persons~~**INDIVIDUALS** participating in career and technical
18 education readiness activities that lead to enrollment in a career
19 and technical education program in high school.

20 (b) ~~Persons~~**INDIVIDUALS** enrolled in high school in a school
21 district, intermediate school district, public school academy, or
22 nonpublic school.

23 (c) ~~Persons~~**INDIVIDUALS** who have completed or left high school
24 and who are available for full-time study in preparation for
25 entering the labor market.

26 (d) ~~Persons~~**INDIVIDUALS** who have entered the labor market and
27 who need training or retraining to achieve stability or advancement

1 in employment.

2 (3) "Board" or "school board" means the governing body of a
3 local school district unless clearly otherwise stated.

4 (4) "Boarding school" means a place accepting for board, care,
5 and instruction 5 or more children under 16 years of age.

6 (5) **"COMMUNITY DISTRICT" MEANS A SCHOOL DISTRICT ORGANIZED**
7 **UNDER PART 5B.**

8 (6) ~~(5)~~ "Constituent district" means a local school district
9 the territory of which is entirely within and is an integral part
10 of an intermediate school district.

11 Sec. 5. (1) "Local act school district" ~~or "special act school~~
12 ~~district"~~ means a district governed by a ~~special or~~ local act or
13 chapter of a local act. "Local school district" and "local school
14 district board" as used in article 3 include a local act school
15 district and a local act school district board.

16 (2) "Membership" means the number of full-time equivalent
17 pupils in a public school as determined by the number of pupils
18 registered for attendance plus pupils received by transfer and
19 minus pupils lost as defined by rules promulgated by the ~~state~~
20 ~~board~~. **SUPERINTENDENT OF PUBLIC INSTRUCTION.**

21 (3) "Michigan election law" means the Michigan election law,
22 1954 PA 116, MCL 168.1 to 168.992.

23 (4) "Nonpublic school" means a private, denominational, or
24 parochial school.

25 (5) "Objectives" means measurable pupil academic skills and
26 knowledge.

27 (6) "Public school" means a public elementary or secondary

1 educational entity or agency that is established under this act **OR**
2 **UNDER OTHER LAW OF THIS STATE**, has as its primary mission the
3 teaching and learning of academic and vocational-technical skills
4 and knowledge, and is operated by a school district, ~~local act~~
5 ~~school district, special act school district,~~ intermediate school
6 district, school of excellence **CORPORATION**, public school academy
7 corporation, strict discipline academy corporation, urban high
8 school academy corporation, or by the department, ~~or~~ **THE** state
9 board, **OR ANOTHER PUBLIC BODY**. Public school also includes a
10 laboratory school or other elementary or secondary school that is
11 controlled and operated by a state public university described in
12 section 4, 5, or 6 of article VIII of the state constitution of
13 1963.

14 (7) "Public school academy" means a public school academy
15 established under part 6a and, except as used in part 6a, also
16 includes an urban high school academy established under part 6c, a
17 school of excellence established under part 6e, and a strict
18 discipline academy established under sections 1311b to 1311m.

19 (8) "Pupil membership count day" of a school district means
20 that term as defined in section 6 of the state school aid act of
21 1979, MCL 388.1606.

22 (9) **"QUALIFYING SCHOOL DISTRICT" MEANS A SCHOOL DISTRICT THAT**
23 **WAS PREVIOUSLY ORGANIZED AND OPERATED AS A FIRST CLASS SCHOOL**
24 **DISTRICT GOVERNED BY PART 6 THAT HAS A PUPIL MEMBERSHIP OF LESS**
25 **THAN 100,000 ENROLLED ON ITS MOST RECENT PUPIL MEMBERSHIP COUNT**
26 **DAY, INCLUDING, BUT NOT LIMITED TO, A SCHOOL DISTRICT THAT WAS**
27 **PREVIOUSLY ORGANIZED AND OPERATED AS A FIRST CLASS SCHOOL DISTRICT**

1 **BEFORE THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS**
2 **SUBSECTION.**

3 (10) ~~(9)~~—"Regular school election" or "regular election" means
4 the election held in a school district, local act school district,
5 or intermediate school district to elect a school board member in
6 the regular course of the terms of that office and held on the
7 school district's regular election date as determined under section
8 642c of the Michigan election law, MCL 168.642c.

9 (11) ~~(10)~~—"Reorganized intermediate school district" means an
10 intermediate school district formed by consolidation or annexation
11 of 2 or more intermediate school districts under sections 701 and
12 702.

13 (12) ~~(11)~~—"Rule" means a rule promulgated under the
14 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
15 24.328.

16 Sec. 6. (1) "School district" or "local school district" means
17 a general powers school district organized under this act,
18 regardless of previous classification, **A COMMUNITY DISTRICT**, or a
19 school district of the first class.

20 (2) "School district filing official" means the school
21 district election coordinator as defined in section 4 of the
22 Michigan election law, MCL 168.4, or an authorized agent of the
23 school district election coordinator.

24 (3) "School elector" means a person qualified as an elector
25 under section 492 of the Michigan election law, MCL 168.492, and
26 resident of the school district or intermediate school district on
27 or before the thirtieth day before the next ensuing regular or

1 special school election.

2 (4) "School month" means a 4-week period of 5 days each unless
3 otherwise specified in the teacher's contract.

4 (5) "School of excellence" means a school of excellence
5 established under part 6e.

6 (6) "Special education building and equipment" means a
7 structure or portion of a structure or personal property accepted,
8 leased, purchased, or otherwise acquired, prepared, or used for
9 special education programs and services.

10 (7) "Special education personnel" means persons engaged in and
11 having professional responsibility for students with a disability
12 in special education programs and services including, but not
13 limited to, teachers, aides, school social workers, diagnostic
14 personnel, physical therapists, occupational therapists,
15 audiologists, teachers of speech and language, instructional media-
16 curriculum specialists, mobility specialists, teacher consultants,
17 supervisors, and directors.

18 (8) "Special education programs and services" means
19 educational and training services designed for students with a
20 disability and operated by ~~local~~**A** school ~~districts, local act~~
21 ~~school districts,~~**DISTRICT**, intermediate school ~~districts,~~
22 **DISTRICT**, the Michigan schools for the deaf and blind, ~~the~~
23 ~~department of community health,~~ the department of **HEALTH AND** human
24 services, or a combination of these, and ancillary professional
25 services for students with a disability rendered by agencies
26 approved by the ~~state board.~~**SUPERINTENDENT OF PUBLIC INSTRUCTION.**
27 The programs shall include vocational training, but need not

1 include academic programs of college or university level.

2 (9) "Special school election" or "special election" means a
3 school district election to fill a vacancy on the school board or
4 submit a ballot question to the school electors that is held on a
5 regular election date established under section 641 of the Michigan
6 election law, MCL 168.641.

7 (10) "State approved nonpublic school" means a nonpublic
8 school that complies with 1921 PA 302, MCL 388.551 to 388.558.

9 (11) "State board" means the state board of education **CREATED**
10 **BY SECTION 3 OF ARTICLE VIII OF THE STATE CONSTITUTION OF 1963**
11 unless clearly otherwise stated.

12 (12) "Student with a disability" means that term as defined in
13 R 340.1702 of the Michigan administrative code.

14 (13) "Department" means the department of education created
15 ~~and operating under~~ sections 300 to 305 of the executive
16 organization act of 1965, 1965 PA 380, MCL 16.400 to 16.405.

17 (14) "State school aid" means allotments from the general
18 appropriating act for the purpose of aiding in the support of the
19 public schools of the state, **INCLUDING, BUT NOT LIMITED TO,**
20 **APPROPRIATIONS FROM THE STATE SCHOOL AID FUND UNDER THE STATE**
21 **SCHOOL AID ACT OF 1979.**

22 (15) "The state school aid act of 1979" means the state school
23 aid act of 1979, 1979 PA 94, MCL 388.1601 to ~~388.1772~~ **388.1896.**

24 Sec. 11. Each school district, except a school district of the
25 first class **OR A COMMUNITY DISTRICT**, shall be organized and
26 conducted as a general powers school district regardless of
27 previous classification.

1 Sec. 11a. (1) Beginning on July 1, 1996, each school district
2 formerly organized as a primary school district or as a school
3 district of the fourth class, third class, or second class shall be
4 a general powers school district under this act.

5 (2) Beginning on July 1, 1996, a school district operating
6 under a special or local act shall operate as a general powers
7 school district under this act except to the extent that the
8 special or local act is inconsistent with this act. Upon repeal of
9 a special or local act that governs a school district, that school
10 district shall become a general powers school district under this
11 act.

12 (3) A general powers school district has all of the rights,
13 powers, and duties expressly stated in this act; may exercise a
14 power implied or incident to a power expressly stated in this act;
15 and, except as **OTHERWISE** provided by law, may exercise a power
16 incidental or appropriate to the performance of a function related
17 to operation of ~~the school district~~ **A PUBLIC SCHOOL AND THE**
18 **PROVISION OF PUBLIC EDUCATION SERVICES** in the interests of public
19 elementary and secondary education in the school district,
20 including, but not limited to, all of the following:

21 (a) Educating pupils. In addition to educating pupils in
22 grades K-12, this function may include operation of preschool,
23 lifelong education, adult education, community education, training,
24 enrichment, and recreation programs for other persons. **A SCHOOL**
25 **DISTRICT MAY DO EITHER OR BOTH OF THE FOLLOWING:**

26 (i) **EDUCATE PUPILS BY DIRECTLY OPERATING 1 OR MORE PUBLIC**
27 **SCHOOLS ON ITS OWN.**

1 (ii) CAUSE PUBLIC EDUCATION SERVICES TO BE PROVIDED FOR PUPILS
2 OF THE SCHOOL DISTRICT THROUGH AN AGREEMENT, CONTRACT, OR OTHER
3 COOPERATIVE AGREEMENT WITH ANOTHER PUBLIC ENTITY, INCLUDING, BUT
4 NOT LIMITED TO, ANOTHER SCHOOL DISTRICT OR AN INTERMEDIATE SCHOOL
5 DISTRICT.

6 (b) Providing for the safety and welfare of pupils while at
7 school or a school sponsored activity or while en route to or from
8 school or a school sponsored activity.

9 (c) ~~Acquiring,~~ **EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION,**
10 **ACQUIRING,** constructing, maintaining, repairing, renovating,
11 disposing of, or conveying school property, facilities, equipment,
12 technology, or furnishings.

13 (d) Hiring, contracting for, scheduling, supervising, or
14 terminating employees, independent contractors, and others,
15 **INCLUDING, BUT NOT LIMITED TO, ANOTHER SCHOOL DISTRICT OR AN**
16 **INTERMEDIATE SCHOOL DISTRICT,** to carry out school district powers.
17 A school district may indemnify its employees.

18 (e) Receiving, accounting for, investing, or expending ~~school~~
19 ~~district~~ **PUBLIC SCHOOL** money; borrowing money and pledging ~~school~~
20 ~~district~~ **PUBLIC SCHOOL** funds for repayment; and qualifying for
21 state school aid and other public or private money from local,
22 regional, state, or federal sources.

23 (4) A general powers school district may enter into
24 agreements, **CONTRACTS,** or **OTHER** cooperative arrangements with other
25 entities, public or private, **INCLUDING, BUT NOT LIMITED TO, ANOTHER**
26 **SCHOOL DISTRICT OR AN INTERMEDIATE SCHOOL DISTRICT,** or join
27 organizations as part of performing the functions of the school

1 district. An agreement, **CONTRACT**, or **OTHER** cooperative arrangement
2 that is entered into under this act is not required to comply with
3 the provisions of the urban cooperation act of 1967, 1967 (Ex Sess)
4 PA 7, MCL 124.501 to 124.512, as provided under section 503 of that
5 act, MCL 124.503.

6 (5) A general powers school district is a body corporate and
7 shall be governed by a school board. An act of a school board is
8 not valid unless approved, at a meeting of the school board, by a
9 majority vote of the members lawfully serving on the board.

10 (6) The board of a general powers school district shall adopt
11 bylaws. These bylaws may establish or change board procedures, the
12 number of board officers, titles and duties of board officers, and
13 any other matter related to effective and efficient functioning of
14 the board. Regular meetings of the board shall be held at least
15 once each month, at the time and place fixed by the bylaws. Special
16 meetings may be called and held in the manner and for the purposes
17 specified in the bylaws. Board procedures, bylaws, and policies in
18 effect on the effective date of this section shall continue in
19 effect until changed by action of the board.

20 (7) The board of a school district shall be elected as
21 provided under this act and the Michigan election law. The number
22 of members of the board of a general powers school district shall
23 remain the same as for that school district before July 1, 1996
24 unless changed by the school electors of the school district at a
25 regular or special school election. A ballot question for changing
26 the number of board members may be placed on the ballot by action
27 of the board or by petition submitted by school electors as

1 provided under chapter XIV of the Michigan election law, MCL
2 168.301 to 168.316.

3 (8) Members of the board of a general powers school district
4 shall be elected by the school electors for terms of 4 or 6 years,
5 as provided by the school district's bylaws. At each regular school
6 election, members of the board shall be elected to fill the
7 positions of those whose terms will expire. A term of office begins
8 as provided in section 302 of the Michigan election law, MCL
9 168.302, and continues until a successor is elected and qualified.

10 (9) EXCEPT AS PROVIDED UNDER PART 5B, A COMMUNITY DISTRICT
11 SHALL BE ORGANIZED AND CONDUCTED IN THE SAME MANNER AS A GENERAL
12 POWERS SCHOOL DISTRICT. AS PROVIDED UNDER PART 5B, A COMMUNITY
13 DISTRICT HAS ALL OF THE POWERS OF A GENERAL POWERS SCHOOL DISTRICT
14 UNDER SECTION 11A AND HAS ALL ADDITIONAL POWERS GRANTED BY LAW TO A
15 COMMUNITY DISTRICT OR THE SCHOOL BOARD OF A COMMUNITY DISTRICT. THE
16 MEMBERS OF THE BOARD OF A COMMUNITY DISTRICT SHALL BE ELECTED BY
17 THE SCHOOL ELECTORS IN THE MANNER AND FOR THE TERMS AS PROVIDED
18 UNDER PART 5B AND THE MICHIGAN ELECTION LAW.

19 (10) ~~(9)~~—The board of a general powers school district may
20 submit to the school electors of the school district a question
21 that is within the scope of the powers of the school electors and
22 that the board considers proper for the management of the school
23 system or the advancement of education in the school district. Upon
24 the adoption of a question by the board, the board shall submit the
25 question to the school electors by complying with section 312 of
26 the Michigan election law, MCL 168.312.

27 (11) ~~(10)~~—A special election may be called by the board of a

1 general powers school district as provided under chapter XIV of the
2 Michigan election law, MCL 168.301 to 168.316.

3 (12) ~~(11)~~—Unless expressly provided in 1995 PA 289, the powers
4 of a school board or school district are not diminished by this
5 section or by 1995 PA 289.

6 (13) ~~(12)~~—A school district operating a public library, public
7 museum, or community recreational facility as of July 1, 1996 may
8 continue to operate the public library, public museum, or community
9 recreational facility.

10 (14) ~~(13)~~—A school district may establish and administer
11 scholarships for its students or graduates to support their
12 attendance at a postsecondary educational institution from funds
13 the school district receives as a result of a compact entered into
14 between this state and a federally recognized Indian tribe pursuant
15 to the Indian gaming regulatory act, Public Law 100-497. A school
16 district that establishes a scholarship program funded under this
17 subsection shall ensure that the scholarship program provides for
18 all of the following:

19 (a) That a student or graduate is not eligible to be awarded a
20 scholarship unless the student or graduate is enrolled in the
21 school district for all of grades 9 to 12 and meets 1 of the
22 following:

23 (i) Is a resident of the school district for all of grades 9
24 to 12.

25 (ii) Was enrolled in the school district for the 2009-2010
26 school year but was not a resident of the school district for that
27 school year, and is enrolled in the school district continuously

1 after that school year until graduation.

2 (b) That the amount of a scholarship awarded to a student or
3 graduate who was not enrolled in and a continuous resident of the
4 school district for all of grades K to 12 shall be adjusted based
5 on length of enrollment and continuous residency or, for a student
6 or graduate described in subdivision (a) (ii), based on length of
7 enrollment.

8 SEC. 12B. (1) BEGINNING ON THE EFFECTIVE DATE OF THE
9 AMENDATORY ACT THAT ADDED THIS SECTION, IF A SCHOOL DISTRICT IS OR
10 BECOMES A QUALIFYING SCHOOL DISTRICT, THE SCHOOL DISTRICT SHALL
11 LOSE ITS ORGANIZATION AND BE DISSOLVED AS PROVIDED IN THIS SECTION.

12 (2) IF A SCHOOL DISTRICT LOSES ITS ORGANIZATION UNDER
13 SUBSECTION (1), EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, ALL
14 RECORDS, FUNDS, AND PROPERTY OF THE QUALIFYING SCHOOL DISTRICT ARE
15 TRANSFERRED ON THE TRANSFER DATE TO A COMMUNITY DISTRICT CREATED
16 WITH THE SAME GEOGRAPHIC BOUNDARIES OF THE QUALIFYING SCHOOL
17 DISTRICT UNDER PART 5B. EXCEPT AS OTHERWISE PROVIDED IN THIS
18 SECTION, PROCEEDS FROM BONDS, NOTES, OR EMERGENCY LOANS, TAXES
19 LEVIED BY OR PAYABLE TO THE QUALIFYING SCHOOL DISTRICT, MONEY
20 PAYABLE TO THE QUALIFYING SCHOOL DISTRICT UNDER THE STATE SCHOOL
21 AID ACT OF 1979, AND ADVANCES OR OTHER PAYMENTS RELATING TO ANY OF
22 THESE, AND ALL OF THE QUALIFYING SCHOOL DISTRICT FUNCTIONS
23 DESCRIBED UNDER SUBSECTION (3), SHALL BE RETAINED BY THE QUALIFYING
24 SCHOOL DISTRICT AND ARE NOT TRANSFERRED TO THE COMMUNITY DISTRICT.
25 A SCHOOL BUILDING OR OTHER REAL PROPERTY OWNED BY THE QUALIFYING
26 SCHOOL DISTRICT BECOMES PART OF AND OWNED BY THE COMMUNITY
27 DISTRICT. IF A QUALIFYING SCHOOL DISTRICT HAS OUTSTANDING DEBT ON

1 THE TRANSFER DATE, THE QUALIFYING SCHOOL DISTRICT SHALL RETAIN A
2 LIMITED SEPARATE IDENTITY AS A SCHOOL DISTRICT AND THE TERRITORY OF
3 THE QUALIFYING SCHOOL DISTRICT SHALL CONTINUE AS A SEPARATE TAXING
4 UNIT ONLY FOR THE LIMITED PUBLIC PURPOSES OF THE REPAYMENT OF THE
5 DEBT UNTIL THE DEBT IS RETIRED, SATISFYING LIABILITY FROM LEGAL
6 CLAIMS FILED BEFORE THE TRANSFER DATE, AND PROTECTING THE CREDIT OF
7 THIS STATE AND OF ITS SCHOOL DISTRICTS.

8 (3) BEFORE THE TRANSFER DATE, THE GOVERNOR SHALL DESIGNATE AN
9 INDIVIDUAL WHO IS AUTHORIZED BY LAW TO ACT FOR AND IN THE PLACE AND
10 STEAD OF THE SCHOOL BOARD AND SUPERINTENDENT OF SCHOOLS OF THE
11 QUALIFYING SCHOOL DISTRICT AS THE TRANSITION MANAGER FOR THE
12 COMMUNITY DISTRICT TO PERFORM FUNCTIONS AND SATISFY
13 RESPONSIBILITIES OF THE COMMUNITY DISTRICT, OF THE SCHOOL BOARD AND
14 SUPERINTENDENT OF SCHOOLS OF THE COMMUNITY DISTRICT, AND OF THE
15 TRANSITION MANAGER UNDER THIS SECTION UNTIL THE ELECTED MEMBERS OF
16 THE SCHOOL BOARD OF THE COMMUNITY DISTRICT ARE ELECTED AND TAKE
17 OFFICE UNDER SECTION 384. UNTIL THAT TIME, THE TRANSITION MANAGER
18 SHALL EXERCISE THE POWERS, PERFORM THE FUNCTIONS, AND SATISFY THE
19 RESPONSIBILITIES OF THE SCHOOL BOARD AND SUPERINTENDENT OF SCHOOLS
20 OF THE COMMUNITY DISTRICT, EXCEPT THAT THE TRANSITION MANAGER SHALL
21 NOT NEGOTIATE OR ENTER INTO ANY COLLECTIVE BARGAINING AGREEMENT
22 THAT WOULD BIND THE ELECTED SCHOOL BOARD OF THE COMMUNITY DISTRICT.
23 UNTIL THAT DATE, THE TRANSITION MANAGER ALSO SHALL PERFORM THE
24 FUNCTIONS AND SATISFY THE RESPONSIBILITIES OF THE SCHOOL BOARD AND
25 SUPERINTENDENT OF SCHOOLS OF THE QUALIFYING SCHOOL DISTRICT
26 RELATING TO THE REPAYMENT OF DEBT AND THE DISSOLUTION OF THE
27 QUALIFYING SCHOOL DISTRICT, INCLUDING, BUT NOT LIMITED TO, ALL OF

1 THE FOLLOWING:

2 (A) CERTIFYING AND LEVYING TAXES FOR SATISFACTION OF THE DEBT
3 IN THE NAME OF THE QUALIFYING SCHOOL DISTRICT.

4 (B) DOING ALL OTHER THINGS RELATIVE TO THE REPAYMENT OF
5 OUTSTANDING DEBT OF THE QUALIFYING SCHOOL DISTRICT REQUIRED BY LAW
6 AND BY THE TERMS OF THE DEBT, INCLUDING, BUT NOT LIMITED TO, FILING
7 DRAW REQUESTS AND BORROWING FROM THE REVOLVING LOAN FUND FOR DEBT
8 SERVICE ON QUALIFIED BONDS UNDER THE SCHOOL BOND QUALIFICATION,
9 APPROVAL, AND LOAN ACT, 2005 PA 92, MCL 388.1921 TO 388.1939,
10 LEVYING OR SEEKING VOTER APPROVAL FOR A RENEWAL OF A SCHOOL
11 OPERATING TAX UNDER SECTION 1211, OR REFUNDING OR REFINANCING DEBT.

12 (C) DOING ALL OTHER THINGS RELATIVE TO THE DISSOLUTION OF THE
13 QUALIFYING SCHOOL DISTRICT.

14 (4) AN INDIVIDUAL DESIGNATED AS A TRANSITION MANAGER UNDER
15 SUBSECTION (3) SHALL PERFORM THE FUNCTIONS AND SATISFY THE
16 RESPONSIBILITIES OF A TRANSITION MANAGER UNDER THIS SECTION FROM
17 THE TIME OF THE DESIGNATION UNTIL THE ELECTED MEMBERS OF THE SCHOOL
18 BOARD OF THE COMMUNITY DISTRICT ARE ELECTED AND TAKE OFFICE UNDER
19 SECTION 384. OFFICERS, EMPLOYEES, AGENTS, AND CONTRACTORS OF THE
20 COMMUNITY DISTRICT ARE SUBJECT TO DIRECTION AND SUPERVISION BY THE
21 TRANSITION MANAGER AND SHALL ACTIVELY COOPERATE WITH THE TRANSITION
22 MANAGER IN THE TRANSITION MANAGER'S PERFORMANCE OF FUNCTIONS AND
23 RESPONSIBILITIES UNDER THIS SECTION. THE FUNCTIONS AND
24 RESPONSIBILITIES OF THE TRANSITION MANAGER UNDER THIS SECTION
25 INCLUDE, BUT ARE NOT LIMITED TO, ALL OF THE FOLLOWING BEFORE, ON,
26 AND AFTER THE TRANSFER DATE:

27 (A) APPOINTING AN INTERIM SUPERINTENDENT OF SCHOOLS FOR THE

1 COMMUNITY DISTRICT TO PERFORM THE FUNCTIONS OF THE SUPERINTENDENT
2 OF SCHOOLS FOR THE COMMUNITY DISTRICT ONLY UNTIL A SUPERINTENDENT
3 OF SCHOOLS IS SELECTED BY THE SCHOOL BOARD OF THE COMMUNITY
4 DISTRICT AND TAKES OFFICE.

5 (B) SUBJECT TO THE CONTROL OF THE FINANCIAL REVIEW COMMISSION
6 UNDER SECTION 387, ADOPTING THE INITIAL BUDGET AND GENERAL
7 APPROPRIATIONS ACT FOR THE COMMUNITY DISTRICT FOR THE FIRST FISCAL
8 YEAR OF THE COMMUNITY DISTRICT. THE INITIAL BUDGET AND GENERAL
9 APPROPRIATIONS ACT ARE SUBJECT TO AMENDMENT BY THE SCHOOL BOARD OF
10 THE COMMUNITY DISTRICT AFTER THE SCHOOL BOARD IS ELECTED AND TAKES
11 OFFICE UNDER SECTION 384.

12 (C) SUBJECT TO THE CONTROL OF THE FINANCIAL REVIEW COMMISSION
13 UNDER SECTION 387, ESTABLISHING FINANCIAL AND ACCOUNTING SYSTEMS
14 FOR THE COMMUNITY DISTRICT AND TRANSFERRING FINANCIAL RECORDS FROM
15 THE QUALIFYING SCHOOL DISTRICT TO THE COMMUNITY DISTRICT.

