

SENATE BILL No. 1

January 18, 2017, Introduced by Senators MEEKHOF, ROBERTSON, MACGREGOR and HILDENBRAND and referred to the Committee on Michigan Competitiveness.

A bill to amend 1976 PA 451, entitled "The revised school code," by amending sections 503, 523, 553, and 1311e (MCL 380.503, 380.523, 380.553, and 380.1311e), sections 503, 523, and 553 as amended by 2011 PA 277 and section 1311e as amended by 2009 PA 205.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

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

1 (b) The population to be served by the proposed public school
2 academy.

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

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

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

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

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

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

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

27 (3) If a person or entity applies to the board of a school

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

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

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

1 (6) A contract issued to organize and administer a public
2 school academy ~~shall~~**MUST** contain at least all of the following:

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

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

14 (c) A description of the process for amending the contract
15 during the term of the contract.

16 (d) All of the matters set forth in the application for the
17 contract.

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

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

1 directors.

2 (g) Requirements and procedures for financial audits. The
3 financial audits ~~shall~~**MUST** be conducted at least annually by a
4 certified public accountant in accordance with generally accepted
5 governmental auditing principles.

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

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

16 (j) A requirement that the board of directors of the public
17 school academy shall ensure compliance with the requirements of
18 1968 PA 317, MCL 15.321 to 15.330.

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

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

1 school academy shall make information concerning its operation and
2 management available to the public and to the authorizing body in
3 the same manner as is required by state law for school districts.

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

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

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

19 (iii) Quarterly financial reports submitted to the authorizing
20 body.

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

1 and 1230b for all teachers and administrators working at the public
2 school academy.

3 (v) Curriculum documents and materials given to the
4 authorizing body.

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

6 (vii) Copies of facility leases or deeds, or both, and of any
7 equipment leases.

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

10 (ix) All health and safety reports and certificates, including
11 those relating to fire safety, environmental matters, asbestos
12 inspection, boiler inspection, and food service.

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

15 (xi) Any other information specifically required under this
16 act.

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

23 (o) A requirement that the board of directors of the public
24 school academy ~~shall~~ demonstrate all of the following to the
25 satisfaction of the authorizing body with regard to its pupil
26 admission process:

27 (i) That the public school academy has made a reasonable

1 effort to advertise its enrollment openings.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14 Sec. 523. (1) An authorizing body is not required to issue a
15 contract to any entity. Urban high school academy contracts ~~shall~~
16 **MUST** be issued on a competitive basis taking into consideration the
17 resources available for the proposed urban high school academy, the
18 population to be served by the proposed urban high school academy,
19 and the educational goals to be achieved by the proposed urban high
20 school academy. In evaluating if an applicant is qualified, the
21 authorizing body shall examine the proposed performance standards,
22 proposed academic program, financial viability of the applicant,
23 and the ability of the proposed board of directors to meet the
24 contract goals and objectives. An authorizing body shall give
25 priority to applicants that demonstrate all of the following:

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

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

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

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

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

9 (2) A contract issued to organize and administer an urban high
10 school academy ~~shall~~**MUST** contain at least all of the following:

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

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

22 (c) A description of the process for amending the contract
23 during the term of the contract. An authorizing body may approve
24 amendment of the contract with respect to any provision contained
25 in the contract.

26 (d) A certification, signed by an authorized member of the
27 urban high school academy board of directors, that the urban high

1 school academy will comply with the contract and all applicable
2 law.

3 (e) Procedures for revoking the contract and grounds for
4 revoking the contract.

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

7 (g) Requirements and procedures for financial audits. The
8 financial audits ~~shall~~**MUST** be conducted at least annually by an
9 independent certified public accountant in accordance with
10 generally accepted governmental auditing principles.

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

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

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

27 (k) A requirement that the board of directors of the urban

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

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

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

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

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

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

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

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

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

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

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

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

12 (l) A requirement that the authorizing body must review and
13 may disapprove any agreement between the board of directors and an
14 educational management company before the agreement is final and
15 valid. An authorizing body may disapprove an agreement described in
16 this subdivision only if the agreement is contrary to the contract
17 or applicable law.

18 (m) A requirement that the board of directors ~~shall~~
19 demonstrate all of the following to the satisfaction of the
20 authorizing body with regard to its pupil admission process:

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

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

26 (A) Reasonable efforts to advertise all enrollment openings to
27 organizations and media that regularly serve and advocate for

1 individuals with disabilities within the boundaries of the
2 intermediate school district in which the urban high school academy
3 is located.

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

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

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

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

17 (p) The term of the contract and a description of the process
18 and standards for renewal of the contract at the end of the term.
19 The standards for renewal ~~shall~~ **MUST** include increases in academic
20 achievement for all groups of pupils as measured by assessments and
21 other objective criteria as the most important factor in the
22 decision of whether or not to renew the contract.

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

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

26 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to
27 15.246.

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

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

3 (D) ~~(e)~~ 1978 PA 566, MCL 15.181 to 15.185.

4 (E) ~~(f)~~ 1968 PA 317, MCL 15.321 to 15.330.

5 (F) ~~(g)~~ The uniform budgeting and accounting act, 1968 PA 2,
6 MCL 141.421 to 141.440a.

7 (G) ~~(h)~~ The revised municipal finance act, 2001 PA 34, MCL
8 141.2101 to 141.2821.

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

11 (I) ~~(j)~~ Sections 1134, 1135, 1146, 1153, 1263(3), 1267, 1274,
12 and 1280.