16 (D) TRANSFERRING STUDENT RECORDS FROM THE QUALIFYING SCHOOL
17 DISTRICT IN A MANNER THAT COMPLIES WITH LAWS APPLICABLE TO STUDENT
18 RECORDS.

19 (E) TAKING ACTION NECESSARY TO ENSURE THAT STATE OR FEDERAL
20 GRANTS PAYABLE AND EXPENDABLE BY THE QUALIFYING SCHOOL DISTRICT
21 BEFORE THE TRANSFER DATE ARE PAYABLE AND EXPENDABLE BY THE
22 COMMUNITY DISTRICT AS A SUCCESSOR ENTITY TO THE QUALIFYING SCHOOL
23 DISTRICT AFTER THE TRANSFER DATE.

24 (F) TAKING ACTION NECESSARY TO ENSURE THAT SCHOOL BUILDINGS
25 AND OTHER SCHOOL PROPERTY TRANSFERRED TO THE COMMUNITY DISTRICT BY
26 OPERATION OF LAW UNDER THIS SECTION ARE READY FOR USE IN THE FIRST
27 SCHOOL YEAR THAT BEGINS AFTER THE TRANSFER DATE AND PREPARING A

1 SCHEDULE OF ALL FIXED ASSETS TRANSFERRED FROM THE QUALIFYING SCHOOL
2 DISTRICT TO THE COMMUNITY DISTRICT.

3 (G) TAKING ACTION NECESSARY TO ENSURE THE CONTINUITY OF
4 ONGOING EDUCATIONAL PROGRAMS OPERATIONAL BOTH BEFORE AND AFTER THE
5 TRANSFER DATE AND PROPERLY ACCOUNTING FOR THE FUNDING OF THE
6 EDUCATIONAL PROGRAMS.

7 (H) SUBJECT TO THE CONTROL OF THE FINANCIAL REVIEW COMMISSION
8 UNDER SECTION 387, NEGOTIATING AND APPROVING AMENDED OR NEW
9 AGREEMENTS WITH VENDORS OF THE QUALIFYING SCHOOL DISTRICT TO ASSURE
10 THAT THE NECESSARY SERVICES ARE AVAILABLE TO BE PROVIDED TO THE
11 COMMUNITY DISTRICT. THIS DOES NOT INCLUDE A COLLECTIVE BARGAINING
12 AGREEMENT.

13 (I) ADOPTING ON BEHALF OF THE COMMUNITY DISTRICT ANY POLICY OR
14 OPERATING PROCEDURE REQUIRED BY LAW FOR A SCHOOL DISTRICT AS
15 NECESSARY TO ENSURE THE COMMUNITY DISTRICT'S COMPLIANCE WITH THIS
16 ACT AND OTHER APPLICABLE LAW.

17 (5) AS PERMITTED UNDER FEDERAL LAW, ON THE TRANSFER DATE THE
18 SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL ALLOCATE TO A COMMUNITY
19 DISTRICT RECEIVING THE FUNCTIONS AND RESPONSIBILITIES OF A
20 QUALIFYING SCHOOL DISTRICT FOR A PUBLIC SCHOOL UNDER SUBSECTION (2)
21 ALL APPLICABLE GRANTS UNDER 20 USC 6333, 20 USC 6334, 20 USC 6335,
22 AND 20 USC 6337, AND OTHER FEDERAL FUNDS THAT WOULD OTHERWISE BE
23 MADE AVAILABLE FOR GRANTS TO OR FEDERAL FUNDING FOR THE PUBLIC
24 SCHOOL OR MAKE OTHER ADJUSTMENTS IN THE ALLOCATION OF FEDERAL FUNDS
25 TO IMPLEMENT THE TRANSFER OF FUNCTIONS AND RESPONSIBILITIES FOR THE
26 PUBLIC SCHOOL. THE COMMUNITY DISTRICT IS THE SUCCESSOR ENTITY OF
27 THE QUALIFYING SCHOOL DISTRICT FOR PURPOSES OF RECEIVING AND

1 EXPENDING FEDERAL GRANTS.

2 (6) FOR A COMMUNITY DISTRICT'S FIRST SCHOOL YEAR OF OPERATIONS
3 ONLY, UNTIL THE DEPARTMENT IS ABLE TO CALCULATE THE COMMUNITY
4 DISTRICT'S MEMBERSHIP, THE DEPARTMENT SHALL USE THE MEMBERSHIP OF
5 THE QUALIFYING SCHOOL DISTRICT FOR THE PURPOSES OF MAKING STATE
6 SCHOOL AID ALLOCATIONS TO THE COMMUNITY DISTRICT UNDER THE STATE
7 SCHOOL AID ACT OF 1979.

8 (7) EFFECTIVE ON THE TRANSFER DATE FOR A QUALIFYING SCHOOL
9 DISTRICT AND THE COMMUNITY DISTRICT CREATED WITH THE SAME
10 GEOGRAPHIC BOUNDARIES OF THE QUALIFYING SCHOOL DISTRICT UNDER PART
11 5B, ALL OF THE FOLLOWING APPLY:

12 (A) THE COMMUNITY DISTRICT ACQUIRES, SUCCEEDS TO, AND ASSUMES
13 THE EXCLUSIVE RIGHT, RESPONSIBILITY, AND AUTHORITY TO OWN, OCCUPY,
14 OPERATE, CONTROL, USE, LEASE, AND CONVEY THE FACILITIES OF THE
15 QUALIFYING SCHOOL DISTRICT EXISTING AS OF THE TRANSFER DATE,
16 INCLUDING ALL LANDS, BUILDINGS, IMPROVEMENTS, STRUCTURES,
17 EASEMENTS, RIGHTS OF ACCESS, AND ALL OTHER PRIVILEGES AND
18 APPURTENANCES. THE OFFICERS OF THE QUALIFYING SCHOOL DISTRICT SHALL
19 EXECUTE ANY INSTRUMENTS OF CONVEYANCE, ASSIGNMENT, AND TRANSFER
20 THAT ARE NECESSARY OR APPROPRIATE TO ACCOMPLISH THE ACQUISITION AND
21 SUCCESSION UNDER THIS SUBDIVISION. OCCUPANCY OF A FACILITY BY A
22 COMMUNITY DISTRICT UNDER THIS SUBDIVISION IS NOT CONSIDERED TO BE A
23 CHANGE IN OCCUPANCY FOR ANY PURPOSE UNDER STATE OR LOCAL LAW.

24 (B) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE
25 COMMUNITY DISTRICT ACQUIRES, SUCCEEDS TO, AND ASSUMES ALL RIGHTS,
26 TITLE, AND INTERESTS IN AND TO THE FIXTURES, EQUIPMENT, MATERIALS,
27 FURNISHINGS, AND OTHER PERSONAL PROPERTY OWNED AND USED BY THE

1 QUALIFYING SCHOOL DISTRICT AS OF THE TRANSFER DATE. THE OFFICERS OF
2 THE QUALIFYING SCHOOL DISTRICT SHALL EXECUTE ANY INSTRUMENTS OF
3 CONVEYANCE, ASSIGNMENT, AND TRANSFER THAT ARE NECESSARY OR
4 APPROPRIATE TO ACCOMPLISH THE ACQUISITION AND SUCCESSION UNDER THIS
5 SUBDIVISION.

6 (C) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE
7 COMMUNITY DISTRICT ACQUIRES, SUCCEEDS TO, AND ASSUMES ALL OF THE
8 RIGHTS OF THE QUALIFYING SCHOOL DISTRICT RELATING TO THE QUALIFYING
9 SCHOOL DISTRICT UNDER ANY ORDINANCES, AGREEMENTS, OR OTHER
10 INSTRUMENTS AND UNDER LAW. THIS INCLUDES, BUT IS NOT LIMITED TO, A
11 CONTRACT ISSUED BY THE QUALIFYING SCHOOL DISTRICT UNDER THIS ACT TO
12 ORGANIZE AND OPERATE A PUBLIC SCHOOL ACADEMY. THIS SUCCESSION
13 INCLUDES, AND THERE IS TRANSFERRED TO THE COMMUNITY DISTRICT, ALL
14 LICENSES, PERMITS, APPROVALS, OR AWARDS RELATED TO THE QUALIFYING
15 SCHOOL DISTRICT ALONG WITH ALL GRANT AGREEMENTS, GRANT PRE-
16 APPLICATIONS, AND THE RIGHT TO RECEIVE THE BALANCE OF ANY FUNDS
17 PAYABLE UNDER THE AGREEMENTS.

18 (D) THE COMMUNITY DISTRICT HAS THE RIGHT AND AUTHORITY TO OWN,
19 OCCUPY, OPERATE, CONTROL, USE, LEASE, AND CONVEY THE FACILITIES
20 TRANSFERRED BY THE QUALIFYING SCHOOL DISTRICT, SUBJECT TO ANY LIENS
21 ON THE REAL PROPERTY.

22 (E) EXCEPT FOR DEBT OR OTHER OBLIGATIONS RETAINED BY THE
23 QUALIFYING SCHOOL DISTRICT UNDER THIS SECTION, THE COMMUNITY
24 DISTRICT HAS THE QUALIFYING SCHOOL DISTRICT'S RIGHT, TITLE, AND
25 INTEREST IN AND ALL OF THE QUALIFYING SCHOOL DISTRICT'S
26 RESPONSIBILITIES AND AUTHORITY ARISING UNDER LEASES, CONCESSIONS,
27 AND OTHER CONTRACTS FOR FACILITIES.

1 (F) ALL RECORDS AND FILES, SOFTWARE, AND SOFTWARE LICENSES
2 REQUIRED FOR FINANCIAL MANAGEMENT, PERSONNEL MANAGEMENT, ACCOUNTING
3 AND INVENTORY SYSTEMS, OR GENERAL ADMINISTRATION OF THE QUALIFYING
4 SCHOOL DISTRICT ARE TRANSFERRED TO THE COMMUNITY DISTRICT WITHOUT
5 REVERSION OR IMPAIRMENT TO THE MAXIMUM EXTENT PERMITTED BY LAW.

6 (G) A COMMUNITY DISTRICT ACQUIRES, SUCCEEDS TO, AND ASSUMES
7 ALL OF THE RIGHTS, DUTIES, AND OBLIGATIONS UNDER A COLLECTIVE
8 BARGAINING AGREEMENT APPLICABLE TO THE QUALIFYING SCHOOL DISTRICT
9 ON THE TRANSFER DATE. THE TERMS AND CONDITIONS OF THAT COLLECTIVE
10 BARGAINING AGREEMENT APPLICABLE TO EMPLOYEES OF THE QUALIFYING
11 SCHOOL DISTRICT ON THE TRANSFER DATE SHALL BE THE TERMS AND
12 CONDITIONS APPLICABLE TO EMPLOYEES OF THE COMMUNITY DISTRICT AND
13 EXCEPT FOR THE SUPERINTENDENT OF SCHOOLS, THE COMMUNITY DISTRICT
14 SHALL BE THE SUCCESSOR EMPLOYER FOR EMPLOYEES OF THE QUALIFYING
15 SCHOOL DISTRICT ON THE TRANSFER DATE. EXCEPT FOR THE SUPERINTENDENT
16 OF SCHOOLS, AN INDIVIDUAL WHO IS ENTITLED TO EMPLOYMENT BY THE
17 QUALIFYING SCHOOL DISTRICT ON THE TRANSFER DATE SHALL BE ENTITLED
18 TO EMPLOYMENT BY THE COMMUNITY DISTRICT FOLLOWING THE TRANSFER TO
19 THE COMMUNITY DISTRICT.

20 (H) FOR INDIVIDUALS WHO BECOME EMPLOYED BY A COMMUNITY
21 DISTRICT BY THE OPERATION OF SUBDIVISION (G), THE TRANSITION
22 MANAGER SHALL TAKE ALL STEPS NECESSARY TO ENSURE THAT ALL PERSONNEL
23 RECORDS ARE TRANSFERRED FROM THE QUALIFYING SCHOOL DISTRICT TO THE
24 COMMUNITY DISTRICT. FOR AN INDIVIDUAL WHO BECOMES EMPLOYED BY A
25 COMMUNITY DISTRICT BY THE OPERATION OF SUBDIVISION (G), THE
26 COMMUNITY DISTRICT IS NOT REQUIRED TO OBTAIN A CRIMINAL HISTORY
27 CHECK UNDER SECTION 1230 OR A CRIMINAL RECORDS CHECK UNDER SECTION

1 1230A OR TO REQUEST INFORMATION CONCERNING UNPROFESSIONAL CONDUCT
2 UNDER SECTION 1230B BEFORE EMPLOYING THE INDIVIDUAL.

3 (I) ON THE TRANSFER DATE, A PUPIL ENROLLED IN THE QUALIFYING
4 SCHOOL DISTRICT IN THE IMMEDIATELY PRECEDING SCHOOL YEAR OTHER THAN
5 AN INDIVIDUAL WHO HAS COMPLETED GRADE 12 IS AUTOMATICALLY ENROLLED
6 BY OPERATION OF LAW IN THE COMMUNITY DISTRICT FOR THE NEXT SCHOOL
7 YEAR. THE TRANSITION MANAGER SHALL USE BEST EFFORTS TO ASSIGN A
8 PUPIL TO THE APPROPRIATE GRADE AT THE SCHOOL THE PUPIL ATTENDED IN
9 THE PRECEDING SCHOOL YEAR, OR TO ANOTHER SCHOOL THAT THE PUPIL HAS
10 APPLIED AND BEEN ADMITTED TO BEFORE THE TRANSFER DATE, UNLESS THE
11 APPROPRIATE GRADE IS NOT OFFERED AT THAT SCHOOL OR THAT SCHOOL IS
12 CLOSED. THE TRANSITION MANAGER SHALL ENSURE THAT ALL PUPIL RECORDS
13 ARE TRANSFERRED FROM THE QUALIFYING SCHOOL DISTRICT TO THE
14 COMMUNITY DISTRICT IN ACCORDANCE WITH SECTIONS 1134 AND 1135. THIS
15 SECTION DOES NOT DIMINISH OR LIMIT THE RIGHT OF A PUPIL TO ATTEND A
16 SCHOOL OF HIS OR HER CHOICE.

17 (8) A TRANSFER TO A COMMUNITY DISTRICT UNDER THIS SECTION DOES
18 NOT IMPAIR A CONTRACT WITH A PARTY IN PRIVITY WITH THE QUALIFYING
19 SCHOOL DISTRICT.

20 (9) UPON THE TRANSFER TO A COMMUNITY DISTRICT, THE COMMUNITY
21 DISTRICT ASSUMES AND THE QUALIFYING SCHOOL DISTRICT IS RELIEVED
22 FROM ALL OPERATIONAL JURISDICTION OVER THE QUALIFYING SCHOOL
23 DISTRICT AND FACILITIES AND IS RELIEVED FROM ALL FURTHER COSTS AND
24 RESPONSIBILITY ARISING FROM OR ASSOCIATED WITH OPERATING A PUBLIC
25 SCHOOL OR PROVIDING PUBLIC EDUCATION SERVICES, EXCEPT AS OTHERWISE
26 REQUIRED UNDER OBLIGATIONS RETAINED BY THE QUALIFYING SCHOOL
27 DISTRICT UNDER THIS SECTION, INCLUDING, BUT NOT LIMITED TO, DEBT.

1 (10) A QUALIFYING SCHOOL DISTRICT SHALL DO ALL OF THE
2 FOLLOWING:

3 (A) REFRAIN FROM ANY ACTION THAT WOULD IMPAIR A COMMUNITY
4 DISTRICT'S EXERCISE OF THE POWERS GRANTED TO THE COMMUNITY DISTRICT
5 UNDER THIS SECTION OR PART 5B, OR THAT WOULD IMPAIR THE EFFICIENT
6 OPERATION AND MANAGEMENT OF THE COMMUNITY DISTRICT.

7 (B) TAKE ALL ACTION REASONABLY NECESSARY TO CURE ANY DEFECTS
8 IN TITLE TO PROPERTY TRANSFERRED FROM THE QUALIFYING SCHOOL
9 DISTRICT TO THE COMMUNITY DISTRICT.

10 (C) UPON CREATION OF A COMMUNITY DISTRICT AND BEFORE THE
11 TRANSFER DATE, CONDUCT OPERATIONS OF THE QUALIFYING SCHOOL DISTRICT
12 IN THE ORDINARY AND USUAL COURSE OF BUSINESS.

13 (D) COMPLY WITH THE TERMS AND CONDITIONS OF ANY LOAN AGREEMENT
14 BETWEEN THE QUALIFYING SCHOOL DISTRICT AND THE LOCAL FINANCIAL
15 EMERGENCY ASSISTANCE LOAN BOARD UNDER THE EMERGENCY MUNICIPAL LOAN
16 ACT, 1980 PA 243, MCL 141.931 TO 141.942, INCLUDING, BUT NOT
17 LIMITED TO, ANY TERMS AND CONDITIONS PROVIDING FOR THE PAYMENT OF
18 TRANSITIONAL OPERATING COSTS INCURRED BY A COMMUNITY DISTRICT.

19 (E) NOTIFY THE STATE TREASURER UPON THE REPAYMENT OF ALL
20 OUTSTANDING OPERATING OBLIGATIONS OF THE QUALIFYING SCHOOL
21 DISTRICT.

22 (F) NOTIFY THE STATE TREASURER UPON THE REPAYMENT OF ALL
23 OUTSTANDING DEBT OF THE QUALIFYING SCHOOL DISTRICT.

24 (11) UPON THE ELECTION AND ASSUMPTION OF DUTIES BY THE MEMBERS
25 OF THE INITIAL ELECTED SCHOOL BOARD OF THE COMMUNITY DISTRICT, THE
26 SCHOOL BOARD OF THE QUALIFYING SCHOOL DISTRICT IS DISSOLVED AND THE
27 FUNCTIONS AND RESPONSIBILITIES OF THE QUALIFYING SCHOOL DISTRICT

1 SHALL BE EXERCISED BY THE COMMUNITY DISTRICT ON BEHALF OF THE
2 QUALIFYING SCHOOL DISTRICT UNTIL THE QUALIFYING SCHOOL DISTRICT IS
3 FULLY DISSOLVED UNDER SUBSECTION (14).

4 (12) IF THE STATE TREASURER IS NOTIFIED THAT ALL OUTSTANDING
5 OPERATING OBLIGATIONS OF THE QUALIFYING SCHOOL DISTRICT HAVE BEEN
6 REPAID, THE STATE TREASURER SHALL VERIFY WHETHER ALL OUTSTANDING
7 OBLIGATIONS OF THE QUALIFYING SCHOOL DISTRICT HAVE BEEN REPAID. THE
8 STATE TREASURER ALSO MAY DETERMINE THAT THE OUTSTANDING OPERATING
9 OBLIGATIONS OF A QUALIFYING SCHOOL DISTRICT HAVE BEEN SATISFIED ON
10 HIS OR HER OWN WITHOUT NOTICE. IF THE STATE TREASURER DETERMINES
11 THAT ALL OUTSTANDING OPERATING OBLIGATIONS OF THE QUALIFYING SCHOOL
12 DISTRICT HAVE BEEN REPAID, THE STATE TREASURER SHALL CERTIFY IN A
13 WRITTEN NOTICE TO A COMMUNITY DISTRICT THAT HAS THE SAME GEOGRAPHIC
14 BOUNDARIES AS THE QUALIFYING SCHOOL DISTRICT THAT THE OUTSTANDING
15 OPERATING OBLIGATIONS OF THE QUALIFYING SCHOOL DISTRICT HAVE BEEN
16 REPAID.

17 (13) IF THE STATE TREASURER IS NOTIFIED THAT ALL OUTSTANDING
18 DEBT OF THE QUALIFYING SCHOOL DISTRICT HAS BEEN REPAID, THE STATE
19 TREASURER SHALL VERIFY WHETHER ALL OF THE OUTSTANDING DEBT OF THE
20 QUALIFYING SCHOOL DISTRICT HAS BEEN REPAID. THE STATE TREASURER
21 ALSO MAY DETERMINE THAT THE OUTSTANDING DEBT OF A QUALIFYING SCHOOL
22 DISTRICT HAS BEEN REPAID ON HIS OR HER OWN WITHOUT NOTICE. IF THE
23 STATE TREASURER DETERMINES THAT ALL OF THE OUTSTANDING DEBT OF THE
24 QUALIFYING SCHOOL DISTRICT HAS BEEN REPAID, THE STATE TREASURER
25 SHALL CERTIFY IN A WRITTEN NOTICE TO A COMMUNITY DISTRICT THAT HAS
26 THE SAME GEOGRAPHIC BOUNDARIES AS THE QUALIFYING DISTRICT THAT ALL
27 OUTSTANDING DEBT OF THE QUALIFYING SCHOOL DISTRICT HAS BEEN REPAID.

1 (14) UPON CERTIFICATION BY THE STATE TREASURER UNDER
2 SUBSECTION (13), THE QUALIFYING SCHOOL DISTRICT IS FULLY DISSOLVED
3 AND ANY REMAINING ASSETS OF THE QUALIFYING SCHOOL DISTRICT ARE
4 TRANSFERRED TO THE COMMUNITY DISTRICT.

5 (15) AS USED IN THIS SECTION:

6 (A) "DEBT" MEANS THAT TERM AS DEFINED IN SECTION 103 OF THE
7 REVISED MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2103, AND ALSO
8 INCLUDES ANY OF THE FOLLOWING:

9 (i) OBLIGATIONS OF THE QUALIFYING SCHOOL DISTRICT UNDER AN
10 ENERGY INSTALLMENT PURCHASE CONTRACT.

11 (ii) OBLIGATIONS OF THE QUALIFYING SCHOOL DISTRICT UNDER A
12 CAPITAL LEASE.

13 (iii) ANY UNPAID AMOUNTS PAYABLE BY THE QUALIFYING SCHOOL
14 DISTRICT TO THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD
15 UNDER THE PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA
16 300, MCL 38.1301 TO 38.1437.

17 (iv) THE REPAYMENT OF ANY LOAN OR OBLIGATIONS UNDER ANY LOAN
18 AGREEMENT BETWEEN THE QUALIFYING SCHOOL DISTRICT AND THE LOCAL
19 FINANCIAL EMERGENCY ASSISTANCE LOAN BOARD UNDER THE EMERGENCY
20 MUNICIPAL LOAN ACT, 1980 PA 243, MCL 141.931 TO 141.942.

21 (v) THE REPAYMENT OF ANY SCHOOL FINANCING STABILITY BONDS
22 UNDER SECTION 1356.

23 (vi) ANY OTHER MONETARY OBLIGATIONS OF THE QUALIFYING SCHOOL
24 DISTRICT.

25 (B) "OPERATING OBLIGATION" MEANS DEBT OF A SCHOOL DISTRICT
26 INCURRED FOR PURPOSES OF FINANCING THE OPERATION OF A SCHOOL
27 DISTRICT OR PUBLIC SCHOOLS OPERATED BY A SCHOOL DISTRICT,

1 INCLUDING, BUT NOT LIMITED TO, FISCAL STABILITY BONDS UNDER SECTION
2 1356 AND AN EMERGENCY LOAN UNDER THE EMERGENCY MUNICIPAL LOAN ACT,
3 1980 PA 243, MCL 141.931 TO 141.942, AND TRANSITIONAL OPERATING
4 COSTS AS DEFINED IN SECTION 3 OF THE EMERGENCY MUNICIPAL LOAN ACT,
5 1980 PA 243, MCL 141.933. OPERATING OBLIGATION DOES NOT INCLUDE
6 DEBT OF A SCHOOL DISTRICT INCURRED FOR THE PURPOSE OF CONSTRUCTING,
7 RENOVATING, MAINTAINING, OR OTHERWISE IMPROVING SCHOOL FACILITIES
8 UNLESS THE DEBT IS INCURRED AS TRANSITIONAL OPERATING COSTS AS
9 DEFINED IN SECTION 3 OF THE EMERGENCY MUNICIPAL LOAN ACT, 1980 PA
10 243, MCL 141.933.

11 (C) "TRANSFER DATE" MEANS THE FIRST JULY 1 AFTER THE DATE A
12 SCHOOL DISTRICT BECOMES A QUALIFYING SCHOOL DISTRICT. FOR A SCHOOL
13 DISTRICT THAT BECAME A QUALIFYING SCHOOL DISTRICT ON THE EFFECTIVE
14 DATE OF THE AMENDATORY ACT THAT ADDED THIS SUBDIVISION, THE
15 TRANSFER DATE IS JULY 1, 2016.

16 PART 5B

17 COMMUNITY DISTRICTS

18 SEC. 381. (1) A SCHOOL DISTRICT ORGANIZED AS A COMMUNITY
19 DISTRICT SHALL BE GOVERNED BY THIS PART, BY THE PROVISIONS OF
20 ARTICLE 2 NOT INCONSISTENT WITH THIS PART, AND BY ARTICLES 3 AND 4.

21 (2) A COMMUNITY DISTRICT IS A POLITICAL SUBDIVISION AND PUBLIC
22 BODY CORPORATE SEPARATE AND DISTINCT FROM THIS STATE AND OTHER
23 SCHOOL DISTRICTS IN THIS STATE.

24 (3) THE NAME OF A SCHOOL DISTRICT GOVERNED BY THIS PART SHALL
25 INCLUDE THE NAME OF THE CITY, VILLAGE, OR TOWNSHIP WITH THE
26 GREATEST POPULATION LOCATED WITHIN THE GEOGRAPHIC BOUNDARIES OF THE
27 COMMUNITY DISTRICT, THE WORD "SCHOOL" OR "SCHOOLS", AND THE WORD

1 "COMMUNITY" OR "DISTRICT", OR BOTH.

2 (4) SUBJECT TO SECTION 12B, A SCHOOL DISTRICT GOVERNED BY THIS
3 PART SHALL BE UNDER THE JURISDICTION OF AND GOVERNED BY THE SCHOOL
4 BOARD OF THE COMMUNITY DISTRICT PROVIDED FOR BY SECTION 384.

5 (5) AS USED IN THIS PART:

6 (A) "AUTHORIZING BODY" MEANS THAT TERM AS DEFINED IN SECTION
7 501, 521, OR 551, AS APPLICABLE.

8 (B) "STATE SCHOOL REFORM/REDESIGN OFFICER" MEANS THAT OFFICER
9 SERVING UNDER SECTION 1280C.

10 (C) "TRANSFER DATE" MEANS THAT TERM AS DEFINED IN SECTION 12B.

11 SEC. 382. EXCEPT AS OTHERWISE PROVIDED IN THIS PART, A
12 COMMUNITY DISTRICT SHALL BE ORGANIZED AND CONDUCTED IN THE SAME
13 MANNER AS A GENERAL POWERS SCHOOL DISTRICT. EXCEPT AS OTHERWISE
14 PROVIDED BY LAW, A COMMUNITY DISTRICT HAS ALL OF THE POWERS OF A
15 GENERAL POWERS SCHOOL DISTRICT UNDER SECTION 11A AND HAS ALL
16 ADDITIONAL POWERS GRANTED BY LAW TO A COMMUNITY DISTRICT OR THE
17 SCHOOL BOARD OF A COMMUNITY DISTRICT.

18 SEC. 383. EFFECTIVE ON THE DATE A SCHOOL DISTRICT BECOMES A
19 QUALIFYING SCHOOL DISTRICT, A COMMUNITY DISTRICT IS CREATED FOR THE
20 SAME GEOGRAPHIC AREA OF THAT QUALIFYING SCHOOL DISTRICT TO PROVIDE
21 PUBLIC EDUCATION SERVICES FOR RESIDENTS OF THAT GEOGRAPHIC AREA AND
22 TO OTHERWISE EXERCISE THE POWERS OF A COMMUNITY DISTRICT FOR THAT
23 GEOGRAPHIC AREA BEGINNING ON THE TRANSFER DATE FOR THAT QUALIFYING
24 SCHOOL DISTRICT.

25 SEC. 384. (1) UNTIL AN INITIAL SCHOOL BOARD FOR A COMMUNITY
26 DISTRICT IS ELECTED UNDER THIS SECTION, THE TRANSITION MANAGER
27 DESIGNATED UNDER SECTION 12B SHALL EXERCISE THE POWERS AND DUTIES

1 WITH RESPECT TO GOVERNANCE OF THE COMMUNITY DISTRICT AS PROVIDED
2 UNDER THAT SECTION.

3 (2) THE INITIAL SCHOOL BOARD FOR A COMMUNITY DISTRICT SHALL
4 CONSIST OF 7 MEMBERS ELECTED AS PROVIDED IN THIS SECTION. THE
5 SCHOOL DISTRICT ELECTION COORDINATOR FOR THE COMMUNITY DISTRICT
6 SHALL CONDUCT THE ELECTION AS PROVIDED FOR UNDER THIS SECTION AND
7 THE MICHIGAN ELECTION LAW.

8 (3) THE SCHOOL BOARD FOR A COMMUNITY DISTRICT SHALL CONSIST OF
9 7 SCHOOL ELECTORS OF THE COMMUNITY DISTRICT ELECTED ON A
10 DISTRICTWIDE BASIS. MEMBERS ELECTED TO THE INITIAL ELECTED SCHOOL
11 BOARD SHALL BE ELECTED AT THE FIRST NOVEMBER REGULAR ELECTION DATE,
12 AS ESTABLISHED UNDER SECTION 641 OF THE MICHIGAN ELECTION LAW, MCL
13 168.641, THAT OCCURS AT LEAST 90 DAYS AFTER THE TRANSFER DATE.

14 (4) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, FOR AN
15 INDIVIDUAL'S NAME TO APPEAR ON THE OFFICIAL BALLOT AS A CANDIDATE
16 FOR MEMBER OF THE INITIAL ELECTED SCHOOL BOARD OF A COMMUNITY
17 DISTRICT, THE CANDIDATE SHALL FILE A NOMINATING PETITION AND THE
18 AFFIDAVIT REQUIRED BY SECTION 558 OF THE MICHIGAN ELECTION LAW, MCL
19 168.558, WITH THE SCHOOL DISTRICT ELECTION COORDINATOR NOT LATER
20 THAN 4 P.M. ON THE FIFTEENTH TUESDAY BEFORE THE ELECTION DATE. THE
21 NOMINATING PETITION MUST BE SIGNED BY A MINIMUM OF 40 AND MAXIMUM
22 OF 100 SCHOOL ELECTORS OF THE COMMUNITY DISTRICT. THE NOMINATING
23 PETITION SHALL BE SUBSTANTIALLY IN THE FORM PRESCRIBED UNDER
24 SECTION 303 OF THE MICHIGAN ELECTION LAW, MCL 168.303. HOWEVER,
25 INSTEAD OF FILING NOMINATING PETITIONS, A CANDIDATE FOR SCHOOL
26 BOARD MEMBER MAY PAY A NONREFUNDABLE FILING FEE OF \$100.00 TO THE
27 SCHOOL DISTRICT ELECTION COORDINATOR. IF THIS FEE IS PAID BY THE

1 DUE DATE FOR A NOMINATING PETITION, THE PAYMENT HAS THE SAME EFFECT
2 UNDER THIS SECTION AS THE FILING OF A NOMINATING PETITION.

3 (5) THE 2 MEMBERS OF THE INITIAL ELECTED SCHOOL BOARD
4 RECEIVING THE HIGHEST VOTE TOTALS IN THAT ELECTION AMONG THE 7
5 MEMBERS ELECTED SHALL BE ELECTED FOR A TERM OF 6 YEARS, THE 3
6 MEMBERS OF THE INITIAL ELECTED SCHOOL BOARD RECEIVING THE NEXT
7 HIGHEST VOTE TOTALS IN THAT ELECTION AMONG THE 7 MEMBERS ELECTED
8 SHALL BE ELECTED FOR A TERM OF 4 YEARS, AND THE 2 MEMBERS OF THE
9 INITIAL ELECTED SCHOOL BOARD RECEIVING THE LOWEST VOTE TOTALS IN
10 THAT ELECTION AMONG THE 7 MEMBERS ELECTED SHALL BE ELECTED FOR A
11 TERM OF 2 YEARS. THE TERM OF A MEMBER OF THE INITIAL ELECTED SCHOOL
12 BOARD SHALL BEGIN ON JANUARY 1 FOLLOWING THE MEMBER'S ELECTION.

13 (6) AFTER THE INITIAL TERMS UNDER SUBSECTION (5), EACH MEMBER
14 OF THE SCHOOL BOARD OF A COMMUNITY DISTRICT SHALL BE ELECTED AT THE
15 NOVEMBER REGULAR ELECTION DATE FOR A TERM OF 4 YEARS BEGINNING ON
16 JANUARY 1 FOLLOWING THE MEMBER'S ELECTION.

17 (7) THE SCHOOL BOARD OF A COMMUNITY DISTRICT SHALL ADOPT
18 BYLAWS AS DESCRIBED IN SECTION 11A(6) FOR A GENERAL POWERS SCHOOL
19 DISTRICT. THESE BYLAWS MAY ESTABLISH OR CHANGE BOARD PROCEDURES;
20 ESTABLISH THE NUMBER, TITLES, AND DUTIES OF BOARD OFFICERS; AND
21 ADDRESS ANY OTHER MATTER RELATED TO EFFECTIVE AND EFFICIENT
22 FUNCTIONING OF THE BOARD. REGULAR MEETINGS OF THE BOARD SHALL BE
23 HELD AT LEAST ONCE EACH MONTH, AT THE TIME AND PLACE FIXED BY THE
24 BYLAWS. SPECIAL MEETINGS MAY BE CALLED AND HELD IN THE MANNER AND
25 FOR THE PURPOSES SPECIFIED IN THE BYLAWS.

26 (8) A MEMBER OF A SCHOOL BOARD FOR A QUALIFYING SCHOOL
27 DISTRICT UNDER SECTION 12B MAY NOT ALSO SERVE AS A MEMBER OF A

1 SCHOOL BOARD FOR A COMMUNITY DISTRICT THAT HAS THE SAME GEOGRAPHIC
2 BOUNDARIES AS THE QUALIFYING SCHOOL DISTRICT. A MEMBER OF A SCHOOL
3 BOARD OF A COMMUNITY DISTRICT MAY NOT ALSO SERVE AS A MEMBER OF A
4 SCHOOL BOARD FOR A QUALIFYING SCHOOL DISTRICT THAT HAS THE SAME
5 GEOGRAPHIC BOUNDARIES AS THE COMMUNITY DISTRICT.

6 (9) AS USED IN THIS SECTION, "SCHOOL DISTRICT ELECTION
7 COORDINATOR" MEANS THAT TERM AS DEFINED UNDER SECTION 4 OF THE
8 MICHIGAN ELECTION LAW, MCL 168.4.

9 SEC. 385. (1) THE SCHOOL BOARD OF A COMMUNITY DISTRICT SHALL
10 EMPLOY A SUPERINTENDENT OF SCHOOLS. WITHIN 90 DAYS AFTER THE
11 INITIAL SCHOOL BOARD OF A COMMUNITY DISTRICT TAKES OFFICE, THE
12 SCHOOL BOARD OF THE COMMUNITY DISTRICT SHALL APPOINT AN INITIAL
13 SUPERINTENDENT OF SCHOOLS FOR THE COMMUNITY DISTRICT. THE INITIAL
14 SUPERINTENDENT OF SCHOOLS SHALL BE SELECTED BASED UPON HIS OR HER
15 DEMONSTRATED ABILITY, RECORD OF COMPETENCE, EXPERIENCE IN
16 INCREASING ACADEMIC ACHIEVEMENT, EXPERIENCE WITH EDUCATION REFORM
17 AND REDESIGN, AND EXPERTISE IN THE TURNAROUND OF ACADEMICALLY
18 UNDERPERFORMING URBAN SCHOOLS.

19 (2) ON AN ANNUAL BASIS, THE SCHOOL BOARD OF A COMMUNITY
20 DISTRICT SHALL EVALUATE AND ISSUE A REPORT ON THE PERFORMANCE OF
21 THE COMMUNITY DISTRICT BASED ON THE FOLLOWING FACTORS:

22 (A) THE PROPORTION OF PUPILS ENROLLED IN THE COMMUNITY
23 DISTRICT WHO ACHIEVE SCORES AT LEAST EQUIVALENT TO PROFICIENT ON
24 STATE ASSESSMENTS.

25 (B) THE PROPORTION OF PUPILS ENROLLED IN THE COMMUNITY
26 DISTRICT WHO ACHIEVE AT LEAST 1 YEAR OF ACADEMIC GROWTH IN A SCHOOL
27 YEAR.

1 (C) THE PROPORTION OF GRADUATES FROM OR PUPILS ENROLLED IN THE
2 COMMUNITY DISTRICT WHO ARE ENROLLED IN SOME FORM OF POSTSECONDARY
3 EDUCATION OR CAREER AND TECHNICAL EDUCATION.

4 (3) ON AT LEAST AN ANNUAL BASIS, THE SCHOOL BOARD OF A
5 COMMUNITY DISTRICT SHALL EVALUATE THE PERFORMANCE OF THE
6 SUPERINTENDENT OF SCHOOLS OF THE COMMUNITY DISTRICT.

7 (4) FOR AN INDIVIDUAL WHO IS THE CHIEF SCHOOL ADMINISTRATOR OF
8 A SCHOOL OPERATED BY A COMMUNITY DISTRICT AND IS EMPLOYED BY THE
9 COMMUNITY DISTRICT AS OF THE DATE THE INITIAL ELECTED SCHOOL BOARD
10 TAKES OFFICE UNDER SECTION 384, BEFORE MAKING A DECISION ON
11 RENEWING OR NONRENEWAL OF THE INDIVIDUAL'S EMPLOYMENT CONTRACT AS
12 DESCRIBED UNDER SECTION 1229(2) AND (3), THE SCHOOL BOARD OF THE
13 COMMUNITY DISTRICT SHALL PERFORM AN INDIVIDUAL REVIEW OF EACH
14 INDIVIDUAL'S SCHOOL ADMINISTRATOR EMPLOYMENT CONTRACT AND MAKE AN
15 AFFIRMATIVE DECISION TO RENEW THE CONTRACT OR TO PROVIDE NOTICE OF
16 NONRENEWAL. THE SCHOOL BOARD OF THE COMMUNITY DISTRICT SHALL COMPLY
17 WITH THE TIME PERIODS IN SECTION 1229(2) AND (3). THE REVIEW
18 REQUIRED UNDER THIS SECTION IS IN ADDITION TO ANY PERFORMANCE
19 EVALUATION REQUIRED UNDER THE PERFORMANCE EVALUATION SYSTEM UNDER
20 SECTION 1249B.

21 SEC. 386. IF ANOTHER SCHOOL DISTRICT IS AUTHORIZED TO LEVY A
22 SCHOOL OPERATING TAX UNDER SECTION 1211 WITHIN THE GEOGRAPHIC
23 BOUNDARIES OF THE COMMUNITY DISTRICT DURING A TAX YEAR, THE
24 COMMUNITY DISTRICT SHALL NOT LEVY A SCHOOL OPERATING TAX UNDER
25 SECTION 1211 DURING THAT TAX YEAR.

26 SEC. 387. A COMMUNITY DISTRICT IS SUBJECT TO FINANCIAL
27 OVERSIGHT BY A FINANCIAL REVIEW COMMISSION TO THE EXTENT PROVIDED

1 UNDER THE MICHIGAN FINANCIAL REVIEW COMMISSION ACT, 2014 PA 181,
2 MCL 141.1631 TO 141.1643. IF A FINANCIAL REVIEW COMMISSION IS IN
3 PLACE FOR A COMMUNITY DISTRICT, ALL OF THE FOLLOWING APPLY:

4 (A) THE APPOINTMENT OF A CHIEF FINANCIAL OFFICER FOR THE
5 COMMUNITY DISTRICT IS SUBJECT TO THE APPROVAL OF THE FINANCIAL
6 REVIEW COMMISSION. BEFORE THE CHIEF FINANCIAL OFFICER'S APPOINTMENT
7 IS FINAL, THE SCHOOL BOARD OF THE COMMUNITY DISTRICT SHALL SUBMIT
8 THE PROPOSED APPOINTMENT IN WRITING TO THE FINANCIAL REVIEW
9 COMMISSION FOR ITS APPROVAL. IF THE PROPOSED APPOINTMENT IS NOT
10 APPROVED BY THE FINANCIAL REVIEW COMMISSION WITHIN 45 DAYS AFTER IT
11 IS SUBMITTED IN WRITING TO THE FINANCIAL REVIEW COMMISSION, THE
12 APPOINTMENT IS DENIED.

13 (B) THE COMMUNITY DISTRICT MAY NOT TERMINATE THE EMPLOYMENT OF
14 THE SUPERINTENDENT OF SCHOOLS OR CHIEF FINANCIAL OFFICER OF THE
15 COMMUNITY DISTRICT UNLESS THAT ACTION IS APPROVED BY THE FINANCIAL
16 REVIEW COMMISSION.

17 (C) THE TRANSITION MANAGER OR SCHOOL BOARD OF A COMMUNITY
18 DISTRICT SHALL ENSURE THAT THE COMMUNITY DISTRICT DOES NOT PROVIDE
19 TO A SCHOOL BOARD MEMBER, OFFICIAL, OR EMPLOYEE OF THE COMMUNITY
20 DISTRICT ANY REIMBURSEMENT FROM PUBLIC FUNDS FOR TRAVEL OUTSIDE OF
21 THIS STATE UNLESS THE REIMBURSEMENT IS SPECIFICALLY APPROVED BY THE
22 FINANCIAL REVIEW COMMISSION. THE STATE TREASURER SHALL MONITOR AND
23 VERIFY COMPLIANCE WITH THIS SUBDIVISION BY OBTAINING THE NECESSARY
24 INFORMATION FROM THE DEPARTMENT AND THE COMMUNITY DISTRICT AT LEAST
25 ANNUALLY. IF THE STATE TREASURER DETERMINES THAT A COMMUNITY
26 DISTRICT IS NOT IN COMPLIANCE WITH THIS SUBDIVISION, THE STATE
27 TREASURER SHALL NOTIFY THE COMMUNITY DISTRICT, THE DEPARTMENT, AND

1 THE LEGISLATURE.

2 SEC. 388. THIS PART DOES NOT REPEAL OR AFFECT A GENERAL LAW OR
3 LOCAL LAW GOVERNING THE MANAGEMENT AND CONTROL OF A PUBLIC LIBRARY
4 ESTABLISHED IN A COMMUNITY DISTRICT UNDER THIS PART OR A FIRST
5 CLASS SCHOOL DISTRICT UNDER PART 6. ANY POWERS AND DUTIES OF A
6 QUALIFYING SCHOOL DISTRICT UNDER SECTION 12B RELATING TO THE
7 MANAGEMENT AND CONTROL OF A PUBLIC LIBRARY ARE TRANSFERRED TO THE
8 COMMUNITY DISTRICT ON THE TRANSFER DATE FOR THE QUALIFYING SCHOOL
9 DISTRICT UNDER SECTION 12B.

10 SEC. 389. THE VALIDITY OF THE FORMATION OF A COMMUNITY
11 DISTRICT SHALL BE CONCLUSIVELY PRESUMED UNLESS QUESTIONED IN AN
12 ORIGINAL ACTION FILED IN THE COURT OF APPEALS WITHIN 60 DAYS AFTER
13 THE COMMUNITY DISTRICT IS CREATED UNDER SECTION 383. THE COURT OF
14 APPEALS HAS ORIGINAL JURISDICTION TO HEAR AN ACTION UNDER THIS
15 SECTION. THE COURT SHALL HEAR THE ACTION IN AN EXPEDITED MANNER.
16 THE DEPARTMENT OF TREASURY IS A NECESSARY PARTY IN ANY ACTION UNDER
17 THIS SECTION.

18 SEC. 390. (1) SUBJECT TO SUBSECTION (2), THE STATE SCHOOL
19 REFORM/REDESIGN OFFICER SERVING UNDER SECTION 1280C SHALL
20 ESTABLISH, IMPLEMENT, AND ADMINISTER A COMMUNITY DISTRICT
21 ACCOUNTABILITY SYSTEM UNDER THIS SECTION FOR ALL PUBLIC SCHOOLS
22 LOCATED WITHIN THE BOUNDARIES OF A COMMUNITY DISTRICT, INCLUDING
23 ALL SCHOOLS OPERATED BY THE COMMUNITY DISTRICT AND ALL PUBLIC
24 SCHOOL ACADEMIES LOCATED WITHIN THE BOUNDARIES OF THE COMMUNITY
25 DISTRICT. THE ACCOUNTABILITY SYSTEM SHALL MEET ALL OF THE
26 REQUIREMENTS OF THIS SECTION.

27 (2) THE STATE SCHOOL REFORM/REDESIGN OFFICER SHALL IMPLEMENT

1 AND ADMINISTER THE ACCOUNTABILITY SYSTEM UNDER THIS SECTION
2 BEGINNING WITH THE SECOND FULL SCHOOL YEAR THAT STARTS AFTER THE
3 TRANSFER DATE. AFTER THE ACCOUNTABILITY SYSTEM IS IMPLEMENTED, THE
4 STATE SCHOOL REFORM/REDESIGN OFFICER, NOT MORE FREQUENTLY THAN
5 ANNUALLY, MAY MAKE ADJUSTMENTS TO THE ACCOUNTABILITY SYSTEM THAT
6 ARE CONSISTENT WITH THIS SECTION.

7 (3) A COMMUNITY DISTRICT ACCOUNTABILITY SYSTEM UNDER THIS
8 SECTION SHALL MEET ALL OF THE FOLLOWING:

9 (A) THE ACCOUNTABILITY SYSTEM ANNUALLY SHALL ASSIGN A LETTER
10 GRADE OF A, B, C, D, OR F TO EACH PUBLIC SCHOOL LOCATED WITHIN THE
11 BOUNDARIES OF THE COMMUNITY DISTRICT.

12 (B) THE ACCOUNTABILITY SYSTEM SHALL ASSIGN THE LETTER GRADES
13 UNDER SUBDIVISION (A) BASED ON A POINT SCALE FROM 0 TO 100 POINTS,
14 USING THE TOTAL POINTS ACHIEVED BY A SCHOOL TO DETERMINE THE LETTER
15 GRADE. THE STATE SCHOOL REFORM/REDESIGN OFFICER SHALL DETERMINE HOW
16 MANY POINTS ARE NECESSARY FOR EACH LETTER GRADE.

17 (C) THE POINTS UNDER SUBDIVISION (B) SHALL BE ASSIGNED BASED
18 ON A SCHOOL'S PERFORMANCE ON PROFICIENCY MEASURES, GROWTH MEASURES,
19 AND NONACADEMIC MEASURES, AS PRESCRIBED UNDER SUBSECTION (4).

20 (D) IF POSSIBLE, A SCHOOL'S PERFORMANCE ON PROFICIENCY
21 MEASURES, GROWTH MEASURES, AND NONACADEMIC MEASURES SHALL BE BASED
22 ON THE AVERAGE OF THE RESULTS FROM THE 2 MOST RECENT SCHOOL YEARS
23 FOR WHICH THE DATA ARE AVAILABLE. IF 2 YEARS OF DATA ARE NOT
24 AVAILABLE FOR A PARTICULAR MEASURE, THE SCHOOL'S PERFORMANCE FOR
25 THAT MEASURE SHALL BE BASED ON THE RESULTS FROM THE MOST RECENT
26 SCHOOL YEAR FOR WHICH THE DATA ARE AVAILABLE.

27 (4) IN DETERMINING THE NUMBER OF POINTS TO BE ASSIGNED FOR

1 EACH PUBLIC SCHOOL UNDER SUBSECTION (3), THE STATE SCHOOL
2 REFORM/REDESIGN OFFICER SHALL ENSURE THAT NOT LESS THAN 80% OF THE
3 TOTAL POINTS ASSIGNED ARE BASED ON THE COMBINED WEIGHT GIVEN TO
4 PROFICIENCY MEASURES AND GROWTH MEASURES. OF THE COMBINED WEIGHT
5 GIVEN TO THESE 2 MEASURES, GROWTH MEASURES SHALL ACCOUNT FOR AT
6 LEAST 50% AND NOT MORE THAN 70% OF THAT COMBINED WEIGHT. THE
7 BALANCE THAT IS NOT BASED ON PROFICIENCY MEASURES AND GROWTH
8 MEASURES SHALL BE BASED ON NONACADEMIC MEASURES. ALL OF THE
9 FOLLOWING APPLY TO THESE MEASURES:

10 (A) PROFICIENCY MEASURES SHALL INCLUDE ALL OF THE FOLLOWING:

11 (i) FOR A PUBLIC SCHOOL THAT OPERATES ANY OF GRADES K TO 8,
12 BOTH OF THE FOLLOWING:

13 (A) OVERALL PROFICIENCY AS MEASURED ON THE ENGLISH LANGUAGE
14 ARTS AND MATHEMATICS PORTIONS OF THE M-STEP.

15 (B) PROFICIENCY FOR CONTINUOUSLY ENROLLED PUPILS AS MEASURED
16 ON THE ENGLISH LANGUAGE ARTS AND MATHEMATICS PORTIONS OF THE M-
17 STEP. THIS SHALL BE BASED ON THE PERCENTAGE OF PUPILS WHO HAVE BEEN
18 ENROLLED IN THAT SCHOOL FOR 2 OR MORE CONSECUTIVE SCHOOL YEARS WHO
19 ACHIEVE PROFICIENCY OR ADVANCED ON THESE PORTIONS OF THE M-STEP,
20 ASSIGNING EQUAL WEIGHT TO ENGLISH LANGUAGE ARTS AND MATHEMATICS
21 RESULTS.

22 (ii) FOR A PUBLIC SCHOOL THAT OPERATES ANY OF GRADES 9 TO 12,
23 ALL OF THE FOLLOWING:

24 (A) THE PERCENTAGE OF PUPILS WHO GRADUATE WITHIN 4 YEARS.

25 (B) PUPIL SCORES ON THE COLLEGE ENTRANCE EXAMINATION COMPONENT
26 OF THE MICHIGAN MERIT EXAMINATION UNDER SECTION 1279G(2)(A).

27 (C) THE PERCENTAGE OF PUPILS ENROLLED IN THAT SCHOOL IN

1 COLLEGE LEVEL EQUIVALENT COURSES AND THE PERCENTAGE OF THOSE PUPILS
2 WHO PASS THE COURSES AND ACHIEVE THE SCORE ON A COLLEGE LEVEL
3 EQUIVALENT CREDIT EXAMINATION THAT MUST BE ACHIEVED TO QUALIFY FOR
4 COLLEGE LEVEL EQUIVALENT CREDIT FOR EACH OF THE COURSES. AS USED IN
5 THIS SUB-SUBPARAGRAPH, "COLLEGE LEVEL EQUIVALENT COURSE" AND
6 "COLLEGE LEVEL EQUIVALENT CREDIT EXAMINATION" MEAN THOSE TERMS AS
7 DEFINED IN SECTION 1471.