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

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

26 (5) An urban high school academy is exempt from all taxation
27 on its earnings and property. Unless the property is already fully

1 exempt from real and personal property taxes under the general
2 property tax act, 1893 PA 206, MCL 211.1 to 211.155, property
3 occupied by an urban high school academy and used exclusively for
4 educational purposes is exempt from real and personal property
5 taxes levied for school operating purposes under section 1211, to
6 the extent exempted under that section, and from real and personal
7 property taxes levied under the state education tax act, 1993 PA
8 331, MCL 211.901 to 211.906. Instruments of conveyance to or from
9 an urban high school academy are exempt from all taxation,
10 including taxes imposed by 1966 PA 134, MCL 207.501 to 207.513. An
11 urban high school academy may not levy ad valorem property taxes or
12 any other tax for any purpose.

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

27 Sec. 553. (1) An authorizing body is not required to issue a

1 contract to any person or entity. Schools of excellence contracts
2 ~~shall~~**MUST** be issued on a competitive basis taking into
3 consideration the resources available for the proposed school of
4 excellence, the population to be served by the proposed school of
5 excellence, the educational goals to be achieved by the proposed
6 school of excellence, and the applicant's track record, if any, in
7 operating public school academies or other public schools.

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

26 (3) Within 10 days after issuing a contract for a school of
27 excellence, the authorizing body shall submit to the superintendent

1 of public instruction a copy of the contract.

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

8 (5) A contract issued to organize and administer a school of
9 excellence ~~shall~~ **MUST** contain at least all of the following:

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

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

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

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

25 (e) Procedures for revoking the contract and grounds for
26 revoking the contract, including at least the grounds listed in
27 section 561.

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

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

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

16 (i) A requirement that the board of directors ~~shall~~ ensure
17 compliance with ~~the requirements~~ of 1968 PA 317, MCL 15.321 to
18 15.330.

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

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

1 excellence ~~shall~~ make information concerning its operation and
2 management available to the public and to the authorizing body in
3 the same manner as is required by state law for school districts.

4 (l) A requirement that the board of directors of the school of
5 excellence ~~shall~~ collect, maintain, and make available to the
6 public and the authorizing body, in accordance with applicable law
7 and the contract, at least all of the following information
8 concerning the operation and management of the school of
9 excellence:

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

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

19 (iii) Quarterly financial reports submitted to the authorizing
20 body.

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

1 and 1230b for all teachers and administrators working at the school
2 of excellence.

3 (v) Curriculum documents and materials given to the
4 authorizing body.

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

6 (vii) Copies of facility leases or deeds, or both, and of any
7 equipment leases.

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

10 (ix) All health and safety reports and certificates, including
11 those relating to fire safety, environmental matters, asbestos
12 inspection, boiler inspection, and food service.

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

15 (xi) Any other information specifically required under this
16 act.

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

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

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

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

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

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

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

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

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

24 (6) A school of excellence shall comply with all applicable
25 law, including all of the following:

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

27 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to

1 15.246.

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

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

4 (D) ~~(e)~~ Sections 1134, 1135, 1146, 1153, 1263(3), 1267, and
5 1274.

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

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

19 (8) A school of excellence is exempt from all taxation on its
20 earnings and property. Unless the property is already fully exempt
21 from real and personal property taxes under the general property
22 tax act, 1893 PA 206, MCL 211.1 to 211.155, property occupied by a
23 school of excellence and used exclusively for educational purposes
24 is exempt from real and personal property taxes levied for school
25 operating purposes under section 1211, to the extent exempted under
26 that section, and from real and personal property taxes levied
27 under the state education tax act, 1993 PA 331, MCL 211.901 to

1 211.906. Instruments of conveyance to or from a school of
2 excellence are exempt from all taxation including taxes imposed by
3 1966 PA 134, MCL 207.501 to 207.513. A school of excellence may not
4 levy ad valorem property taxes or another tax for any purpose.
5 However, operation of 1 or more schools of excellence by a school
6 district or intermediate school district does not affect the
7 ability of the school district or intermediate school district to
8 levy ad valorem property taxes or another tax.

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

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

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

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

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

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

1 its jurisdiction.

2 (5) A contract issued to organize and administer a strict
3 discipline academy ~~shall~~**MUST** contain at least all of the
4 following:

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

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

14 (c) A description of the process for amending the contract
15 during the term of the contract.

16 (d) All of the matters set forth in the application for the
17 contract.

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

24 (f) Procedures for revoking the contract and grounds for
25 revoking the contract, including at least the grounds listed in
26 section 1311/.

27 (g) A description of and address for the proposed physical

1 plant in which the strict discipline academy will be located.

2 (h) Requirements and procedures for financial audits. The
3 financial audits ~~shall~~**MUST** be conducted at least annually by a
4 certified public accountant in accordance with generally accepted
5 governmental auditing principles.

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

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

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

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

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

18 ~~—(d) 1965 PA 166, MCL 408.551 to 408.558.~~

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

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

24 (7) A strict discipline academy and its incorporators, board
25 members, officers, employees, and volunteers have governmental
26 immunity as provided in section 7 of 1964 PA 170, MCL 691.1407. An
27 authorizing body and its board members, officers, and employees are

1 immune from civil liability, both personally and professionally,
2 for any acts or omissions in authorizing a strict discipline
3 academy if the authorizing body or the person acted or reasonably
4 believed he or she acted within the authorizing body's or the
5 person's scope of authority.

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

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

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

3 Enacting section 1. This amendatory act does not take effect
4 unless Senate Bill No. 3.

5 of the 99th Legislature is enacted into law.