8 (D) OVERALL PROFICIENCY AS MEASURED ON THE SOCIAL STUDIES AND
9 SCIENCE PORTIONS OF THE M-STEP.

10 (B) GROWTH MEASURES SHALL INCLUDE ALL OF THE FOLLOWING:

11 (i) FOR A PUBLIC SCHOOL THAT OPERATES ANY OF GRADES K TO 8,
12 ALL OF THE FOLLOWING:

13 (A) OVERALL GROWTH AMONG ALL PUPILS ENROLLED IN THAT SCHOOL
14 FOR THE FULL SCHOOL YEAR AS MEASURED BY GROWTH ACHIEVED FROM 1
15 SCHOOL YEAR TO THE NEXT ON THE ENGLISH LANGUAGE ARTS AND
16 MATHEMATICS PORTIONS OF THE M-STEP, ASSIGNING EQUAL WEIGHT TO
17 ENGLISH LANGUAGE ARTS AND MATHEMATICS RESULTS.

18 (B) GROWTH AMONG CONTINUOUSLY ENROLLED PUPILS AS MEASURED ON
19 THE ENGLISH LANGUAGE ARTS AND MATHEMATICS PORTIONS OF THE M-STEP.
20 THIS SHALL BE BASED ON THE AVERAGE STUDENT GROWTH ACHIEVED FROM 1
21 SCHOOL YEAR TO THE NEXT AMONG PUPILS WHO HAVE BEEN ENROLLED IN THAT
22 SCHOOL FOR 2 OR MORE CONSECUTIVE SCHOOL YEARS ON THE ENGLISH
23 LANGUAGE ARTS AND MATHEMATICS PORTIONS OF THE M-STEP, ASSIGNING
24 EQUAL WEIGHT TO ENGLISH LANGUAGE ARTS AND MATHEMATICS RESULTS.

25 (C) GROWTH AMONG THE BOTTOM 30% OF PUPILS ENROLLED IN THAT
26 SCHOOL AS MEASURED ON THE ENGLISH LANGUAGE ARTS AND MATHEMATICS
27 PORTIONS OF THE M-STEP. THIS SHALL BE BASED ON THE AVERAGE STUDENT

1 GROWTH ACHIEVED FROM 1 SCHOOL YEAR TO THE NEXT AMONG PUPILS WHOSE
2 TEST SCORES FOR THE FIRST OF THE 2 SCHOOL YEARS WERE IN THE BOTTOM
3 30% ON THE ENGLISH LANGUAGE ARTS AND MATHEMATICS PORTIONS OF THE M-
4 STEP, ASSIGNING EQUAL WEIGHT TO ENGLISH LANGUAGE ARTS AND
5 MATHEMATICS RESULTS.

6 (ii) FOR A PUBLIC SCHOOL THAT OPERATES ANY OF GRADES 9 TO 12,
7 BOTH OF THE FOLLOWING:

8 (A) PROGRESS MADE IN IMPROVING THE PERCENTAGE OF PUPILS WHO
9 GRADUATE WITHIN 4 YEARS.

10 (B) PROGRESS MADE IN IMPROVING PUPIL SCORES ON THE COLLEGE
11 ENTRANCE EXAMINATION COMPONENT OF THE MICHIGAN MERIT EXAMINATION
12 UNDER SECTION 1279G(2)(A).

13 (C) NONACADEMIC MEASURES SHALL INCLUDE ALL OF THE FOLLOWING
14 FOR ALL PUBLIC SCHOOLS, REGARDLESS OF GRADE LEVEL:

15 (i) STUDENT SURVEY RESULTS. THE STUDENT SURVEY SHALL BE
16 PROCURED FROM A THIRD-PARTY VENDOR AND MUST INCLUDE MEASURES OF
17 STUDENT ENGAGEMENT AND PUPILS' PERCEPTIONS OF SCHOOL SAFETY AND
18 LEARNING ENVIRONMENT. THERE MUST BE PUBLISHED EVIDENCE OF THE
19 RELIABILITY AND VALIDITY OF THE STUDENT SURVEY INSTRUMENTS USED,
20 INCLUDING EVIDENCE THAT THE SURVEY RESULTS ARE PREDICTIVE OF
21 STUDENT GROWTH RESULTS AND THAT THE SURVEY RESULTS CAN BE USED TO
22 MAKE MEANINGFUL DISTINCTIONS IN PERFORMANCE ACROSS SCHOOLS.

23 (ii) YEAR-TO-YEAR REENROLLMENT RATES, AS MEASURED BY THE
24 PERCENTAGE OF PUPILS WHO ENROLLED IN THAT SCHOOL IN THE CURRENT
25 SCHOOL YEAR AMONG ALL PUPILS WHO WERE ENROLLED IN THAT SCHOOL AT
26 THE END OF THE IMMEDIATELY PRECEDING SCHOOL YEAR, EXCLUDING THOSE
27 WHO MOVED RESIDENCES OR COMPLETED THE TERMINAL GRADE IN THE SCHOOL.

1 (iii) ABSENTEEISM RATES, AS MEASURED BY THE PERCENTAGE OF
2 PUPILS ENROLLED IN THAT SCHOOL FOR THE FULL SCHOOL YEAR WHO MISS
3 MORE THAN 10% OF SCHOOL DAYS.

4 (iv) PARENT PARTICIPATION IN SCHOOL SATISFACTION SURVEYS. IN
5 DETERMINING A SCHOOL'S PERFORMANCE ON THE NONACADEMIC MEASURES,
6 THIS MEASURE MAY NOT BE GIVEN MORE THAN 1/4 WEIGHT AMONG THE
7 MEASURES LISTED IN THIS SUBDIVISION.

8 (D) FOR PUBLIC SCHOOLS THAT OPERATE A CONFIGURATION OF GRADE
9 LEVELS THAT INCLUDES PUPILS IN BOTH ANY OF GRADES K TO 8 AND ANY OF
10 GRADES 9 TO 12, THE PUBLIC SCHOOL'S PERFORMANCE ON PROFICIENCY
11 MEASURES AND GROWTH MEASURES SHALL BE DETERMINED USING A WEIGHTED
12 AVERAGE OF THE MEASUREMENTS UNDER SUBDIVISIONS (A) AND (B).

13 (5) THE ACCOUNTABILITY SYSTEM UNDER THIS SECTION SHALL REMAIN
14 IN EFFECT UNTIL A STATE ACCOUNTABILITY SYSTEM IS ESTABLISHED BY THE
15 LEGISLATURE FOR ALL PUBLIC SCHOOLS IN THIS STATE AND IS DESIGNATED
16 AS REPLACING THE ACCOUNTABILITY SYSTEM UNDER THIS SECTION. IF SUCH
17 A STATE ACCOUNTABILITY SYSTEM IS ESTABLISHED, THE ACCOUNTABILITY
18 SYSTEM UNDER THIS SECTION IS TERMINATED AND THE PUBLIC SCHOOLS
19 LOCATED WITHIN THE BOUNDARIES OF A COMMUNITY DISTRICT ARE SUBJECT
20 TO THAT STATE ACCOUNTABILITY SYSTEM AS PROVIDED UNDER THAT SYSTEM.

21 (6) AS USED IN THIS SECTION, "M-STEP" MEANS THE MICHIGAN
22 STUDENT TEST OF EDUCATIONAL PROGRESS OR A SUCCESSOR STATEWIDE
23 ASSESSMENT ADOPTED AND IMPLEMENTED BY THE DEPARTMENT.

24 SEC. 391. (1) NOTWITHSTANDING SECTION 1280C, EXCEPT FOR A
25 SCHOOL THAT IS AN ALTERNATIVE SCHOOL SERVING A SPECIAL STUDENT
26 POPULATION, AND SUBJECT TO SUBSECTIONS (2) AND (3), UNTIL THE
27 ACCOUNTABILITY SYSTEM UNDER SECTION 390 HAS BEEN IN EFFECT IN THE

1 COMMUNITY DISTRICT FOR AT LEAST 3 FULL SCHOOL YEARS, IF A SCHOOL
2 OPERATED BY A COMMUNITY DISTRICT IS AMONG THE LOWEST ACHIEVING 5%
3 OF ALL PUBLIC SCHOOLS IN THIS STATE FOR THE IMMEDIATELY PRECEDING 3
4 SCHOOL YEARS, AS DETERMINED UNDER SECTION 1280C, THE STATE SCHOOL
5 REFORM/REDESIGN OFFICER SHALL ORDER THE COMMUNITY DISTRICT TO CLOSE
6 THE SCHOOL EFFECTIVE NO LATER THAN THE END OF THE CURRENT SCHOOL
7 YEAR.

8 (2) NOTWITHSTANDING SECTION 1280C, EXCEPT FOR A SCHOOL THAT IS
9 AN ALTERNATIVE SCHOOL SERVING A SPECIAL STUDENT POPULATION, AND
10 SUBJECT TO SUBSECTION (3), AFTER THE ACCOUNTABILITY SYSTEM UNDER
11 SECTION 390 HAS BEEN IN EFFECT IN THE COMMUNITY DISTRICT FOR AT
12 LEAST 3 FULL SCHOOL YEARS, IF A SCHOOL OPERATED BY A COMMUNITY
13 DISTRICT HAS BEEN ASSIGNED A GRADE OF "F" UNDER SECTION 390 FOR THE
14 IMMEDIATELY PRECEDING 3 SCHOOL YEARS, THE STATE SCHOOL
15 REFORM/REDESIGN OFFICER SHALL ORDER THE COMMUNITY DISTRICT TO CLOSE
16 THE SCHOOL EFFECTIVE NO LATER THAN THE END OF THE CURRENT SCHOOL
17 YEAR.

18 (3) FOR A PUBLIC SCHOOL THAT IS SUBJECT TO CLOSURE UNDER THIS
19 SECTION OR UNDER SECTION 507, 528, OR 561, THE STATE SCHOOL
20 REFORM/REDESIGN OFFICER SHALL CONSIDER OTHER PUBLIC SCHOOL OPTIONS
21 AVAILABLE TO PUPILS IN THE GRADE LEVELS OFFERED BY THE PUBLIC
22 SCHOOL WHO RESIDE IN THE GEOGRAPHIC AREA SERVED BY THE PUBLIC
23 SCHOOL. IF THE STATE SCHOOL REFORM/REDESIGN OFFICER DETERMINES THAT
24 CLOSURE OF THE PUBLIC SCHOOL WOULD RESULT IN AN UNREASONABLE
25 HARDSHIP TO THESE PUPILS BECAUSE THERE ARE INSUFFICIENT OTHER
26 PUBLIC SCHOOL OPTIONS REASONABLY AVAILABLE FOR THESE PUPILS, THE
27 STATE SCHOOL REFORM/REDESIGN OFFICER MAY RESCIND THE ORDER

1 SUBJECTING THE PUBLIC SCHOOL TO CLOSURE. IF THE STATE SCHOOL
2 REFORM/REDESIGN OFFICER RESCINDS AN ORDER SUBJECTING A PUBLIC
3 SCHOOL TO CLOSURE, THE STATE SCHOOL REFORM/REDESIGN OFFICER SHALL
4 DO SO BEFORE THE END OF THE SCHOOL YEAR. IF THE STATE SCHOOL
5 REFORM/REDESIGN OFFICER RESCINDS AN ORDER SUBJECTING A PUBLIC
6 SCHOOL TO CLOSURE, THE STATE SCHOOL REFORM/REDESIGN OFFICER SHALL
7 REQUIRE THE PUBLIC SCHOOL TO IMPLEMENT A SCHOOL IMPROVEMENT PLAN
8 THAT INCLUDES MEASURES TO INCREASE PUPIL GROWTH AND IMPROVE PUPIL
9 PROFICIENCY, WITH GROWTH AND PROFICIENCY MEASURED BY PERFORMANCE ON
10 STATE ASSESSMENTS.

11 (4) A COMMUNITY DISTRICT MAY NOT OPEN A NEW SCHOOL AT THE SAME
12 LOCATION AS A PUBLIC SCHOOL THAT IS CLOSED UNDER THIS SECTION OR
13 SECTION 507, 528, OR 561 WITHIN 3 YEARS AFTER THE CLOSURE OF THE
14 SCHOOL UNLESS THE NEW SCHOOL HAS A SUBSTANTIALLY DIFFERENT
15 LEADERSHIP STRUCTURE AND SUBSTANTIALLY DIFFERENT CURRICULAR
16 OFFERINGS THAN THE PREVIOUS SCHOOL AT THAT LOCATION AND IS APPROVED
17 BY THE STATE SCHOOL REFORM/REDESIGN OFFICER. AN AUTHORIZING BODY
18 SHALL NOT ISSUE A CONTRACT FOR A NEW PUBLIC SCHOOL ACADEMY SITE TO
19 BE LOCATED AT THE SAME LOCATION AS A PUBLIC SCHOOL THAT IS CLOSED
20 UNDER THIS SECTION WITHIN 3 YEARS AFTER THE CLOSURE OF THE SCHOOL
21 UNLESS THE NEW PUBLIC SCHOOL ACADEMY SITE HAS A SUBSTANTIALLY
22 DIFFERENT LEADERSHIP STRUCTURE AND SUBSTANTIALLY DIFFERENT
23 CURRICULAR OFFERINGS THAN THE PREVIOUS SCHOOL AT THAT LOCATION AND
24 IS APPROVED BY THE STATE SCHOOL REFORM/REDESIGN OFFICER.

25 SEC. 392. THE BOARD OF A COMMUNITY DISTRICT SHALL NOT OPEN A
26 NEW SCHOOL IF BOTH OF THE FOLLOWING CIRCUMSTANCES EXIST:

27 (A) UNTIL THE ACCOUNTABILITY SYSTEM UNDER SECTION 390 HAS BEEN

1 IN EFFECT IN THE COMMUNITY DISTRICT FOR AT LEAST 3 FULL SCHOOL
2 YEARS, THE PROPOSED SCHOOL WOULD OPERATE AT THE SAME LOCATION AS A
3 PUBLIC SCHOOL THAT CURRENTLY IS ON THE LIST UNDER SECTION 1280C(1)
4 OF THE PUBLIC SCHOOLS IN THIS STATE THAT THE STATE SCHOOL
5 REFORM/REDESIGN OFFICE HAS DETERMINED TO BE AMONG THE LOWEST
6 ACHIEVING 5% OF ALL PUBLIC SCHOOLS IN THIS STATE OR HAS BEEN ON
7 THAT LIST DURING THE IMMEDIATELY PRECEDING 3-YEAR PERIOD. BEGINNING
8 AFTER THE ACCOUNTABILITY SYSTEM UNDER SECTION 390 HAS BEEN IN
9 EFFECT IN THE COMMUNITY DISTRICT FOR AT LEAST 3 FULL SCHOOL YEARS,
10 THE PROPOSED SCHOOL WOULD OPERATE AT THE SAME LOCATION AS A PUBLIC
11 SCHOOL THAT HAS BEEN ASSIGNED A GRADE OF "F" UNDER SECTION 390 FOR
12 3 OF THE PRECEDING 5 SCHOOL YEARS.

13 (B) THE PROPOSED SCHOOL WOULD HAVE SUBSTANTIALLY THE SAME
14 LEADERSHIP AND SUBSTANTIALLY THE SAME CURRICULUM OFFERINGS AS THE
15 SCHOOL THAT PREVIOUSLY OPERATED AT THAT LOCATION.

16 SEC. 393. (1) A COMMUNITY DISTRICT SHALL HAVE, SUPPORT, AND
17 MAINTAIN AN ADVISORY COUNCIL AS PROVIDED IN THIS SECTION.

18 (2) THE ADVISORY COUNCIL SHALL CONSIST OF 6 MEMBERS AS
19 FOLLOWS:

20 (A) THE SUPERINTENDENT OF SCHOOLS OF THE COMMUNITY DISTRICT OR
21 HIS OR HER DESIGNEE.

22 (B) THE SCHOOL BOARD PRESIDENT OF THE COMMUNITY DISTRICT OR
23 HIS OR HER DESIGNEE.

24 (C) ONE MEMBER, APPOINTED BY THE STATE SCHOOL REFORM/REDESIGN
25 OFFICER, WHO AT THE TIME OF HIS OR HER APPOINTMENT IS THE PARENT OF
26 AT LEAST 1 PUPIL WHO IS CURRENTLY ENROLLED, AND WHO HAS BEEN
27 ENROLLED FOR AT LEAST 1 FULL SCHOOL YEAR, IN A PUBLIC SCHOOL

1 OPERATED BY THE COMMUNITY DISTRICT OR OPERATED BY THE QUALIFYING
2 SCHOOL DISTRICT WITH THE SAME BOUNDARIES AS THE COMMUNITY DISTRICT.
3 IF A MEMBER APPOINTED UNDER THIS SUBDIVISION CEASES TO HAVE A CHILD
4 ENROLLED IN A PUBLIC SCHOOL OPERATED BY THE COMMUNITY DISTRICT,
5 THAT MEMBER SHALL BE CONSIDERED TO HAVE VACATED THE MEMBER'S
6 OFFICE.

7 (D) ONE MEMBER REPRESENTING AUTHORIZING BODIES THAT HAVE
8 AUTHORIZED AT LEAST 3 PUBLIC SCHOOL ACADEMIES LOCATED WITHIN THE
9 COMMUNITY DISTRICT, APPOINTED BY THE STATE SCHOOL REFORM/REDESIGN
10 OFFICER FROM AMONG NOMINEES SUBMITTED BY A STATEWIDE ORGANIZATION
11 REPRESENTING AUTHORIZING BODIES.

12 (E) ONE MEMBER WHO SERVES AS A SCHOOL ADMINISTRATOR IN, OR ON
13 THE BOARD OF DIRECTORS OF, A PUBLIC SCHOOL ACADEMY THAT IS LOCATED
14 WITHIN THE COMMUNITY DISTRICT AND IS AUTHORIZED BY THE GOVERNING
15 BOARD OF A STATE PUBLIC UNIVERSITY, APPOINTED BY THE STATE SCHOOL
16 REFORM/REDESIGN OFFICER FROM AMONG NOMINEES SUBMITTED BY A
17 STATEWIDE ORGANIZATION REPRESENTING PUBLIC SCHOOL ACADEMIES.

18 (F) ONE MEMBER, APPOINTED BY THE STATE SCHOOL REFORM/REDESIGN
19 OFFICER, WHO AT THE TIME OF HIS OR HER APPOINTMENT IS THE PARENT OF
20 AT LEAST 1 PUPIL WHO IS CURRENTLY ENROLLED, AND WHO HAS BEEN
21 ENROLLED FOR AT LEAST 1 FULL SCHOOL YEAR, IN A PUBLIC SCHOOL
22 ACADEMY LOCATED WITHIN THE COMMUNITY DISTRICT. IF A MEMBER
23 APPOINTED UNDER THIS SUBDIVISION CEASES TO HAVE A CHILD ENROLLED IN
24 A PUBLIC SCHOOL ACADEMY LOCATED WITHIN THE COMMUNITY DISTRICT, THAT
25 MEMBER SHALL BE CONSIDERED TO HAVE VACATED THE MEMBER'S OFFICE.

26 (3) THE ADVISORY COUNCIL MEMBERS APPOINTED UNDER SUBSECTION
27 (2) (C) TO (F) SHALL SERVE FOR A TERM OF 4 YEARS. A VACANCY IN THE

1 OFFICE SHALL BE FILLED IN THE SAME MANNER AS THE ORIGINAL
2 APPOINTMENT FOR THE VACATED SEAT.

3 (4) IN CARRYING OUT ITS FUNCTIONS, AN ADVISORY COUNCIL SHALL
4 SOLICIT INPUT AND CONSIDER RECOMMENDATIONS FROM REPRESENTATIVES OF
5 AUTHORIZING BODIES FOR PUBLIC SCHOOL ACADEMIES OPERATING WITHIN THE
6 COMMUNITY DISTRICT, COMMUNITY GROUPS, AND OTHER INTERESTED PARTIES
7 WITH RELEVANT EXPERIENCE.

8 (5) ON AN ANNUAL BASIS, AN ADVISORY COUNCIL SHALL PREPARE AND
9 SUBMIT TO THE SCHOOL BOARD OF THE COMMUNITY DISTRICT A REPORT ON
10 THE PHYSICAL STATE OF PUBLIC SCHOOL FACILITIES LOCATED WITHIN THE
11 COMMUNITY DISTRICT; THE UTILIZATION OF PUBLIC SCHOOL FACILITIES
12 LOCATED WITHIN THE COMMUNITY DISTRICT, CONSIDERING EFFICIENCY OF
13 THAT UTILIZATION AND POSSIBLE CONSOLIDATION OR ELIMINATION OF
14 FACILITIES; THE SITING OF EXISTING AND FUTURE PUBLIC SCHOOLS WITHIN
15 THE COMMUNITY DISTRICT, CONSIDERING POPULATION, POPULATION DENSITY,
16 AND THE EFFICIENT AND EQUITABLE DISTRIBUTION OF FACILITIES; AND
17 TRANSPORTATION OF PUPILS TO AND FROM PUBLIC SCHOOLS LOCATED WITHIN
18 THE COMMUNITY DISTRICT. THE SCHOOL BOARD OF THE COMMUNITY DISTRICT
19 SHALL PROVIDE A COPY OF THIS REPORT TO THE STATE SCHOOL
20 REFORM/REDESIGN OFFICER, TO THE AUTHORIZING BODY OF EACH PUBLIC
21 SCHOOL ACADEMY LOCATED WITHIN THE COMMUNITY DISTRICT, AND TO THE
22 STANDING COMMITTEES OF THE SENATE AND HOUSE OF REPRESENTATIVES WITH
23 RESPONSIBILITY FOR EDUCATION LEGISLATION.

24 (6) IN CARRYING OUT ITS FUNCTIONS AND RESPONSIBILITIES, THE
25 SCHOOL BOARD OF A COMMUNITY DISTRICT SHALL CONSIDER THE REPORTS
26 RECEIVED FROM THE ADVISORY COUNCIL UNDER SUBSECTION (5).

27 SEC. 395. (1) IF A QUALIFYING SCHOOL DISTRICT IS A PARTY TO A

1 LEASE BETWEEN THE QUALIFYING SCHOOL DISTRICT AND AN ACHIEVEMENT
2 AUTHORITY, THE COMMUNITY DISTRICT SHALL NOT RENEW OR EXTEND THE
3 LEASE AFTER JUNE 30 FOLLOWING THE TRANSFER DATE.

4 (2) IF A QUALIFYING SCHOOL DISTRICT IS A PARTY TO AN
5 INTERLOCAL AGREEMENT WITH A STATE PUBLIC UNIVERSITY CREATING AN
6 ACHIEVEMENT AUTHORITY, AS SOON AS POSSIBLE AFTER THE TRANSFER DATE
7 THE COMMUNITY DISTRICT SHALL TAKE ACTION TO WITHDRAW FROM THAT
8 INTERLOCAL AGREEMENT TO THE EXTENT PERMITTED UNDER THAT INTERLOCAL
9 AGREEMENT.

10 (3) IF A QUALIFYING SCHOOL DISTRICT IS A PARTY TO AN
11 INTERLOCAL AGREEMENT WITH A STATE PUBLIC UNIVERSITY CREATING AN
12 ACHIEVEMENT AUTHORITY, THE COMMUNITY DISTRICT IS NOT AUTHORIZED TO
13 JOINTLY EXERCISE ANY POWERS, PRIVILEGES, OR AUTHORITIES UNDER THAT
14 INTERLOCAL AGREEMENT AFTER THE JUNE 30 FOLLOWING THE TRANSFER DATE.

15 (4) AS USED IN THIS SECTION, "ACHIEVEMENT AUTHORITY" MEANS
16 THAT TERM AS DEFINED IN SECTION 3 OF THE STATE SCHOOL AID ACT OF
17 1979, MCL 388.1603.

18 SEC. 396. FOR THE STATE FISCAL YEAR ENDING SEPTEMBER 30, 2016,
19 \$250,000.00 IS APPROPRIATED FROM THE GENERAL FUND TO THE DEPARTMENT
20 OF TREASURY FOR THE PURPOSE OF PROVIDING FINANCIAL SUPPORT FOR THE
21 ORGANIZATION AND ADMINISTRATION OF ANY COMMUNITY DISTRICT FORMED
22 UNDER THIS PART DURING THE FISCAL YEAR ENDING SEPTEMBER 30, 2016.
23 THE STATE TREASURER SHALL ENSURE THAT A PORTION OF THIS MONEY IS
24 ALLOCATED AS A GRANT TO BE USED TO PROVIDE SCHOOL BOARD TRAINING TO
25 THE INITIAL ELECTED MEMBERS OF THE SCHOOL BOARD OF THE COMMUNITY
26 DISTRICT. THIS TRAINING SHALL BE PROVIDED TO EACH OF THESE BOARD
27 MEMBERS NO LATER THAN 30 DAYS AFTER HE OR SHE TAKES OFFICE AND

1 **SHALL ADDRESS AT LEAST SCHOOL BOARD GOVERNANCE, PUBLIC SCHOOL**
2 **FINANCING, FISCAL RESPONSIBILITY, AND ETHICS.**

3 Sec. 501. (1) A public school academy is a public school under
4 section 2 of article VIII of the state constitution of 1963, is a
5 school district for the purposes of section 11 of article IX of the
6 state constitution of 1963 and for the purposes of section 1225 and
7 section 1351a, and is subject to the leadership and general
8 supervision of the state board over all public education under
9 section 3 of article VIII of the state constitution of 1963. A
10 public school academy is a body corporate and is a governmental
11 agency. The powers granted to a public school academy under this
12 part constitute the performance of essential public purposes and
13 governmental functions of this state.

14 (2) As used in this part:

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

17 (i) The board of a school district. ~~that operates grades K to~~
18 ~~12.~~

19 (ii) An intermediate school board.

20 (iii) The board of a community college.

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

22 (v) Two or more of the public agencies described in
23 subparagraphs (i) to (iv) exercising power, privilege, or authority
24 jointly pursuant to an interlocal agreement under the urban
25 cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to
26 124.512.

27 (b) "Certificated teacher" means an individual who holds a

1 valid teaching certificate issued by the superintendent of public
2 instruction under section 1531.

3 (c) "Community college" means a community college organized
4 under the community college act of 1966, 1966 PA 331, MCL 389.1 to
5 389.195, or a federal tribally controlled community college that is
6 recognized under the tribally controlled colleges and universities
7 assistance act of 1978, 25 USC 1801 to ~~1852~~, ~~1864~~, and is
8 determined by the department to meet the requirements for
9 accreditation by a recognized regional accrediting body.

10 (d) "Contract" means the executive act taken by an authorizing
11 body that evidences the authorization of a public school academy
12 and that establishes, subject to the constitutional powers of the
13 state board and applicable law, the written instrument executed by
14 an authorizing body conferring certain rights, franchises,
15 privileges, and obligations on a public school academy, as provided
16 by this part, and confirming the status of a public school academy
17 as a public school in this state.

18 (e) "Entity" means a partnership, nonprofit or business
19 corporation, labor organization, or any other association,
20 corporation, trust, or other legal entity.

21 (f) "State public university" means a state university
22 described in section 4, 5, or 6 of article VIII of the state
23 constitution of 1963.

24 Sec. 502. (1) A public school academy shall be organized and
25 administered under the direction of a board of directors in
26 accordance with this part and with bylaws adopted by the board of
27 directors. A public school academy corporation shall be organized

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

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

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

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

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

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

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

25 (e) Two or more of the public agencies described in
26 subdivisions (a) to (d) exercising power, privilege, or authority
27 jointly pursuant to an interlocal agreement under the urban

1 cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to
2 124.512.

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

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

8 (b) Subject to the resolution adopted by the authorizing body
9 under section 503(5), a list of the proposed members of the board
10 of directors of the public school academy and a description of the
11 qualifications and method for appointment or election of members of
12 the board of directors.

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

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

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

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

20 (iii) The name of the authorizing body.

21 (iv) The proposed time when the articles of incorporation will
22 be effective.

23 (v) Other matters considered expedient to be in the articles
24 of incorporation.

25 (d) A copy of the proposed bylaws of the public school
26 academy.

27 (e) Documentation meeting the application requirements of the

1 authorizing body, including at least all of the following:

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

3 (ii) A copy of the educational goals of the public school
4 academy and the curricula to be offered and methods of pupil
5 assessment to be used by the public school academy. The educational
6 goals shall include demonstrated improved pupil academic
7 achievement for all groups of pupils. To the extent applicable, the
8 progress of the pupils in the public school academy shall be
9 assessed using ~~at least a Michigan education assessment program~~
10 ~~(MEAP) test~~ **BOTH THE MATHEMATICS AND READING PORTIONS OF THE**
11 **MICHIGAN STUDENT TEST OF EDUCATIONAL PROGRESS (M-STEP)** or the
12 Michigan merit examination under section 1279g, as applicable.

13 (iii) The admission policy and criteria to be maintained by
14 the public school academy. The admission policy and criteria shall
15 comply with section 504. This part of the application also shall
16 include a description of how the applicant will provide to the
17 general public adequate notice that a public school academy is
18 being created and adequate information on the admission policy,
19 criteria, and process.

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

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

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

24 (g) For an application to the board of a school district, an
25 intermediate school board, or board of a community college,
26 identification of the local and intermediate school districts in
27 which the public school academy will be located.

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

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

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

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

27 (6) An authorizing body shall not charge a fee, or require

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

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

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

21 (9) BOTH OF THE FOLLOWING APPLY TO THE ISSUANCE OF A CONTRACT
22 FOR A PUBLIC SCHOOL ACADEMY TO BE LOCATED WITHIN A COMMUNITY
23 DISTRICT:

24 (A) AN AUTHORIZING BODY SHALL NOT ISSUE A CONTRACT TO ORGANIZE
25 AND OPERATE A NEW PUBLIC SCHOOL ACADEMY TO BE LOCATED IN A
26 COMMUNITY DISTRICT UNLESS, BEFORE ISSUING THE CONTRACT, THE
27 GOVERNING BOARD OF THE AUTHORIZING BODY HAS CERTIFIED TO THE STATE

1 SCHOOL REFORM/REDESIGN OFFICER THAT THE AUTHORIZING BODY HAS BEEN
2 ACCREDITED AS AN AUTHORIZING BODY BY A NATIONALLY RECOGNIZED
3 ACCREDITATION BODY. FOR AN AUTHORIZING BODY DESCRIBED IN SUBSECTION
4 (2)(E), THE AUTHORIZING BODY SHALL NOT ISSUE A CONTRACT TO ORGANIZE
5 AND OPERATE A NEW PUBLIC SCHOOL ACADEMY TO BE LOCATED IN A
6 COMMUNITY DISTRICT UNLESS, BEFORE ISSUING THE CONTRACT, THE
7 GOVERNING BOARD OF EACH OF THE PUBLIC AGENCIES THAT IS PARTY TO THE
8 INTERLOCAL AGREEMENT HAS CERTIFIED TO THE STATE SCHOOL
9 REFORM/REDESIGN OFFICER THAT THE PUBLIC AGENCY HAS BEEN ACCREDITED
10 AS AN AUTHORIZING BODY BY A NATIONALLY RECOGNIZED ACCREDITATION
11 BODY.

12 (B) AN AUTHORIZING BODY SHALL NOT ISSUE A CONTRACT FOR A NEW
13 PUBLIC SCHOOL ACADEMY TO BE LOCATED IN A COMMUNITY DISTRICT IF BOTH
14 OF THE FOLLOWING CIRCUMSTANCES EXIST:

15 (i) EITHER OF THE FOLLOWING:

16 (A) UNTIL THE ACCOUNTABILITY SYSTEM UNDER SECTION 390 HAS BEEN
17 IN EFFECT IN THE COMMUNITY DISTRICT FOR AT LEAST 3 FULL SCHOOL
18 YEARS, THE PROPOSED PUBLIC SCHOOL ACADEMY WOULD OPERATE AT THE SAME
19 LOCATION AS A PUBLIC SCHOOL THAT CURRENTLY IS ON THE LIST UNDER
20 SECTION 1280C(1) OF THE PUBLIC SCHOOLS IN THIS STATE THAT THE STATE
21 SCHOOL REFORM/REDESIGN OFFICE HAS DETERMINED TO BE AMONG THE LOWEST
22 ACHIEVING 5% OF ALL PUBLIC SCHOOLS IN THIS STATE OR HAS BEEN ON
23 THAT LIST DURING THE IMMEDIATELY PRECEDING 3-YEAR PERIOD. BEGINNING
24 AFTER THE ACCOUNTABILITY SYSTEM UNDER SECTION 390 HAS BEEN IN
25 EFFECT IN THE COMMUNITY DISTRICT FOR AT LEAST 3 FULL SCHOOL YEARS,
26 THE PROPOSED PUBLIC SCHOOL ACADEMY WOULD OPERATE AT THE SAME
27 LOCATION AS A PUBLIC SCHOOL THAT HAS BEEN ASSIGNED A GRADE OF "F"

1 UNDER SECTION 390 FOR 3 OF THE PRECEDING 5 SCHOOL YEARS.

2 (B) THE PROPOSED PUBLIC SCHOOL ACADEMY WOULD OPERATE AT THE
3 SAME LOCATION AS A PUBLIC SCHOOL ACADEMY, URBAN HIGH SCHOOL
4 ACADEMY, SCHOOL OF EXCELLENCE, OR STRICT DISCIPLINE ACADEMY THAT
5 HAS HAD ITS CONTRACT REVOKED OR TERMINATED BY AN AUTHORIZING BODY
6 UNDER THE APPLICABLE PART OR SECTION.

7 (ii) THE PROPOSED PUBLIC SCHOOL ACADEMY WOULD HAVE
8 SUBSTANTIALLY THE SAME BOARD OF DIRECTORS, SUBSTANTIALLY THE SAME
9 LEADERSHIP, AND SUBSTANTIALLY THE SAME CURRICULUM OFFERINGS AS THE
10 PUBLIC SCHOOL THAT PREVIOUSLY OPERATED AT THAT LOCATION.

11 (10) A PUBLIC SCHOOL ACADEMY THAT IS LOCATED WITHIN A
12 COMMUNITY DISTRICT IS SUBJECT TO SECTION 390.

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

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

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

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

25 (d) Oversee each public school academy operating under a
26 contract issued by the authorizing body. The oversight shall be
27 sufficient to ensure that the board of directors is in compliance

1 with the terms of the contract and with applicable law.

2 (e) Develop and implement a process for holding a public
3 school academy accountable for meeting applicable academic
4 performance standards set forth in the contract and for
5 implementing corrective action for a public school academy that
6 does not meet those standards.

7 (f) Take necessary measures to ensure that the board of
8 directors of a public school academy operates independently of any
9 educational management company involved in the operations of the
10 public school academy.

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

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

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

20 (3) The authorizing body for a public school academy is the
21 fiscal agent for the public school academy. A state school aid
22 payment for a public school academy shall be paid to the
23 authorizing body that is the fiscal agent for that public school
24 academy, and the authorizing body shall then forward the payment to
25 the public school academy. Within 30 days after a contract is
26 submitted to the department by an authorizing body under subsection
27 (1), the department shall issue a district code to the public

1 school academy for which the contract was issued. If the department
2 does not issue a district code within 30 days after a contract is
3 filed, the state treasurer shall assign a temporary district code
4 in order for the public school academy to receive funding under the
5 state school aid act of 1979.

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

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

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

14 (c) Failure of the public school academy to meet generally
15 accepted public sector accounting principles and demonstrate sound
16 fiscal stewardship.

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

19 (5) Except for a public school academy that is an alternative
20 school serving a special student population, if the ~~superintendent~~
21 ~~of public instruction~~ **STATE SCHOOL REFORM/REDESIGN OFFICER**
22 determines that a public school academy site that has been
23 operating for at least 4 years is among the lowest achieving 5% of
24 all public schools in this state **FOR THE IMMEDIATELY PRECEDING 3**
25 **SCHOOL YEARS**, as defined for the purposes of the federal incentive
26 ~~grant program created under sections 14005 and 14006 of title XIV~~
27 ~~of the American recovery and reinvestment act of 2009, Public Law~~

1 ~~111-5, is in year 2 of restructuring sanctions under the no child~~
2 ~~left behind act of 2001, Public Law 107-110, DETERMINED UNDER~~
3 **SECTION 1280C**, not to include ~~the~~ **ANY** individualized education plan
4 subgroup, and is not currently undergoing reconstitution under this
5 section, the ~~superintendent of public instruction~~ **STATE SCHOOL**
6 **REFORM/REDESIGN OFFICER** shall notify the public school academy's
7 authorizing body. **ALSO, EXCEPT FOR A PUBLIC SCHOOL ACADEMY THAT IS**
8 **AN ALTERNATIVE SCHOOL SERVING A SPECIAL STUDENT POPULATION, AFTER**
9 **THE ACCOUNTABILITY SYSTEM UNDER SECTION 390 HAS BEEN IN EFFECT IN**
10 **THE COMMUNITY DISTRICT FOR AT LEAST 3 FULL SCHOOL YEARS, IF THE**
11 **STATE SCHOOL REFORM/REDESIGN OFFICER DETERMINES THAT A PUBLIC**
12 **SCHOOL ACADEMY SITE LOCATED IN A COMMUNITY DISTRICT HAS BEEN**
13 **ASSIGNED A GRADE OF "F" UNDER SECTION 390 FOR THE IMMEDIATELY**
14 **PRECEDING 3 SCHOOL YEARS, AND IS NOT CURRENTLY UNDERGOING**
15 **RECONSTITUTION UNDER THIS SECTION, THE STATE SCHOOL REFORM/REDESIGN**
16 **OFFICER SHALL NOTIFY THE PUBLIC SCHOOL ACADEMY'S AUTHORIZING BODY.**
17 If an authorizing body receives notice from the ~~superintendent of~~
18 ~~public instruction~~ **STATE SCHOOL REFORM/REDESIGN OFFICER** under this
19 subsection, the authorizing body shall amend the public school
20 academy's contract to eliminate the public school academy's
21 authority to operate the existing age and grade levels at the site
22 and the public school academy shall cease operating the existing
23 age and grade levels at the site, effective at the end of the
24 current school year. If the public school academy operates at only
25 1 site, and the authorizing body receives notice from the
26 ~~superintendent of public instruction~~ **STATE SCHOOL REFORM/REDESIGN**
27 **OFFICER** under this subsection, the authorizing body shall revoke

1 the public school academy's contract, effective at the end of the
2 current school year.

3 (6) ~~The~~ **EXCEPT AS OTHERWISE PROVIDED IN SECTION 502 OR 503,**
4 **THE** decision of an authorizing body to issue, not issue, or
5 reconstitute a contract under this part, or to terminate or revoke
6 a contract under this section, is solely within the discretion of
7 the authorizing body, is final, and is not subject to review by a
8 court or any state agency. An authorizing body that issues, does
9 not issue, or reconstitutes a contract under this part, or that
10 terminates or revokes a contract under this section, is not liable
11 for that action to the public school academy, the public school
12 academy corporation, a pupil of the public school academy, the
13 parent or guardian of a pupil of the public school academy, or any
14 other person.

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

27 (8) If an authorizing body revokes a contract, the authorizing

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

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

17 Sec. 522. (1) An urban high school academy shall be organized
18 and administered under the direction of a board of directors in
19 accordance with this part and with bylaws adopted by the board of
20 directors. An urban high school academy corporation shall be
21 organized under the nonprofit corporation act, 1982 PA 162, MCL
22 450.2101 to 450.3192, except that an urban high school academy
23 corporation is not required to comply with sections 170 to 177 of
24 1931 PA 327, MCL 450.170 to 450.177. To the extent disqualified
25 under the state or federal constitution, an urban high school
26 academy shall not be organized by a church or other religious
27 organization and shall not have any organizational or contractual

1 affiliation with or constitute a church or other religious
2 organization.

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

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

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

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

19 (b) Subject to the resolution adopted by the authorizing body
20 under section 528, a list of the proposed members of the board of
21 directors of the urban high school academy and a description of the
22 qualifications and method for appointment or election of members of
23 the board of directors.

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

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

1 (ii) The purposes for the urban high school academy
2 corporation. This language shall provide that the urban high school
3 academy is incorporated pursuant to this part and that the urban
4 high school academy corporation is a governmental entity and
5 political subdivision of this state.

6 (iii) The name of the authorizing body.

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

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

11 (d) A copy of the proposed bylaws of the urban high school
12 academy.

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

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

16 (ii) A copy of the educational goals of the urban high school
17 academy and the curricula to be offered and methods of pupil
18 assessment to be used by the urban high school academy. The
19 educational goals shall include demonstrated improved pupil
20 academic achievement for all groups of pupils. To the extent
21 applicable, the progress of the pupils in the urban high school
22 academy shall be assessed using ~~at least a Michigan education~~
23 ~~assessment program (MEAP) test~~ **BOTH THE MATHEMATICS AND READING**
24 **PORTIONS OF THE MICHIGAN STUDENT TEST OF EDUCATIONAL PROGRESS (M-**
25 **STEP)** or the Michigan merit examination under section 1279g, as
26 applicable.

27 (iii) The admission policy and criteria to be maintained by

1 the urban high school academy. The admission policy and criteria
2 shall comply with section 524. This part of the application also
3 shall include a description of how the applicant will provide to
4 the general public adequate notice that an urban high school
5 academy is being created and adequate information on the admission
6 policy, criteria, and process.

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

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

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

11 (g) A description of and address for the proposed building or
12 buildings in which the urban high school academy will be located,
13 and a financial commitment by the entity applying for the contract
14 to construct or renovate the building or buildings that will be
15 occupied by the urban high school academy that is issued the
16 contract.

17 (5) If a particular state public university issues a contract
18 that allows an urban high school academy to operate the same
19 configuration of grades at more than 1 site, as provided in section
20 524(1), each of those sites shall be under the direction of the
21 board of directors that is a party to the contract.

22 (6) If the superintendent of public instruction finds that an
23 authorizing body is not engaging in appropriate continuing
24 oversight of 1 or more urban high school academies operating under
25 a contract issued by the authorizing body, the superintendent of
26 public instruction may suspend the power of the authorizing body to
27 issue new contracts to organize and operate urban high school

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

4 (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 (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 (9) BOTH OF THE FOLLOWING APPLY TO THE ISSUANCE OF A CONTRACT
9 FOR AN URBAN HIGH SCHOOL ACADEMY TO BE LOCATED WITHIN A COMMUNITY
10 DISTRICT:

11 (A) AN AUTHORIZING BODY SHALL NOT ISSUE A CONTRACT TO ORGANIZE
12 AND OPERATE A NEW URBAN HIGH SCHOOL ACADEMY TO BE LOCATED IN A
13 COMMUNITY DISTRICT UNLESS, BEFORE ISSUING THE CONTRACT, THE
14 GOVERNING BOARD OF THE AUTHORIZING BODY HAS CERTIFIED TO THE STATE
15 SCHOOL REFORM/REDESIGN OFFICER THAT THE AUTHORIZING BODY HAS BEEN
16 ACCREDITED AS AN AUTHORIZING BODY BY A NATIONALLY RECOGNIZED
17 ACCREDITATION BODY.

18 (B) AN AUTHORIZING BODY SHALL NOT ISSUE A CONTRACT FOR A NEW
19 URBAN HIGH SCHOOL ACADEMY TO BE LOCATED IN A COMMUNITY DISTRICT IF
20 BOTH OF THE FOLLOWING CIRCUMSTANCES EXIST:

21 (i) EITHER OF THE FOLLOWING:

22 (A) UNTIL THE ACCOUNTABILITY SYSTEM UNDER SECTION 390 HAS BEEN
23 IN EFFECT IN THE COMMUNITY DISTRICT FOR AT LEAST 3 FULL SCHOOL
24 YEARS, THE PROPOSED URBAN HIGH SCHOOL ACADEMY WOULD OPERATE AT THE
25 SAME LOCATION AS A PUBLIC SCHOOL THAT CURRENTLY IS ON THE LIST
26 UNDER SECTION 1280C(1) OF THE PUBLIC SCHOOLS IN THIS STATE THAT THE
27 STATE SCHOOL REFORM/REDESIGN OFFICE HAS DETERMINED TO BE AMONG THE

1 LOWEST ACHIEVING 5% OF ALL PUBLIC SCHOOLS IN THIS STATE OR HAS BEEN
2 ON THAT LIST DURING THE IMMEDIATELY PRECEDING 3-YEAR PERIOD.
3 BEGINNING AFTER THE ACCOUNTABILITY SYSTEM UNDER SECTION 390 HAS
4 BEEN IN EFFECT IN THE COMMUNITY DISTRICT FOR AT LEAST 3 FULL SCHOOL
5 YEARS, THE PROPOSED URBAN HIGH SCHOOL ACADEMY WOULD OPERATE AT THE
6 SAME LOCATION AS A PUBLIC SCHOOL THAT HAS BEEN ASSIGNED A GRADE OF
7 "F" UNDER SECTION 390 FOR 3 OF THE PRECEDING 5 SCHOOL YEARS.

8 (B) THE PROPOSED URBAN HIGH SCHOOL ACADEMY WOULD OPERATE AT
9 THE SAME LOCATION AS A PUBLIC SCHOOL ACADEMY, URBAN HIGH SCHOOL
10 ACADEMY, SCHOOL OF EXCELLENCE, OR STRICT DISCIPLINE ACADEMY THAT
11 HAS HAD ITS CONTRACT REVOKED OR TERMINATED BY AN AUTHORIZING BODY
12 UNDER THE APPLICABLE PART OR SECTION.

13 (ii) THE PROPOSED URBAN HIGH SCHOOL ACADEMY WOULD HAVE
14 SUBSTANTIALLY THE SAME BOARD OF DIRECTORS, SUBSTANTIALLY THE SAME
15 LEADERSHIP, AND SUBSTANTIALLY THE SAME CURRICULUM OFFERINGS AS THE
16 PUBLIC SCHOOL THAT PREVIOUSLY OPERATED AT THAT LOCATION.

17 (10) AN URBAN HIGH SCHOOL ACADEMY THAT IS LOCATED WITHIN A
18 COMMUNITY DISTRICT IS SUBJECT TO SECTION 390.

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

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

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

26 (c) Adopt a resolution establishing the method of selection,
27 length of term, and number of members of the board of directors of

1 each urban high school academy that it authorizes. The resolution
2 shall be written or amended as necessary to include a requirement
3 that each member of the board of directors must be a citizen of the
4 United States.

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

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

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

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

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

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

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

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

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

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

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

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

3 (5) Except for an urban high school academy that is an
4 alternative school serving a special student population, if the
5 ~~superintendent of public instruction~~ **STATE SCHOOL REFORM/REDESIGN**
6 **OFFICER** determines that an urban high school academy site that has
7 been operating for at least 4 years is among the lowest achieving
8 5% of all public schools in this state **FOR THE IMMEDIATELY**
9 **PRECEDING 3 SCHOOL YEARS**, as defined ~~for the purposes of the~~
10 ~~federal incentive grant program created under sections 14005 and~~
11 ~~14006 of title XIV of the American recovery and reinvestment act of~~
12 ~~2009, Public Law 111-5, is in year 2 of restructuring sanctions~~
13 ~~under the no child left behind act of 2001, Public Law 107-110,~~
14 **DETERMINED UNDER SECTION 1280C**, not to include ~~the~~ **ANY**
15 individualized education plan subgroup, and is not currently
16 undergoing reconstitution under this section, the ~~superintendent of~~
17 ~~public instruction~~ **STATE SCHOOL REFORM/REDESIGN OFFICER** shall
18 notify the urban high school academy's authorizing body. **ALSO,**
19 **EXCEPT FOR AN URBAN HIGH SCHOOL ACADEMY THAT IS AN ALTERNATIVE**
20 **SCHOOL SERVING A SPECIAL STUDENT POPULATION, AFTER THE**
21 **ACCOUNTABILITY SYSTEM UNDER SECTION 390 HAS BEEN IN EFFECT IN THE**
22 **COMMUNITY DISTRICT FOR AT LEAST 3 FULL SCHOOL YEARS, IF THE STATE**
23 **SCHOOL REFORM/REDESIGN OFFICER DETERMINES THAT AN URBAN HIGH SCHOOL**
24 **ACADEMY SITE LOCATED IN A COMMUNITY DISTRICT HAS BEEN ASSIGNED A**
25 **GRADE OF "F" UNDER SECTION 390 FOR THE IMMEDIATELY PRECEDING 3**
26 **SCHOOL YEARS, AND IS NOT CURRENTLY UNDERGOING RECONSTITUTION UNDER**
27 **THIS SECTION, THE STATE SCHOOL REFORM/REDESIGN OFFICER SHALL NOTIFY**

1 **THE URBAN HIGH SCHOOL ACADEMY'S AUTHORIZING BODY.** If an authorizing
2 body receives notice from the ~~superintendent of public instruction~~
3 **STATE SCHOOL REFORM/REDESIGN OFFICER** 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~~ **STATE SCHOOL REFORM/REDESIGN**
12 **OFFICER** under this subsection, the authorizing body shall revoke
13 the urban high school academy's contract, effective at the end of
14 the current school year.

15 (6) ~~The~~ **EXCEPT AS OTHERWISE PROVIDED IN SECTION 522, THE**
16 decision of an authorizing body to issue, not issue, or
17 reconstitute a contract under this part, or to terminate or revoke
18 a contract under this section, is solely within the discretion of
19 the authorizing body, is final, and is not subject to review by a
20 court or any state agency. An authorizing body that issues, does
21 not issue, or reconstitutes a contract under this part, or that
22 terminates or revokes a contract under this section, is not liable
23 for that action to the urban high school academy, the urban high
24 school academy corporation, a pupil of the urban high school
25 academy, the parent or guardian of a pupil of the urban high school
26 academy, or any other person.

27 (7) Except as otherwise provided in ~~subsection (5),~~ **THIS**

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

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

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

1 ~~under this part.~~

2 (9) ~~(10)~~ Not more than 10 days after an urban high school
3 academy's contract terminates or is revoked, the authorizing body
4 shall notify the superintendent of public instruction in writing of
5 the name of the urban high school academy whose contract has
6 terminated or been revoked and the date of contract termination or
7 revocation.

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

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

19 (b) The urban high school academy shall file a certificate of
20 dissolution with the ~~bureau of commercial services~~ **DEPARTMENT OF**
21 **LICENSING AND REGULATORY AFFAIRS** within 10 business days following
22 board approval.

23 (c) Simultaneously with the filing of the certificate of
24 dissolution under subdivision (b), the urban high school academy
25 board of directors shall provide a copy of the board of directors'
26 plan of distribution of assets to the state treasurer for approval.
27 Within 30 days, the state treasurer, or his or her designee, shall

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

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

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

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

26 (g) Following the sale of the real or personal property or
27 interests in the real or personal property, and after payment of

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

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

19 (2) As used in this part:

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

22 (i) The board of a school district. ~~that operates grades K to~~
23 ~~12.~~

24 (ii) An intermediate school board.

25 (iii) The board of a community college.

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

27 (v) Two or more of the public agencies described in

1 subparagraphs (i) to (iv) exercising power, privilege, or authority
2 jointly pursuant to an interlocal agreement under the urban
3 cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to
4 124.512.

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

8 (c) "Community college" means a community college organized
9 under the community college act of 1966, 1966 PA 331, MCL 389.1 to
10 389.195, or a federal tribally controlled community college that is
11 recognized under the tribally controlled colleges and universities
12 assistance act of 1978, 25 USC 1801 to ~~1852~~, **1864**, and is
13 determined by the department to meet the requirements for
14 accreditation by a recognized regional accrediting body.

15 (d) "Contract" means the executive act taken by an authorizing
16 body that evidences the authorization of a school of excellence and
17 that establishes, subject to the constitutional powers of the state
18 board and applicable law, the written instrument executed by an
19 authorizing body conferring certain rights, franchises, privileges,
20 and obligations on a school of excellence, as provided by this
21 part, and confirming the status of a school of excellence as a
22 public school in this state.

23 (e) "Cyber school" means a school of excellence established
24 under this part that has been issued a contract to be organized and
25 operated as a cyber school under section 552(2) and that provides
26 full-time instruction to pupils through online learning or
27 otherwise on a computer or other technology, which instruction and

1 learning may be remote from a school facility.

2 (f) "Educational management organization" means an entity that
3 enters into an agreement with the governing board of a public
4 school to provide comprehensive educational, administrative,
5 management, or instructional services or staff to the public
6 school.

7 (g) "Entity" means a partnership, nonprofit or business
8 corporation, labor organization, or any other association,
9 corporation, trust, or other legal entity.

10 (h) "State public university" means a state university
11 described in section 4, 5, or 6 of article VIII of the state
12 constitution of 1963.

13 Sec. 552. (1) An authorizing body may issue contracts under
14 this subsection to organize and operate a school of excellence. All
15 of the following apply to the issuance of a contract by an
16 authorizing body under this subsection:

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

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

26 (c) A school of excellence authorized under this subsection
27 shall not be located in a school district that has a graduation

1 rate of over 75%, on average, for the most recent 3 school years
2 for which the data are available, as determined by the department.

3 (2) Subject to the limitations in this subsection and
4 ~~subsection (14),~~ **SUBSECTIONS (14) AND (15)**, an authorizing body may
5 issue contracts under this subsection for 1 or more schools of
6 excellence that are cyber schools. ~~Until December 31, 2013, the~~
7 ~~combined total number of contracts that may be issued by all~~
8 ~~statewide authorizing bodies under this subsection for schools of~~
9 ~~excellence that are cyber schools shall not exceed 5. Until~~
10 ~~December 31, 2014, the combined total number of contracts that may~~
11 ~~be issued by all statewide authorizing bodies under this subsection~~
12 ~~for schools of excellence that are cyber schools shall not exceed~~
13 ~~10. After December 31, 2014, the~~ **THE** combined total number of
14 contracts issued by all statewide authorizing bodies under this
15 subsection for schools of excellence that are cyber schools shall
16 not exceed 15. The board of a school district, an intermediate
17 school board, the board of a community college that is not a
18 statewide authorizing body, or 2 or more public agencies acting
19 jointly as described in subsection (6)(e) may not act as the
20 authorizing body for more than 1 school of excellence that is a
21 cyber school. An authorizing body shall not issue a contract for a
22 school of excellence that is a cyber school unless the school of
23 excellence that is a cyber school meets all of the following
24 requirements:

- 25 (a) Is available for enrollment to all pupils in this state.
26 (b) Offers some configuration of or all of grades K to 12.
27 (c) The entity applying for the school of excellence that is a

1 cyber school demonstrates experience in delivering a quality
2 education program that improves pupil academic achievement. In
3 determining whether this requirement is met, an authorizing body
4 shall refer to the standards for quality online learning
5 established by the national association of charter school
6 authorizers or other similar nationally recognized standards for
7 quality online learning.

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

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

21 (3) For a public school academy operating under part 6a that
22 meets the requirements of subsection (4), with the approval of its
23 authorizing body, the board of directors of the public school
24 academy may adopt a resolution choosing to convert the public
25 school academy to a school of excellence under this part. If the
26 board of directors of a public school academy that meets the
27 requirements of subsection (4) is issued a contract as a school of

1 excellence under this subsection, all the following apply:

2 (a) The public school academy shall cease to operate as a
3 public school academy under part 6a and shall operate as a school
4 of excellence upon the issuance of a contract or at another time as
5 determined by the authorizing body.

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

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

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

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

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

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

1 (ii) On average over a 3-year period, at least 70% of the
2 pupils enrolled in the public school academy achieved a score of
3 proficient or better on the Michigan education assessment program
4 mathematics and reading tests or successor state assessment program
5 and at least 50% of the pupils enrolled in the public school
6 academy met the income eligibility criteria for the federal free or
7 reduced-price lunch program, as determined under the Richard B.
8 Russell national school lunch act, 42 USC 1751 to ~~1769i~~, **1769J**, and
9 reported to the department.

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

15 (5) A school of excellence shall be organized and administered
16 under the direction of a board of directors in accordance with this
17 part and with bylaws adopted by the board of directors. A school of
18 excellence shall be organized under the nonprofit corporation act,
19 1982 PA 162, MCL 450.2101 to 450.3192, except that a school of
20 excellence is not required to comply with sections 170 to 177 of
21 1931 PA 327, MCL 450.170 to 450.177. To the extent disqualified
22 under the state or federal constitution, a school of excellence
23 shall not be organized by a church or other religious organization
24 and shall not have any organizational or contractual affiliation
25 with or constitute a church or other religious organization.

26 (6) Any of the following may act as an authorizing body to
27 issue a contract to organize and operate 1 or more schools of

1 excellence under this part:

2 (a) The board of a school district. ~~that operates grades K to~~
3 ~~12.~~ However, except as otherwise provided in this subdivision, the
4 board of a school district shall not issue a contract for a school
5 of excellence to operate outside the school district's boundaries,
6 and a school of excellence authorized by the board of a school
7 district shall not operate outside that school district's
8 boundaries. If the board of a school district issues a contract for
9 a school of excellence that is a cyber school, the contract may
10 authorize the school of excellence that is a cyber school to
11 operate outside that school district's boundaries.

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

23 (c) The board of a community college. Except as otherwise
24 provided in this subdivision, the board of a community college
25 shall not issue a contract for a school of excellence to operate
26 outside the boundaries of the community college district, and a
27 school of excellence authorized by the board of a community college

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

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

16 (e) Two or more of the public agencies described in
17 subdivisions (a) to (d) exercising power, privilege, or authority
18 jointly pursuant to an interlocal agreement under the urban
19 cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to
20 124.512.

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

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

26 (b) Subject to the resolution adopted by the authorizing body
27 under section 553(4), a list of the proposed members of the board

1 of directors of the school of excellence and a description of the
2 qualifications and method for appointment or election of members of
3 the board of directors.

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

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

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

8 This language shall provide that the school of excellence is
9 incorporated pursuant to this part and that the school of
10 excellence is a governmental entity.

11 (iii) The name of the authorizing body.

12 (iv) The proposed time when the articles of incorporation will
13 be effective.

14 (v) Other matters considered expedient to be in the articles
15 of incorporation.

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

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

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

20 (ii) A copy of the educational goals of the school of
21 excellence and the curricula to be offered and methods of pupil
22 assessment to be used by the school of excellence. The educational
23 goals shall include demonstrated improved pupil academic
24 achievement for all groups of pupils. To the extent applicable, the
25 progress of the pupils in the school of excellence shall be
26 assessed using ~~at least a Michigan education assessment program~~

27 ~~(MEAP) test~~ **BOTH THE MATHEMATICS AND READING PORTIONS OF THE**

1 **MICHIGAN STUDENT TEST OF EDUCATIONAL PROGRESS (M-STEP)** or the
2 Michigan merit examination under section 1279g, as applicable.

3 (iii) The admission policy and criteria to be maintained by
4 the school of excellence. The admission policy and criteria shall
5 comply with section 556. This part of the application also shall
6 include a description of how the applicant will provide to the
7 general public adequate notice that a school of excellence is being
8 created and adequate information on the admission policy, criteria,
9 and process.

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

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

13 (f) Descriptions of staff responsibilities and of the school
14 of excellence governance structure.

15 (g) For an application to the board of a school district, an
16 intermediate school board, or board of a community college,
17 identification of the school district and intermediate school
18 district in which the school of excellence will be located.

19 (h) An agreement that the school of excellence will comply
20 with the provisions of this part and, subject to the provisions of
21 this part, with all other state law applicable to public bodies and
22 with federal law applicable to public bodies or school districts.

23 (i) A description of and address for the proposed physical
24 plant in which the school of excellence will be located. An
25 applicant may request the authorizing body to issue a contract
26 allowing the board of directors of the school of excellence to
27 operate the same configuration of age or grade levels at more than

1 1 site.

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

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

19 (10) An authorizing body shall not charge a fee, or require
20 reimbursement of expenses, for considering an application for a
21 contract, for issuing a contract, or for providing oversight of a
22 contract for a school of excellence in an amount that exceeds a
23 combined total of 3% of the total state school aid received by the
24 school of excellence in the school year in which the fees or
25 expenses are charged. The authorizing body may provide other
26 services for a school of excellence and charge a fee for those
27 services, but shall not require such an arrangement as a condition

1 to issuing the contract authorizing the school of excellence.

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

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

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

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

20 (a) An authorizing body may not issue a new contract for a new
21 school of excellence that is a cyber school to begin operations in
22 the 2013-2014 school year.

23 (b) A school of excellence that is a cyber school may not
24 enroll any new pupils in the school of excellence that is a cyber
25 school in the 2013-2014 school year.

26 (15) Beginning July 1, 2013, if the department determines that
27 the combined total statewide final audited membership for all

1 pupils in membership in schools of excellence that are cyber
2 schools for a state fiscal year exceeds a number equal to 2% of the
3 combined total statewide final audited membership for all pupils in
4 membership in public schools for the 2011-2012 state fiscal year,
5 then all of the following apply:

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

10 (b) Subject to subdivision (c), a school of excellence that is
11 a cyber school may not enroll any new pupils in the school of
12 excellence that is a cyber school in a school year that begins
13 after that determination is made.

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

24 (16) For the purposes of subsections (14) and (15), ~~not later~~
25 ~~than July 1, 2012, and by~~ not later than July 1 of each year,
26 ~~thereafter,~~ the department shall determine the percentage of the
27 combined total statewide final audited membership for all pupils in

1 membership in public schools that are pupils in membership in
2 schools of excellence that are cyber schools for the state fiscal
3 year that includes that July 1.

4 (17) As used in this section:

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

7 (b) "Statewide authorizing body" means the governing board of
8 a state public university or the board of a federally
9 controlled community college that is recognized under the tribally
10 controlled colleges and universities assistance act of 1978, 25 USC
11 1801 to ~~1852~~, **1864**, and is determined by the department to meet the
12 requirements for accreditation by a recognized regional accrediting
13 body.

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

22 (a) Textbooks, instructional materials, and supplies,
23 including electronic instructional material.

24 (b) Computer and other electronic equipment, including
25 internet and telephone access.

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

27 (d) Purchased courses and curricula.

1 (e) Fees associated with oversight and regulation.

2 (f) Travel costs associated with school activities and
3 testing.

4 (g) Facilities costs.

5 (h) Costs associated with special education.

6 (19) Not later than December 31, 2012, the department shall
7 issue a report to the legislature including the following:

8 (a) A review of the data submitted under subsection (14).

9 (b) A comparison with costs of substantially similar programs
10 in other states and relevant national research on the costs of
11 online learning.

12 (c) Any conclusions concerning factors or characteristics of
13 online learning programs that make a difference in the costs of
14 operating the programs.

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

24 (21) The board of directors of a school of excellence that is
25 a cyber school shall ensure that, when a pupil enrolls in the
26 school of excellence that is a cyber school, the pupil and his or
27 her parent or legal guardian are provided with a parent-student

1 orientation. If the pupil is at least age 18 or is an emancipated
2 minor, the orientation may be provided to just the pupil.

3 (22) BOTH OF THE FOLLOWING APPLY TO THE ISSUANCE OF A CONTRACT
4 FOR A SCHOOL OF EXCELLENCE TO BE LOCATED WITHIN A COMMUNITY
5 DISTRICT:

6 (A) AN AUTHORIZING BODY SHALL NOT ISSUE A CONTRACT TO ORGANIZE
7 AND OPERATE A NEW SCHOOL OF EXCELLENCE TO BE LOCATED IN A COMMUNITY
8 DISTRICT UNLESS, BEFORE ISSUING THE CONTRACT, THE GOVERNING BOARD
9 OF THE AUTHORIZING BODY HAS CERTIFIED TO THE STATE SCHOOL
10 REFORM/REDESIGN OFFICER THAT THE AUTHORIZING BODY HAS BEEN
11 ACCREDITED AS AN AUTHORIZING BODY BY A NATIONALLY RECOGNIZED
12 ACCREDITATION BODY. FOR AN AUTHORIZING BODY DESCRIBED IN SUBSECTION
13 (6) (E), THE AUTHORIZING BODY SHALL NOT ISSUE A CONTRACT TO ORGANIZE
14 AND OPERATE A NEW SCHOOL OF EXCELLENCE TO BE LOCATED IN A COMMUNITY
15 DISTRICT UNLESS, BEFORE ISSUING THE CONTRACT, THE GOVERNING BOARD
16 OF EACH OF THE PUBLIC AGENCIES THAT IS PARTY TO THE INTERLOCAL
17 AGREEMENT HAS CERTIFIED TO THE STATE SCHOOL REFORM/REDESIGN OFFICER
18 THAT THE PUBLIC AGENCY HAS BEEN ACCREDITED AS AN AUTHORIZING BODY
19 BY A NATIONALLY RECOGNIZED ACCREDITATION BODY.

20 (B) AN AUTHORIZING BODY SHALL NOT ISSUE A CONTRACT FOR A NEW
21 SCHOOL OF EXCELLENCE TO BE LOCATED IN A COMMUNITY DISTRICT IF BOTH
22 OF THE FOLLOWING CIRCUMSTANCES EXIST:

23 (i) EITHER OF THE FOLLOWING:

24 (A) UNTIL THE ACCOUNTABILITY SYSTEM UNDER SECTION 390 HAS BEEN
25 IN EFFECT IN THE COMMUNITY DISTRICT FOR AT LEAST 3 FULL SCHOOL
26 YEARS, THE PROPOSED SCHOOL OF EXCELLENCE WOULD OPERATE AT THE SAME
27 LOCATION AS A PUBLIC SCHOOL THAT CURRENTLY IS ON THE LIST UNDER

1 SECTION 1280C(1) OF THE PUBLIC SCHOOLS IN THIS STATE THAT THE STATE
2 SCHOOL REFORM/REDESIGN OFFICE HAS DETERMINED TO BE AMONG THE LOWEST
3 ACHIEVING 5% OF ALL PUBLIC SCHOOLS IN THIS STATE OR HAS BEEN ON
4 THAT LIST DURING THE IMMEDIATELY PRECEDING 3-YEAR PERIOD. BEGINNING
5 AFTER THE ACCOUNTABILITY SYSTEM UNDER SECTION 390 HAS BEEN IN
6 EFFECT IN THE COMMUNITY DISTRICT FOR AT LEAST 3 FULL SCHOOL YEARS,
7 THE PROPOSED SCHOOL OF EXCELLENCE WOULD OPERATE AT THE SAME
8 LOCATION AS A PUBLIC SCHOOL THAT HAS BEEN ASSIGNED A GRADE OF "F"
9 UNDER SECTION 390 FOR 3 OF THE PRECEDING 5 SCHOOL YEARS.

10 (B) THE PROPOSED SCHOOL OF EXCELLENCE WOULD OPERATE AT THE
11 SAME LOCATION AS A PUBLIC SCHOOL ACADEMY, URBAN HIGH SCHOOL
12 ACADEMY, SCHOOL OF EXCELLENCE, OR STRICT DISCIPLINE ACADEMY THAT
13 HAS HAD ITS CONTRACT REVOKED OR TERMINATED BY AN AUTHORIZING BODY
14 UNDER THE APPLICABLE PART OR SECTION.

15 (ii) THE PROPOSED SCHOOL OF EXCELLENCE WOULD HAVE
16 SUBSTANTIALLY THE SAME BOARD OF DIRECTORS, SUBSTANTIALLY THE SAME
17 LEADERSHIP, AND SUBSTANTIALLY THE SAME CURRICULUM OFFERINGS AS THE
18 PUBLIC SCHOOL THAT PREVIOUSLY OPERATED AT THAT LOCATION.

19 (23) A SCHOOL OF EXCELLENCE THAT IS LOCATED WITHIN A COMMUNITY
20 DISTRICT IS SUBJECT TO SECTION 390.

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

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

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

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

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

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

18 (f) Take necessary measures to ensure that a school of
19 excellence board of directors operates independently of any
20 educational management organization involved in the operations of
21 the school of excellence.

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

25 (h) Ensure that the board of directors of the school of
26 excellence maintains and releases information as necessary to
27 comply with applicable law.

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

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

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

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

23 (b) Failure of the school of excellence to comply with all
24 applicable law.

25 (c) Failure of the school of excellence to meet generally
26 accepted public sector accounting principles and demonstrate sound
27 fiscal stewardship.

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

3 (5) Except for a school of excellence that is an alternative
4 school serving a special student population, if the ~~superintendent~~
5 ~~of public instruction~~ **STATE SCHOOL REFORM/REDESIGN OFFICER**
6 determines that a school of excellence site that has been operating
7 for at least 4 years is among the lowest achieving 5% of all public
8 schools in this state **FOR THE IMMEDIATELY PRECEDING 3 SCHOOL YEARS,**
9 ~~as defined for the purposes of the federal incentive grant program~~
10 ~~created under sections 14005 and 14006 of title XIV of the American~~
11 ~~recovery and reinvestment act of 2009, Public Law 111-5, is in year~~
12 ~~2 of restructuring sanctions under the no child left behind act of~~
13 ~~2001, Public Law 107-110, DETERMINED UNDER SECTION 1280C,~~ not to
14 include ~~the~~ **ANY** individualized education plan subgroup, and is not
15 currently undergoing reconstitution under this section, the
16 ~~superintendent of public instruction~~ **STATE SCHOOL REFORM/REDESIGN**
17 **OFFICER** shall notify the school of excellence's authorizing body.
18 **ALSO, EXCEPT FOR A SCHOOL OF EXCELLENCE THAT IS AN ALTERNATIVE**
19 **SCHOOL SERVING A SPECIAL STUDENT POPULATION, AFTER THE**
20 **ACCOUNTABILITY SYSTEM UNDER SECTION 390 HAS BEEN IN EFFECT IN THE**
21 **COMMUNITY DISTRICT FOR AT LEAST 3 FULL SCHOOL YEARS, IF THE STATE**
22 **SCHOOL REFORM/REDESIGN OFFICER DETERMINES THAT A SCHOOL OF**
23 **EXCELLENCE SITE LOCATED IN A COMMUNITY DISTRICT HAS BEEN ASSIGNED A**
24 **GRADE OF "F" UNDER SECTION 390 FOR THE IMMEDIATELY PRECEDING 3**
25 **SCHOOL YEARS, AND IS NOT CURRENTLY UNDERGOING RECONSTITUTION UNDER**
26 **THIS SECTION, THE STATE SCHOOL REFORM/REDESIGN OFFICER SHALL NOTIFY**
27 **THE SCHOOL OF EXCELLENCE'S AUTHORIZING BODY.** If an authorizing body

1 receives notice from the ~~superintendent of public instruction~~ **STATE**
2 **SCHOOL REFORM/REDESIGN OFFICER** under this subsection, the
3 authorizing body shall amend the school of excellence's contract to
4 eliminate the school of excellence's authority to operate the
5 existing age and grade levels at the site and the school of
6 excellence shall cease operating the existing age and grade levels
7 at the site, effective at the end of the current school year. If
8 the school of excellence operates at only 1 site or is a cyber
9 school, and the authorizing body receives notice from the
10 ~~superintendent of public instruction~~ **STATE SCHOOL REFORM/REDESIGN**
11 **OFFICER** under this subsection, the authorizing body shall revoke
12 the school of excellence's contract, effective at the end of the
13 current school year.

14 (6) Except for a contract issued by a school district pursuant
15 to a vote by the school electors on a ballot question under section
16 553(2), **AND EXCEPT AS OTHERWISE PROVIDED IN SECTION 552**, the
17 decision of the authorizing body to issue, not issue, or
18 reconstitute a contract under this part, or to terminate or revoke
19 a contract under this section, is solely within the discretion of
20 the authorizing body, is final, and is not subject to review by a
21 court or any other state agency. If the authorizing body issues,
22 does not issue, or reconstitutes a contract under this part, or
23 terminates or revokes a contract under this section, the
24 authorizing body is not liable for that action to the school of
25 excellence, the school of excellence corporation, a pupil of the
26 school of excellence, the parent or guardian of a pupil of the
27 school of excellence, or any other person.

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

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

25 (9) Not more than 10 days after a school of excellence's
26 contract terminates or is revoked, the authorizing body shall
27 notify the superintendent of public instruction in writing of the

1 name of the school of excellence whose contract has terminated or
2 been revoked and the date of contract termination or revocation.

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

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

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

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

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

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

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

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

1 Sec. 654. (1) ~~In~~ **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION**
 2 **(2), IN** a constituent district not employing a superintendent the
 3 intermediate superintendent shall **DO ALL OF THE FOLLOWING:**

4 (a) Recommend in writing all teachers to the **SCHOOL** board of
 5 ~~education~~ **THE CONSTITUENT DISTRICT.**

6 (b) Suspend a teacher for cause until the **SCHOOL** board of
 7 ~~education~~ of the constituent district employing the teacher
 8 considers the suspension.

9 (c) Supervise and direct the work of the teachers.

10 (d) Classify and control the promotion of pupils.

11 **(2) SUBSECTION (1) DOES NOT APPLY TO A CONSTITUENT DISTRICT IF**
 12 **ANY OF THE FOLLOWING APPLY:**

13 **(A) THE CONSTITUENT DISTRICT IS NOT REQUIRED TO EMPLOY A**
 14 **SUPERINTENDENT AS AN EMPLOYEE OF THE DISTRICT UNDER SECTION 1229.**

15 **(B) ALL OF THE PUBLIC SCHOOLS WITHIN THE CONSTITUENT DISTRICT**
 16 **HAVE BEEN TRANSFERRED TO 1 OR MORE OTHER SCHOOL DISTRICTS OR PUBLIC**
 17 **ENTITIES.**

18 Sec. 705. (1) Beginning in 1997, and in each year after 1997,
 19 a regional enhancement property tax may be levied by an
 20 intermediate school district at a rate not to exceed 3 mills to
 21 enhance other state and local funding for local school district
 22 operations if approved by a majority of the intermediate school
 23 electors voting on the question.

24 (2) If a resolution requesting that the question of a regional
 25 enhancement property tax be submitted to the voters is adopted
 26 within a 180-day period and transmitted to the intermediate school
 27 board by 1 or more boards of its constituent ~~school~~ districts

1 representing a majority of the combined membership of the
2 constituent ~~school~~-districts as of the most recent pupil membership
3 count day and if those resolutions all contain an identical
4 specified number of mills to be levied under this section and an
5 identical specified number of years for which the tax shall be
6 levied, the question of levying a regional enhancement property tax
7 by the intermediate school district shall be placed on the ballot
8 by the intermediate school district at the next regular school
9 election held in each of the constituent districts. If the question
10 is to be submitted to the intermediate school electors of an
11 intermediate school district having a population of more than
12 1,400,000, the intermediate school board shall call a special
13 election to be held at the next state primary or general election.
14 If the resolution requirement is met more than 180 days before the
15 next regular school district elections, and if requested in the
16 resolutions, the intermediate school board shall submit the
17 question of levying a regional enhancement property tax within the
18 intermediate school district on the ballot at a special election
19 called by the intermediate school board for that purpose not
20 earlier than 90 days after the resolution requirements are met.

21 (3) Not later than 10 days after receipt by the intermediate
22 school district of the revenue from the regional enhancement
23 property tax, the intermediate school district shall calculate and
24 pay to each of its constituent ~~school~~-districts an amount of the
25 revenue calculated by dividing the total amount of the revenue by
26 the combined membership of the constituent ~~school~~-districts within
27 the intermediate **SCHOOL** district, as of the most recent pupil

1 membership count day, and multiplying that quotient by the
2 constituent ~~school~~-district's membership, as of the most recent
3 pupil membership count day for which a final department-audited
4 pupil count is available. IF A CONSTITUENT DISTRICT HAS ENTERED
5 INTO AN AGREEMENT WITH ANOTHER SCHOOL DISTRICT OR PUBLIC ENTITY TO
6 PERFORM THE FUNCTIONS AND RESPONSIBILITIES OF THE CONSTITUENT
7 DISTRICT FOR OPERATING A PUBLIC SCHOOL OF THE CONSTITUENT DISTRICT,
8 THEN FOR THE PURPOSES OF THIS SUBSECTION THE PUPILS IN MEMBERSHIP
9 IN THAT PUBLIC SCHOOL SHALL BE CONSIDERED TO BE IN MEMBERSHIP IN
10 THE CONSTITUENT DISTRICT AND A PROPORTIONATE SHARE OF THE REVENUE
11 PAYABLE TO THE CONSTITUENT DISTRICT UNDER THIS SECTION SHALL BE
12 TRANSFERRED BY THE CONSTITUENT DISTRICT TO THE SCHOOL DISTRICT OR
13 PUBLIC ENTITY PERFORMING THE FUNCTIONS AND RESPONSIBILITIES OF THE
14 CONSTITUENT DISTRICT FOR OPERATING THE PUBLIC SCHOOL. THE
15 PROPORTIONATE SHARE OF THAT REVENUE TO BE PAID TO THAT SCHOOL
16 DISTRICT OR PUBLIC ENTITY SHALL BE DETERMINED ACCORDING TO THE
17 PERCENTAGE OF THE CONSTITUENT DISTRICT'S MEMBERSHIP THAT IS
18 ENROLLED IN THE PARTICULAR PUBLIC SCHOOL FOR THE STATE FISCAL YEAR
19 CORRESPONDING TO THE TAX YEAR. REVENUE FROM A REGIONAL ENHANCEMENT
20 PROPERTY TAX UNDER THIS SECTION SHALL NOT BE ALLOCATED OR PAID TO A
21 CONSTITUENT DISTRICT THAT DOES NOT OPERATE A PUBLIC SCHOOL DIRECTLY
22 BUT RETAINS A LIMITED SEPARATE IDENTITY FOR PURPOSES OF SECTION 12,
23 12B, 863, 903, OR 947.

24 (4) Regional enhancement property tax under this section may
25 be levied for a term not to exceed 20 years, as specified in the
26 ballot question, and may be renewed for the same term with the
27 approval of a majority of the intermediate school electors voting

1 on the question.

2 (5) The question of levying a regional enhancement property
3 tax under this section shall be presented to the intermediate
4 school electors as a separate question.

5 Sec. 921. (1) ~~Annually~~ **SUBJECT TO SUBSECTION (2), ANNUALLY** on
6 June 1 each intermediate superintendent shall compile a list of
7 constituent districts ~~which~~ **THAT** did not operate school within the
8 **CONSTITUENT** district during the preceding 2 or more years. ~~Not~~
9 ~~later than~~ **BEFORE** June 10, the intermediate superintendent shall
10 direct in writing the board of each constituent district **ON THIS**
11 **LIST** to comply with this section and section 922. ~~Before the~~
12 ~~expiration of 1 year following this official notification~~ **WITHIN 1**
13 **YEAR AFTER ISSUANCE OF THIS DIRECTIVE BY THE INTERMEDIATE**
14 **SUPERINTENDENT**, the constituent district shall ~~either~~ **DO 1 OF THE**
15 **FOLLOWING:**

16 (a) Attach itself either totally or in part to 1 or more
17 operating school districts, **INCLUDING, BUT NOT LIMITED TO, A**
18 **REORGANIZATION UNDER SECTION 12 OR 12B.**

19 (B) **TRANSFER THE FUNCTIONS AND RESPONSIBILITIES OF THE**
20 **CONSTITUENT DISTRICT RELATING TO OPERATING PUBLIC SCHOOLS TO 1 OR**
21 **MORE OTHER PUBLIC ENTITIES AUTHORIZED TO OPERATE PUBLIC SCHOOLS,**
22 **INCLUDING, BUT NOT LIMITED TO, ANOTHER SCHOOL DISTRICT OR AN**
23 **INTERMEDIATE SCHOOL DISTRICT.**

24 (C) ~~(b)~~ Reopen and operate its own school.

25 (2) **FOR THE PURPOSES OF THIS SECTION, A CONSTITUENT DISTRICT**
26 **SHALL BE CONSIDERED TO HAVE OPERATED A SCHOOL WITHIN THE SCHOOL**
27 **DISTRICT IF THE CONSTITUENT DISTRICT DID EITHER OR BOTH OF THE**

1 FOLLOWING:

2 (A) DIRECTLY OPERATED 1 OR MORE SCHOOLS ON ITS OWN.

3 (B) CAUSED PUBLIC EDUCATION SERVICES TO BE PROVIDED WITHIN THE
4 SCHOOL DISTRICT TO RESIDENTS OF THE SCHOOL DISTRICT THROUGH AN
5 AGREEMENT, CONTRACT, OR OTHER COOPERATIVE AGREEMENT WITH ANOTHER
6 PUBLIC ENTITY, INCLUDING, BUT NOT LIMITED TO, ANOTHER SCHOOL
7 DISTRICT OR AN INTERMEDIATE SCHOOL DISTRICT.

8 Sec. 1147. (1) A child who is a resident of a school district
9 that does not provide kindergarten and who is at least 5 years of
10 age on the first day of enrollment of the school year may attend
11 school in **A PUBLIC SCHOOL OPERATED BY** the school district **OR, FOR A**
12 **COMMUNITY DISTRICT OR A SCHOOL DISTRICT THAT DOES NOT DIRECTLY**
13 **OPERATE SCHOOLS ON ITS OWN, IN ANOTHER PUBLIC SCHOOL LOCATED WITHIN**
14 **THE GEOGRAPHIC BOUNDARIES OF THE SCHOOL DISTRICT.**

15 ~~(2) Subject to subsection (3), for the 2013-2014 school year,~~
16 ~~a child who resides in the school district may enroll in~~
17 ~~kindergarten if the child is at least 5 years of age on November 1,~~
18 ~~2013. Subject to subsection (3), for the 2014-2015 school year, a~~
19 ~~child who resides in the school district may enroll in kindergarten~~
20 ~~if the child is at least 5 years of age on October 1, 2014. Subject~~
21 ~~to subsection (3), beginning with the 2015-2016 school year, a~~
22 **child WHO IS AT LEAST 5 YEARS OF AGE ON SEPTEMBER 1 OF THE SCHOOL**
23 **YEAR OF ENROLLMENT AND** who resides in the school district may
24 enroll in kindergarten ~~if the child is at least 5 years of age on~~
25 ~~September 1 of the school year of enrollment.~~**IN A PUBLIC SCHOOL**
26 **OPERATED BY THE SCHOOL DISTRICT OR, FOR A COMMUNITY DISTRICT OR A**
27 **SCHOOL DISTRICT THAT DOES NOT DIRECTLY OPERATE SCHOOLS ON ITS OWN,**

1 **IN ANOTHER PUBLIC SCHOOL LOCATED WITHIN THE GEOGRAPHIC BOUNDARIES**
2 **OF THE SCHOOL DISTRICT.**

3 (3) If a child residing in the school district or a child
4 eligible to enroll in and be counted in membership in the school
5 district under section 105 or 105c of the state school aid act of
6 1979, MCL 388.1705 and 388.1705c, is not 5 years of age on the
7 enrollment eligibility date specified in subsection (2), but will
8 be 5 years of age not later than December 1 of a school year, the
9 parent or legal guardian of that child may enroll the child in
10 kindergarten for that school year **IN A PUBLIC SCHOOL OPERATED BY**
11 **THE SCHOOL DISTRICT OR, FOR A COMMUNITY DISTRICT OR A SCHOOL**
12 **DISTRICT THAT DOES NOT DIRECTLY OPERATE SCHOOLS ON ITS OWN, IN**
13 **ANOTHER PUBLIC SCHOOL LOCATED WITHIN THE GEOGRAPHIC BOUNDARIES OF**
14 **THE SCHOOL DISTRICT** if the parent or legal guardian notifies the
15 ~~school district~~**PUBLIC SCHOOL** in writing that he or she intends to
16 enroll the child in kindergarten for that school year. A ~~school~~
17 ~~district~~**PUBLIC SCHOOL** that receives this written notification may
18 make a recommendation to the parent or legal guardian of a child
19 described in this subsection that the child is not ready to enroll
20 in kindergarten due to the child's age or other factors. However,
21 regardless of this recommendation, the parent or legal guardian
22 retains the sole discretion to determine whether or not to enroll
23 the child in kindergarten under this subsection.

24 (4) The ages prescribed in this section for a child's
25 eligibility for enrollment in a ~~school district~~**PUBLIC SCHOOL** also
26 apply to a child's eligibility to enroll in a public school
27 academy.

1 (5) If a ~~school district or public school academy~~ **PUBLIC**
2 **SCHOOL** enrolls any children in kindergarten for a school year under
3 subsection (3), the ~~school district or public school academy~~ **PUBLIC**
4 **SCHOOL** shall notify the department of the number of those children
5 enrolled by not later than December 31 of that school year.

6 (6) **THIS SECTION DOES NOT REQUIRE A SCHOOL DISTRICT TO OPERATE**
7 **A PUBLIC SCHOOL DIRECTLY ON ITS OWN.**

8 (7) **THIS SECTION DOES NOT APPLY TO A SCHOOL DISTRICT THAT DOES**
9 **NOT OPERATE A PUBLIC SCHOOL DIRECTLY BUT RETAINS A LIMITED SEPARATE**
10 **IDENTITY FOR PURPOSES OF SECTION 12, 12B, 863, 903, OR 947.**

11 (8) **THIS SECTION DOES NOT REQUIRE A SCHOOL DISTRICT OR PUBLIC**
12 **SCHOOL ACADEMY THAT DOES NOT OTHERWISE PROVIDE KINDERGARTEN TO**
13 **PROVIDE KINDERGARTEN.**

14 Sec. 1225. (1) Subject to restrictions of this section, a
15 school board or intermediate school board may borrow money and
16 issue notes of the school district or intermediate school district
17 for the borrowed money to secure funds for school operations or to
18 pay previous loans obtained for school operations under this or any
19 other statute. The school board or intermediate school board shall
20 pledge money to be received by it from state school aid for the
21 payment of notes issued under this section. A pledge of state
22 school aid by a school district or intermediate school district for
23 the payment of notes issued pursuant to this section is valid and
24 binding from the time when the pledge is made. A pledge made
25 pursuant to this section for the benefit of the holders of notes or
26 for the benefit of others is perfected without delivery, recording,
27 or notice. Notes issued pursuant to this section are full faith and

1 credit obligations of the school district or intermediate school
2 district and are payable from tax levies or from unencumbered funds
3 of the school district or intermediate school district in event of
4 the unavailability or insufficiency of state school aid for any
5 reason.

6 (2) A school district or intermediate school district for
7 which an emergency manager has been appointed pursuant to the ~~local~~
8 ~~government and school district fiscal accountability act, 2011 PA~~
9 ~~4, MCL 141.1501 to 141.1531, LOCAL FINANCIAL STABILITY AND CHOICE~~
10 **ACT, 2012 PA 436, MCL 141.1541 TO 141.1575**, or a school district or
11 intermediate school district that has an approved deficit
12 elimination plan **OR AN ENHANCED DEFICIT ELIMINATION PLAN REQUIRED**
13 under section 102 of the state school aid act of 1979, MCL
14 388.1702, may enter into an agreement with the Michigan finance
15 authority in accordance with section 17a(4) of the state school aid
16 act of 1979, MCL 388.1617a, providing for the direct payment on
17 behalf of the school district or intermediate school district to
18 the Michigan finance authority, or to a trustee designated by the
19 Michigan finance authority, of state school aid pledged and to be
20 used for the sole purpose of paying the principal of and interest
21 on the notes issued pursuant to this section and secured by state
22 school aid.

23 (3) Notes issued under this section shall become due not later
24 than 372 days after the date on which they are issued, except as
25 otherwise provided in this section. Notes issued within a fiscal
26 year shall not exceed 70% of the difference between the total state
27 aid funds apportioned to the school district or intermediate school

1 district for that fiscal year and the portion already received or
2 pledged, except secondary pledges made under section 1356.

3 (4) A school district or intermediate school district that is
4 not able to redeem its notes within 372 days after the date on
5 which the notes were issued may enter into a multi-year agreement
6 with a lending institution to repay its obligation. A repayment
7 agreement shall not be executed without the prior approval of an
8 authorized representative of the state board or, for notes sold to
9 the Michigan finance authority only, without the approval of an
10 authorized representative of the department of treasury.

11 (5) During the last 4 months of a fiscal year, notes may be
12 issued pledging state school aid for the next succeeding fiscal
13 year. Except as otherwise provided in this subsection, the notes
14 shall not exceed 50% of the state school aid apportioned to the
15 school district or intermediate school district for the next
16 succeeding fiscal year or, if the apportionment has not been made,
17 50% of the apportionment for the then current fiscal year. The
18 notes shall mature not later than 372 days after the date of
19 issuance.

20 (6) Notes issued under this section are subject to the revised
21 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.
22 Failure of a school district or intermediate school district to
23 receive state school aid does not affect the validity or
24 enforceability of a note issued under this section.

25 (7) A school board or intermediate school board, **INCLUDING,**
26 **BUT NOT LIMITED TO, THE SCHOOL BOARD OF A COMMUNITY DISTRICT,** may
27 make more than 1 borrowing under this section during a school year.

1 (8) In addition to other powers under this section, with the
2 approval of the state treasurer, a school board or intermediate
3 school board, **INCLUDING, BUT NOT LIMITED TO, THE SCHOOL BOARD OF A**
4 **COMMUNITY DISTRICT**, may obtain a line of credit to secure funds for
5 school operations or to pay previous loans obtained for school
6 operations under this or any other statute. The school board or
7 intermediate school board shall pledge not more than 30% of the
8 state school aid apportioned to the school district or intermediate
9 school district for that fiscal year for repayment of funds
10 received pursuant to a line of credit obtained under this
11 subsection. However, the school board or intermediate school board
12 shall not borrow against the line of credit an amount greater than
13 the difference, as of the date of the borrowing, between the total
14 state school aid funds apportioned to the school district or
15 intermediate school district for that fiscal year and the portion
16 already received or pledged, except secondary pledges made under
17 section 1356. To obtain approval for obtaining a line of credit
18 under this subsection, a school board or intermediate school board
19 shall apply to the state treasurer in the form and manner
20 prescribed by the state treasurer, and shall provide information as
21 requested by the state treasurer for evaluating the application.
22 The state treasurer shall approve or disapprove an application and
23 notify the school board or intermediate school board within 20
24 business days after receiving a proper application. If the state
25 treasurer disapproves an application, the state treasurer shall
26 include the reasons for disapproval in the notification to the
27 school board or intermediate school board.

1 Sec. 1229. (1) Except as otherwise provided in subsection (4),
2 the board of a school district, other than a school district that
3 was organized as a primary school district during the 1995-1996
4 school year, or of an intermediate school district shall employ a
5 superintendent of schools, who shall meet the requirements of
6 section 1246. The superintendent shall not be a member of the
7 board. Employment of a superintendent shall be by written contract.
8 The term of the superintendent's contract shall be fixed by the
9 board, not to exceed 5 years. If written notice of nonrenewal of
10 the contract of a superintendent is not given at least 90 days
11 before the termination of the contract, the contract is renewed for
12 an additional 1-year period. **HOWEVER, FOR THE SUPERINTENDENT OF A
13 COMMUNITY DISTRICT, THE MINIMUM TIME PERIOD FOR THE WRITTEN NOTICE
14 REQUIRED UNDER THIS SUBSECTION IS 30 DAYS.**

15 (2) The board of a school district or intermediate school
16 district may employ assistant superintendents, principals,
17 assistant principals, guidance directors, and other administrators
18 who do not assume tenure in that position under 1937 (Ex Sess) PA
19 4, MCL 38.71 to 38.191. The employment shall be by written
20 contract. The term of the employment contract shall be fixed by the
21 board, not to exceed 3 years. The board shall prescribe the duties
22 of ~~a person~~ **AN INDIVIDUAL** described in this subsection. If written
23 notice of nonrenewal of the contract of ~~a person~~ **AN INDIVIDUAL**
24 described in this subsection is not given at least 60 days before
25 the termination date of the contract, the contract is renewed for
26 an additional 1-year period. **HOWEVER, FOR AN INDIVIDUAL DESCRIBED
27 IN THIS SUBSECTION WHO IS EMPLOYED BY A COMMUNITY DISTRICT, THE**

1 **MINIMUM TIME PERIOD FOR THE WRITTEN NOTICE REQUIRED UNDER THIS**
2 **SUBSECTION IS 30 DAYS.**

3 (3) A notification of nonrenewal of contract of a ~~person~~**AN**
4 **INDIVIDUAL** described in subsection (2) may be given only for a
5 reason that is not arbitrary or capricious. The board shall not
6 issue a notice of nonrenewal under this section unless the affected
7 ~~person~~**INDIVIDUAL** has been provided with not less than 30 days'
8 advance notice that the board is considering the nonrenewal
9 together with a written statement of the reasons the board is
10 considering the nonrenewal. **HOWEVER, FOR AN INDIVIDUAL DESCRIBED IN**
11 **SUBSECTION (2) WHO IS EMPLOYED BY A COMMUNITY DISTRICT, THE MINIMUM**
12 **TIME PERIOD FOR THE ADVANCE NOTICE REQUIRED UNDER THIS SUBSECTION**
13 **IS 7 DAYS.** After the issuance of the written statement, but before
14 the nonrenewal statement is issued, the affected ~~person~~**INDIVIDUAL**
15 shall be given the opportunity to meet with not less than a
16 majority of the board to discuss the reasons stated in the written
17 statement. The meeting shall be open to the public or a closed
18 session, as the affected ~~person~~**INDIVIDUAL** elects under section 8
19 of the open meetings act, 1976 PA 267, MCL 15.268. If the board
20 fails to provide for a meeting with the board, or if a court finds
21 that the reason for nonrenewal is arbitrary or capricious, the
22 affected ~~person's~~**INDIVIDUAL'S** contract is renewed for an
23 additional 1-year period. This subsection does not apply to the
24 nonrenewal of the contract of a superintendent of schools described
25 in subsection (1).

26 (4) A school district, instead of directly employing a
27 superintendent of schools, may contract with its intermediate

1 school district for the intermediate superintendent to serve as the
2 superintendent of schools for the school district or for the
3 intermediate school district to provide another person to serve as
4 superintendent of schools for the school district **OR MAY CONTRACT**
5 **WITH ANOTHER PERSON, INCLUDING, BUT NOT LIMITED TO, THE**
6 **SUPERINTENDENT OF ANOTHER SCHOOL DISTRICT, TO SERVE AS**
7 **SUPERINTENDENT OF SCHOOLS FOR THE SCHOOL DISTRICT. IF A SCHOOL**
8 **DISTRICT DOES NOT OPERATE A PUBLIC SCHOOL DIRECTLY ON ITS OWN, THE**
9 **SCHOOL DISTRICT IS NOT REQUIRED TO EMPLOY A SUPERINTENDENT.**

10 Sec. 1231. (1) ~~The~~ **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION**
11 **(5), THE** board of a school district shall hire and contract with
12 qualified teachers. Contracts with teachers shall be in writing and
13 signed on behalf of the school district by a majority of the board,
14 by the president and secretary of the board, or by the
15 superintendent of schools or an authorized representative of the
16 board. The contracts shall specify the wages agreed upon.

17 (2) A teacher's contract shall be filed with the secretary of
18 the board and a duplicate copy of the contract shall be furnished
19 to the teacher.

20 (3) Except as otherwise provided under this act, a contract
21 with a teacher is not valid unless the ~~person~~ **INDIVIDUAL** holds a
22 valid teaching certificate at the time the contractual period
23 begins **OR THE INDIVIDUAL IS ENGAGED TO TEACH IN A COMMUNITY**
24 **DISTRICT UNDER SECTION 1233C.** A contract shall terminate if the
25 certificate expires by limitation and is not renewed immediately or
26 if it is suspended or revoked by proper legal authority.

27 (4) The board of a school district, after a teacher has been

1 employed at least 2 consecutive years by the board, may enter into
2 a continuing contract with a certificated teacher **OR, FOR A**
3 **COMMUNITY DISTRICT, WITH AN INDIVIDUAL ENGAGED TO TEACH IN A**
4 **COMMUNITY DISTRICT UNDER SECTION 1233C.**

5 (5) THE SCHOOL BOARD OF A SCHOOL DISTRICT THAT IS A COMMUNITY
6 DISTRICT MAY EMPLOY OR CONTRACT FOR, OR BOTH, QUALIFIED TEACHERS
7 AND OTHER QUALIFIED INSTRUCTIONAL PERSONNEL AT A PUBLIC SCHOOL THAT
8 FORMERLY OPERATED AS AN ACHIEVEMENT SCHOOL, AS DEFINED IN SECTION 3
9 OF THE STATE SCHOOL AID ACT OF 1979, MCL 388.1603, AS NECESSARY TO
10 CARRY OUT THE PURPOSES OF THE COMMUNITY DISTRICT.

11 (6) ~~(5)~~—As used in this section, "teacher" does not include a
12 substitute teacher.

13 Sec. 1233. (1) Except as otherwise provided by law, **AND**
14 **SUBJECT TO SECTION 1233C**, the board of a school district or
15 intermediate school board of an intermediate school district shall
16 not permit a teacher who does not hold a valid teaching certificate
17 to teach in a grade or department of the school.

18 (2) The board of a school district or intermediate school
19 board of an intermediate school district shall not allow an
20 individual to serve in a counseling role in the school district or
21 intermediate school district, as the role is defined by the
22 superintendent of public instruction, unless the individual meets 1
23 or more of the following and the board or intermediate school board
24 complies with subsection (7):

25 (a) The individual holds a valid teaching certificate with a
26 school counseling endorsement.

27 (b) The individual meets all of the following:

1 (i) Holds a master's degree awarded after completion of an
2 approved school counselor education program that includes at least
3 all of the following skills and content areas or their equivalent:

4 (A) Guidance services--philosophy, principles, and practices.

5 (B) Individual and group analysis--nature and range of human
6 characteristics and appraisal methods.

7 (C) Guidance information--vocational development theory,
8 educational and occupational information.

9 (D) Counseling theory and practice--individual and group
10 procedures, administration and coordination relationships,
11 professional relationships, and ethics.

12 (E) Supervised experiences--laboratory, practicum, or
13 internship.

14 (F) Evaluation--statistics and research methodology, follow-up
15 evaluation, and measurement methods.

16 (ii) Has successfully completed the department's guidance
17 counselor examination.

18 (iii) Has been recommended by an approved school counselor
19 education program to provide services as a school counselor.

20 (c) The individual meets both of the following:

21 (i) Has at least 5 years of successful experience serving in a
22 school counseling role in another state within the immediately
23 preceding 7-year period.

24 (ii) Has successfully completed the department's guidance
25 counselor examination.

26 (3) ~~The~~ **EXCEPT FOR TEACHERS ENGAGED TO TEACH IN A COMMUNITY**
27 **DISTRICT UNDER SECTION 1233C, THE** intermediate superintendent shall

1 notify the superintendent of public instruction immediately of the
2 names of noncertificated teachers teaching in violation of
3 subsection (1) and the names of individuals serving in counseling
4 roles in violation of subsection (2), the employing district, and
5 the amount of time the noncertificated teachers or unqualified
6 individuals were employed.

7 (4) A vocational teacher preparation institution shall utilize
8 the employment experience of an annually authorized teacher for the
9 purpose of waiving student teaching as a requirement for vocational
10 certification if the annually authorized teacher is supervised by
11 the teacher preparation institution.

12 (5) All vocational education teachers certified after June 1,
13 1995 shall pass a competency test.

14 (6) The board of a school district or intermediate school
15 district may employ ~~a person~~ **AN INDIVIDUAL** without a teaching
16 certificate as a substitute teacher if the ~~person~~ **INDIVIDUAL** has at
17 least 90 semester hours of college credit from a college or
18 university.

19 (7) If the board of a school district or intermediate school
20 board of an intermediate school district chooses to employ an
21 individual who does not hold a valid teaching certificate to serve
22 in a counseling role, as permitted under subsection (2), the school
23 board or intermediate school board shall comply with sections 1230
24 and 1230a with respect to that individual to the same extent as
25 required for employing ~~a person~~ **AN INDIVIDUAL** with a teaching
26 certificate to serve as a teacher.

27 **SEC. 1233C. (1) BEGINNING AFTER AN INITIAL ELECTED SCHOOL**

1 BOARD FOR THE COMMUNITY DISTRICT HAS BEEN ELECTED AND TAKES OFFICE
2 UNDER SECTION 384, A COMMUNITY DISTRICT MAY ENGAGE A FULL-TIME OR
3 PART-TIME NONCERTIFICATED, NONENDORSED TEACHER TO TEACH IN ITS
4 SCHOOLS IF THE APPROPRIATE OFFICIAL OF THE COMMUNITY DISTRICT
5 DETERMINES THAT, DUE TO THE INDIVIDUAL'S COMBINATION OF EDUCATION
6 AND EXPERIENCE, IT WOULD BE APPROPRIATE AND IN THE BEST INTERESTS
7 OF THE PUPILS OF THE COMMUNITY DISTRICT.

8 (2) IF A NONCERTIFICATED, NONENDORSED TEACHER ENGAGED TO TEACH
9 UNDER THIS SECTION COMPLETES 3 YEARS OF SUCCESSFUL CLASSROOM
10 TEACHING, AS DETERMINED BY REGULAR OBSERVATION AND REVIEW BY SCHOOL
11 DISTRICT AND TEACHER PREPARATION INSTITUTION PERSONNEL, THE
12 DEPARTMENT AND A TEACHER PREPARATION INSTITUTION SHALL UTILIZE THE
13 TEACHING EXPERIENCE OF THE NONCERTIFICATED, NONENDORSED TEACHER FOR
14 THE PURPOSE OF WAIVING STUDENT TEACHING AS A CONDITION FOR
15 RECEIVING A PROVISIONAL TEACHING CERTIFICATE.

16 Sec. 1237. Notwithstanding any other provision of this act or
17 a rule to the contrary, a school district, local act school
18 district, intermediate school district, or public school academy
19 may employ a ~~person~~ **AN INDIVIDUAL** who does not hold a teaching
20 certificate to provide speech and language services if the ~~person~~
21 **INDIVIDUAL** meets the requirements for speech-language certification
22 by the American speech-language-hearing association. However, a
23 ~~person~~ **EXCEPT FOR A TEACHER ENGAGED TO TEACH IN A COMMUNITY**
24 **DISTRICT UNDER SECTION 1233C, AN INDIVIDUAL** who does not hold a
25 teaching certificate shall not be assigned to serve as a classroom
26 teacher.

27 Sec. 1240. (1) ~~The~~ **SUBJECT TO SUBSECTION (3), THE** board of a

1 school district that has a membership of at least 20,000 pupils and
2 that includes in its territory a city with a population of at least
3 180,000 as of the most recent decennial census may create a law
4 enforcement agency in accordance with and as provided under the
5 public body law enforcement agency act, **2004 PA 378, MCL 28.581 TO**
6 **28.590**. ~~If the school district is a qualifying school district~~
7 ~~under part 5a, the chief executive officer of the school district,~~
8 ~~with the concurrence of the school reform board of the school~~
9 ~~district, may create a law enforcement agency in accordance with~~
10 ~~and as provided under the public body law enforcement agency act.~~

11 (2) ~~IF SUBJECT TO SUBSECTION (3), IF~~ the board ~~or chief~~
12 ~~executive officer~~ of a school district creates a law enforcement
13 agency under subsection (1), the board ~~or chief executive officer~~
14 may grant to law enforcement officers of that law enforcement
15 agency the same powers, immunities, and authority as are granted by
16 law to peace officers and police officers to detect crime and to
17 enforce the criminal laws of this state and to enforce state laws,
18 local ordinances, and the ordinances and regulations of the school
19 district, as provided under the public body law enforcement agency
20 act, **2004 PA 378, MCL 28.581 TO 28.590**. Law enforcement officers to
21 whom the authority of peace officers and police officers is granted
22 under that act are considered peace officers of this state and have
23 the authority of police officers provided under the Michigan
24 vehicle code, 1949 PA 300, MCL 257.1 to 257.923, and as provided
25 under the code of criminal procedure, 1927 PA 175, MCL 760.1 to
26 777.69.

27 (3) **IF A SCHOOL DISTRICT OPERATES A LAW ENFORCEMENT AGENCY**

1 UNDER THIS SECTION AND BECOMES A QUALIFYING SCHOOL DISTRICT UNDER
2 SECTION 12B, THE QUALIFYING SCHOOL DISTRICT'S LAW ENFORCEMENT
3 AGENCY SHALL BE TRANSFERRED BY OPERATION OF LAW ON THE TRANSFER
4 DATE TO THE COMMUNITY DISTRICT CREATED UNDER PART 5B. BEGINNING ON
5 THE TRANSFER DATE, THE COMMUNITY DISTRICT MAY OPERATE A LAW
6 ENFORCEMENT AGENCY IN ACCORDANCE WITH THIS SECTION.

7 (4) FOR PURPOSES OF THIS SECTION, A COMMUNITY DISTRICT'S
8 MEMBERSHIP IS CONSIDERED TO BE THE SAME AS THE MEMBERSHIP OF THE
9 QUALIFYING SCHOOL DISTRICT WHOSE LAW ENFORCEMENT AGENCY IS
10 TRANSFERRED UNDER SUBSECTION (3).

11 (5) AS USED IN THIS SECTION, "TRANSFER DATE" MEANS THAT TERM
12 AS DEFINED IN SECTION 12B.

13 Sec. 1250. (1) ~~A~~ EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION,
14 A school district, public school academy, or intermediate school
15 district shall implement and maintain a method of compensation for
16 its teachers and school administrators that includes job
17 performance and job accomplishments as a significant factor in
18 determining compensation and additional compensation. The
19 assessment of job performance shall incorporate a rigorous,
20 transparent, and fair evaluation system that evaluates a teacher's
21 or school administrator's performance at least in part based upon
22 data on student growth as measured by assessments and other
23 objective criteria.

24 (2) If a collective bargaining agreement is in effect for
25 teachers or school administrators of a school district, public
26 school academy, or intermediate school district as of ~~the effective~~
27 ~~date of the amendatory act that added this subsection,~~ JANUARY 4,

1 2010, and if that collective bargaining agreement prevents
2 compliance with subsection (1), then subsection (1) does not apply
3 to that school district, public school academy, or intermediate
4 school district until after the expiration of that collective
5 bargaining agreement.

6 (3) FOR TEACHERS AND SCHOOL ADMINISTRATORS WHO ARE HIRED BY A
7 COMMUNITY DISTRICT AFTER THE ACCOUNTABILITY SYSTEM UNDER SECTION
8 390 HAS BEEN IMPLEMENTED, THE COMMUNITY DISTRICT SHALL IMPLEMENT
9 AND MAINTAIN A METHOD OF COMPENSATION THAT INCLUDES JOB PERFORMANCE
10 AND JOB ACCOMPLISHMENTS AS THE PRIMARY FACTOR IN DETERMINING
11 COMPENSATION AND ADDITIONAL COMPENSATION. A TEACHER'S OR SCHOOL
12 ADMINISTRATOR'S JOB PERFORMANCE SHALL BE EVALUATED BASED ON THE
13 TEACHER'S ANNUAL EVALUATION UNDER SECTION 1249 OR THE SCHOOL
14 ADMINISTRATOR'S ANNUAL EVALUATION UNDER SECTION 1249B, AS
15 APPLICABLE.

16 (4) FOR TEACHERS AND SCHOOL ADMINISTRATORS WHO ARE HIRED BY A
17 COMMUNITY DISTRICT AFTER THE ACCOUNTABILITY SYSTEM UNDER SECTION
18 390 HAS BEEN IMPLEMENTED, THE COMMUNITY DISTRICT SHALL NOT USE
19 LENGTH OF SERVICE OR ACHIEVEMENT OF AN ADVANCED DEGREE AS A FACTOR
20 IN COMPENSATION LEVELS OR ADJUSTMENTS IN COMPENSATION EXCEPT AS
21 FOLLOWS:

22 (A) FOR A TEACHER WITH A SECONDARY LEVEL TEACHING CERTIFICATE
23 WHO HAS A SUBJECT AREA ENDORSEMENT AND WHO TEACHES IN THAT SUBJECT
24 AREA, AN ADVANCED DEGREE ACHIEVED IN THAT SUBJECT AREA MAY BE
25 CONSIDERED AS A FACTOR IN THE TEACHER'S BASE COMPENSATION.

26 (B) FOR A TEACHER WITH AN ELEMENTARY LEVEL TEACHING
27 CERTIFICATE WHO TEACHES IN AN ELEMENTARY GRADE, AN ADVANCED DEGREE

1 **IN ELEMENTARY EDUCATION MAY BE CONSIDERED AS A FACTOR IN THE**
2 **TEACHER'S BASE COMPENSATION.**

3 Sec. 1351a. (1) Beginning with bonds issued after May 1, 1994,
4 a school district, **INCLUDING, BUT NOT LIMITED TO, A SCHOOL DISTRICT**
5 **THAT IS A COMMUNITY DISTRICT OR A QUALIFYING SCHOOL DISTRICT,** shall
6 not borrow money and issue bonds of the district under section
7 1351(1). However, a school district, **INCLUDING, BUT NOT LIMITED TO,**
8 **A SCHOOL DISTRICT THAT IS A COMMUNITY DISTRICT,** may borrow money
9 and issue bonds of the district to defray all or a part of the cost
10 of purchasing, erecting, completing, remodeling, or equipping or
11 reequipping, except for equipping or reequipping for technology,
12 school buildings, including library buildings, structures, athletic
13 fields, playgrounds, or other facilities, or parts of or additions
14 to those facilities; furnishing or refurnishing new or remodeled
15 school buildings; acquiring, preparing, developing, or improving
16 sites, or parts of or additions to sites, for school buildings,
17 including library buildings, structures, athletic fields,
18 playgrounds, or other facilities; purchasing school buses;
19 acquiring, installing, or equipping or reequipping school buildings
20 for technology; or accomplishing a combination of the purposes set
21 forth in this subsection. Section 1351(2) to (4) applies to bonds
22 issued under this section.

23 (2) The proceeds of bonds issued under this section or under
24 section 11i of the state school aid act of 1979, ~~1979 PA 94, MCL~~
25 388.1611i, shall be used for capital expenditures and to pay costs
26 of bond issuance, and shall not be used for maintenance costs.
27 Except as otherwise provided in this subsection, a school district

1 that issues bonds under this section or under section 11i of the
2 state school aid act of 1979, ~~1979 PA 94,~~ MCL 388.1611i, shall have
3 an independent audit, using generally accepted accounting
4 principles, of its bonding activities under these sections
5 conducted within 120 days after completion of all projects financed
6 by the proceeds of the bonds and shall submit the audit report to
7 the department of treasury. For bonds issued under section 11i of
8 the state school aid act of 1979, ~~1979 PA 94,~~ MCL 388.1611i, the
9 independent audit required under this subsection may be conducted
10 and submitted with the annual report required under the revised
11 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

12 (3) A school district, **INCLUDING, BUT NOT LIMITED TO, A SCHOOL**
13 **DISTRICT THAT IS A COMMUNITY DISTRICT**, shall not borrow money and
14 issue notes or bonds under this section to defray all or part of
15 the costs of any of the following:

16 (a) Upgrades to operating system or application software.

17 (b) Media, including diskettes, compact discs, video tapes,
18 and disks, unless used for the storage of initial operating system
19 software or customized application software included in the
20 definition of technology under this section.

21 (c) Training, consulting, maintenance, service contracts,
22 software upgrades, troubleshooting, or software support.

23 (4) A resident of a school district, **INCLUDING, BUT NOT**
24 **LIMITED TO, A SCHOOL DISTRICT THAT IS A COMMUNITY DISTRICT**, has
25 standing to bring suit against the school district to enforce the
26 provisions of this section in a court having jurisdiction.

27 (5) As used in this section, "technology" means any of the

1 following:

2 (a) Hardware and communication devices that transmit, receive,
3 or compute information for pupil instructional purposes.

4 (b) The initial purchase of operating system software or
5 customized application software, or both, accompanying the purchase
6 of hardware and communication devices under subdivision (a).

7 (c) The costs of design and installation of the hardware,
8 communication devices, and initial operating system software or
9 customized application software authorized under this subsection.

10 Sec. 1356. (1) Notwithstanding section 1351, a school district
11 that has an operating or projected operating deficit ~~in excess of~~
12 ~~\$100.00 per membership pupil~~ **OR THAT HAS OUTSTANDING STATE AID**
13 **ANTICIPATION NOTES ISSUED UNDER SECTION 1225 THROUGH THE MICHIGAN**
14 **FINANCE AUTHORITY** may, **WITH THE APPROVAL OF THE STATE TREASURER,**
15 borrow and issue ~~its negotiable interest bearing notes or bonds~~ for
16 the purpose of ~~funding~~ **ELIMINATING** the deficit **OR REFUNDING OR**
17 **REFINANCING THE STATE AID ANTICIPATION NOTES AND RELATED MULTIYEAR**
18 **REPAYMENT OBLIGATIONS** in accordance with this section. **NOTES OR**
19 **BONDS ISSUED UNDER THIS SECTION SHALL BE KNOWN AS SCHOOL FINANCING**
20 **STABILITY BONDS.** This authority is in addition to and not in
21 derogation of any power granted to a school district by any other
22 provision of this act. ~~However, except for the purpose of funding~~
23 ~~an operating or projected operating deficit resulting from a state~~
24 ~~tax tribunal order or a court order, a school district shall not~~
25 ~~initiate the procedures to borrow money or issue notes or bonds~~
26 ~~under this section after January 1, 1994.~~

27 (2) Before a ~~board of a~~ school district issues notes or bonds

1 under this section, the board **OF THE SCHOOL DISTRICT** shall provide
2 by resolution for the submission of the following certified and
3 substantiated information to the department of treasury:

4 (a) There exists or will exist an operating deficit in the
5 school district ~~in excess of \$100.00 per membership pupil.~~ **OR THE**
6 **SCHOOL DISTRICT HAS OUTSTANDING STATE AID ANTICIPATION NOTES ISSUED**
7 **UNDER SECTION 1225 THROUGH THE MICHIGAN FINANCE AUTHORITY.**

8 (b) ~~During~~ **IF THE SCHOOL DISTRICT HAS A DEFICIT, DURING** or
9 before the fiscal year in which the application is made, the school
10 district has made every available effort to offset the deficit. ~~7~~
11 ~~including submission of a question to the school electors of the~~
12 ~~district to increase the rate of ad valorem property taxes levied~~
13 ~~in the school district.~~

14 (c) The school district has a plan approved by the ~~school~~
15 ~~board~~ **STATE TREASURER** that outlines actions to be taken to balance
16 future expenditures with anticipated revenues **AND TO REPAY ANY**
17 **BONDS OR NOTES ISSUED UNDER THIS SECTION. THE STATE TREASURER MAY**
18 **RECOGNIZE A DEFICIT ELIMINATION PLAN OR AN ENHANCED DEFICIT**
19 **ELIMINATION PLAN AUTHORIZED UNDER SECTION 102 OF THE STATE SCHOOL**
20 **AID ACT OF 1979, MCL 388.1702, AS SATISFYING THE REQUIREMENTS FOR**
21 **AN APPROVED PLAN UNDER THIS SUBDIVISION.**

22 (3) The existence of ~~the~~ **AN** operating or projected operating
23 deficit, ~~and~~ the amount of the operating or projected operating
24 deficit, **AND THE AMOUNT NECESSARY TO REFUND OR REFINANCE ANY SCHOOL**
25 **AID ANTICIPATION NOTES ISSUED UNDER SECTION 1225 THROUGH THE**
26 **MICHIGAN FINANCE AUTHORITY** shall be determined by the department of
27 treasury, using normal school accounting practices. If a financial

1 audit is required to arrive at a conclusive determination as to the
2 amount of ~~the~~ **A** deficit, the state treasurer shall charge all
3 necessary expenses for the audit, including per diem and travel
4 expenses, to the school district, and the school district shall
5 make payment to the state treasurer for these expenses. ~~The~~ **A**
6 determination by the department of treasury **UNDER THIS SUBSECTION**
7 is final and conclusive. ~~as to the existence of an operating or~~
8 ~~projected operating deficit, the amount of the deficit, and the~~
9 ~~amount of the deficit per membership pupil.~~

10 (4) The notes or bonds may be issued in 1 or more series by
11 resolution adopted by the school board, which resolution in each
12 case shall make reference to the determination of the department of
13 treasury **UNDER SUBSECTION (3)**. The amount of a note or bond issued
14 shall not exceed the amount ~~of the operating deficit as shown by~~
15 ~~the determination.~~ **DETERMINED BY THE DEPARTMENT OF TREASURY UNDER**
16 **SUBSECTION (3)**.

17 (5) The school district ~~shall~~ **MAY** pledge as ~~secondary~~ security
18 for the **REPAYMENT OF PRINCIPAL AND INTEREST ON** notes or bonds
19 ~~future~~ **ISSUED UNDER THIS SECTION MONEY FROM** state school aid
20 payments ~~, if any,~~ **PAID OR PAYABLE TO THE SCHOOL DISTRICT, REVENUE**
21 **FROM TAXES LEVIED BY THE SCHOOL DISTRICT FOR SCHOOL OPERATING**
22 **PURPOSES UNDER SECTION 1211, and other funds** **TAX REVENUE OR MONEY**
23 of the district legally available as security. **A PLEDGE UNDER THIS**
24 **SUBSECTION IS VALID AND BINDING FROM THE TIME THE PLEDGE IS MADE. A**
25 **PLEDGE UNDER THIS SUBSECTION FOR THE BENEFIT OF THE HOLDERS OF**
26 **NOTES OR BONDS OR FOR THE BENEFIT OF OTHERS IS PERFECTED WITHOUT**
27 **DELIVERY, RECORDING, OR NOTICE. A SCHOOL DISTRICT MAY ENTER INTO AN**

1 AGREEMENT WITH THE DEPARTMENT OF TREASURY OR THE MICHIGAN FINANCE
2 AUTHORITY, OR BOTH, PROVIDING FOR THE DIRECT PAYMENT ON BEHALF OF
3 THE SCHOOL DISTRICT TO THE MICHIGAN FINANCE AUTHORITY OR A
4 DESIGNATED TRUSTEE OF STATE SCHOOL AID PLEDGED FOR THE REPAYMENT OF
5 PRINCIPAL AND INTEREST ON NOTES OR BONDS ISSUED UNDER THIS SECTION
6 IN THE SAME MANNER AS AN AGREEMENT UNDER SECTION 17A(4) OF THE
7 STATE SCHOOL AID ACT OF 1979, MCL 388.1617A. A SCHOOL DISTRICT ALSO
8 MAY PROVIDE FOR THE DEPOSIT OF REVENUES PLEDGED FOR THE PAYMENT OF
9 NOTES OR BONDS ISSUED UNDER THIS SECTION IN A SEPARATE ACCOUNT TO
10 PAY PRINCIPAL AND INTEREST ON NOTES OR BONDS, ASSOCIATED
11 ADMINISTRATIVE COSTS, AND ANY OTHER OBLIGATIONS ISSUED BY THE
12 SCHOOL DISTRICT SECURED BY THE REVENUES. IF THE SCHOOL DISTRICT
13 ENTERS INTO AN AGREEMENT WITH A PERSON WITH A DUTY OR OBLIGATION TO
14 COLLECT FOR, PAY, REMIT, DISBURSE, OR DISTRIBUTE TO THE SCHOOL
15 DISTRICT ALL OR A PORTION OF THE REVENUES PLEDGED BY THE SCHOOL
16 DISTRICT UNDER THIS SECTION, THEN THE AGREEMENT MUST ALSO PROVIDE
17 FOR THE DIRECT PAYMENT OF THE REVENUES THAT THE PERSON HAS A DUTY
18 OR OBLIGATION TO COLLECT FOR, PAY, REMIT, DISBURSE, OR DISTRIBUTE
19 TO THE SCHOOL DISTRICT, AND THAT THE SCHOOL DISTRICT HAS PLEDGED
20 FOR PAYMENT OF THE NOTES OR BONDS ISSUED UNDER THIS SECTION, TO A
21 TRUSTEE TO BE DEPOSITED IN A TRUST ACCOUNT AND USED ONLY FOR PAYING
22 PRINCIPAL OF AND INTEREST ON THE NOTES OR BONDS AND RELATED
23 ADMINISTRATIVE COSTS AND ANY OTHER OBLIGATIONS ISSUED OR OWING BY
24 THE SCHOOL DISTRICT AND SECURED BY THE REVENUES. IF A SCHOOL
25 DISTRICT HAS ENTERED INTO AN AGREEMENT WITH A TRUSTEE FOR THE
26 DEPOSIT OF REVENUES PLEDGED BY A SCHOOL DISTRICT INTO A TRUST
27 ACCOUNT, THEN AFTER THE ISSUANCE OF THE NOTES OR BONDS AND BEFORE

1 THE DEPOSIT OF THE REVENUES OF THE SCHOOL DISTRICT INTO THAT TRUST
2 ACCOUNT, THE REVENUES OF THE SCHOOL DISTRICT TO BE DEPOSITED ARE
3 HELD IN TRUST FOR THE BENEFIT OF THE TRUSTEE AND THE NOTES OR BONDS
4 BY ANY PERSONS COMING INTO POSSESSION OF THE REVENUES. THE REVENUES
5 ARE HELD IN TRUST FOR THE BENEFIT OF THE TRUSTEE AND THE NOTES OR
6 BONDS WHETHER THE SCHOOL DISTRICT DIRECTLY COLLECTS THE REVENUES,
7 ANOTHER PERSON COLLECTS THE REVENUES, OR ANY OTHER PERSON COMES
8 INTO POSSESSION OF THE REVENUES, AND THE REVENUES REMAIN SUBJECT TO
9 THE TRUST REGARDLESS OF ANY SUBSEQUENT TRANSFER OF THE REVENUES
10 UNTIL THE REVENUES ARE DEPOSITED INTO THE TRUST ACCOUNT. IF THE
11 SCHOOL DISTRICT OR OTHER PERSON HOLDS A RESIDUAL OR OTHER INTEREST
12 IN THE REVENUES HELD IN TRUST AND TO BE DEPOSITED WITH THE TRUSTEE
13 IN THE TRUST ACCOUNT, THE INTEREST IS SUBORDINATE TO A LIEN ON THE
14 REVENUES IN FAVOR OF THE TRUSTEE FOR THE PURPOSE OF ENSURING
15 DELIVERY OF THE REVENUES TO THE TRUST ACCOUNT. THE LIEN ARISES BY
16 OPERATION OF LAW AND WITHOUT FURTHER ACT OR NOTICE OF ANY KIND AT
17 THE EARLIEST TIME THAT THE SCHOOL DISTRICT HAS OR ACQUIRES ANY
18 RIGHTS IN THE REVENUES PLEDGED UNDER THE AGREEMENT, IS AND WILL
19 REMAIN PARAMOUNT AND SUPERIOR TO ANY OTHER LIEN AND INTEREST OF ANY
20 KIND, AND IS PERFECTED WITHOUT DELIVERY, RECORDING, OR NOTICE. THE
21 REVENUES HELD IN TRUST AND TO BE DEPOSITED INTO THE TRUST ACCOUNT
22 UNDER THIS SUBSECTION ARE EXEMPT FROM BEING LEVIED UPON, TAKEN,
23 SEQUESTERED, OR APPLIED TOWARD PAYING THE DEBTS OR LIABILITIES OF
24 THE SCHOOL DISTRICT OTHER THAN THOSE EXPRESSLY SPECIFIED IN THE
25 AGREEMENT DESCRIBED IN THIS SUBSECTION.

26 (6) The notes or bonds shall mature serially with annual
27 maturities not more than ~~10~~ 25 years from their date and shall bear

1 interest, payable annually or semiannually, at a rate or rates not
2 exceeding a rate determined by the school board in the school
3 district's borrowing resolution. The first principal installment on
4 the notes or bonds shall be due not more than 18 months from the
5 date of the **ISSUANCE OF THE** notes or bonds. ~~, and a principal~~
6 ~~installment on the notes shall not be less than 1/3 of the~~
7 ~~principal amount of a subsequent principal installment.~~ The notes
8 or bonds may be made subject to redemption before maturity with or
9 without premium in a manner and at times provided in the resolution
10 authorizing the issuance of the notes or bonds.

11 (7) Notes or bonds issued under this section are valid and
12 binding general obligations of the school district, it being the
13 intent and purpose that the notes or bonds and the interest on the
14 notes or bonds be promptly paid when due from the first money
15 available to the **SCHOOL** district not pledged for other indebtedness
16 and except to the extent that the use is restricted by the state
17 constitution of 1963 or the laws of the United States. **IF A SCHOOL**
18 **DISTRICT DOES NOT RECEIVE STATE SCHOOL AID, THE VALIDITY OF A NOTE**
19 **OR BOND ISSUED UNDER THIS SECTION IS NOT AFFECTED.**

20 (8) Except as otherwise provided in this section, **AND UNLESS**
21 **THE STATE TREASURER APPROVES AN EXCEPTION,** bonds and notes issued
22 under this section are subject to the revised municipal finance
23 act, 2001 PA 34, MCL 141.2101 to 141.2821.

24 (9) The proceeds of the sale of notes **OR BONDS** authorized
25 under this section, after payment of the costs of issuance of the
26 notes or bonds and interest on the notes or bonds, ~~for a period not~~
27 ~~to exceed 9 months,~~ shall be used solely for the purpose of paying

1 necessary operating expenses of the school district, including the
2 payment of principal of and interest on notes or bonds of the
3 school district issued for operating purposes under this or any
4 other act.

5 (10) A board of a school district that borrows ~~pursuant to~~
6 ~~subsections (1) to (9)~~ **UNDER THIS SECTION** shall submit its budget
7 for review and approval to the department of ~~education~~. **TREASURY**.
8 The department of ~~education~~ **TREASURY** shall take necessary steps,
9 subject to the school district's contracts and statutory
10 obligations, to assure that the expenditures of a school district
11 that receives money under this part shall not exceed revenues on an
12 annual basis and that the school district maintains a balanced
13 budget.

14 Enacting section 1. Part 5a and sections 403, 404, 412, 416a,
15 420, 421, 449, and 485 of the revised school code, 1976 PA 451, MCL
16 380.371 to 380.376, 380.403, 380.404, 380.412, 380.416a, 380.420,
17 380.421, 380.449, and 380.485, are repealed.

18 Enacting section 2. This amendatory act does not take effect
19 unless Senate Bill No. 711 of the 98th Legislature is enacted into
20 law.