

HOUSE BILL NO. 5856

February 24, 2022, Introduced by Reps. Young, Kuppa, Weiss, Sowerby, Stone, Steckloff, Cavanagh, Cherry, Steenland, Neeley, Brabec, Breen, Garza, Liberati, O'Neal, Clemente, Cynthia Johnson, Pohutsky, Rabhi, Bolden, Tyrone Carter, Rogers, Brenda Carter, Koleszar, Haadsma, Aiyash, Thanedar, Ellison, Peterson, Hood, Puri, Camilleri, Jones, Hertel and Whitsett and referred to the Committee on Education.

A bill to amend 1976 PA 451, entitled
"The revised school code,"
by amending sections 503, 523, and 553 (MCL 380.503, 380.523, and 380.553), section 503 as amended by 2018 PA 601 and sections 523 and 553 as amended by 2011 PA 277.

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 be issued on a competitive basis. In

1 deciding whether to issue a contract for a proposed public school
2 academy, an authorizing body shall consider all of the following:

3 (a) The resources available for the proposed public school
4 academy.

5 (b) The population to be served by the proposed public school
6 academy.

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

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

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

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

15 (g) The number of schools in the proximity of a proposed
16 location of the proposed public school academy that are on the list
17 under **former** section 1280c(1) or **section** 1280g(3), as applicable,
18 of the public schools in this state determined to be among the
19 lowest achieving public schools in this state.

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

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

1 provides grades 9 to 12.

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

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

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

29 (6) A contract issued to organize and administer a public

1 school academy shall contain at least all of the following:

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

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

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

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

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

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

28 (g) Requirements and procedures for financial audits. The
29 financial audits ~~shall~~**must** be conducted at least annually by a

1 certified public accountant in accordance with generally accepted
2 governmental auditing principles.

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

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

13 (j) A requirement that the board of directors of the public
14 school academy shall ensure compliance with the requirements of
15 1968 PA 317, MCL 15.321 to 15.330.

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

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

28 (m) A requirement that the board of directors of the public
29 school academy shall collect, maintain, and make available to the

1 public and the authorizing body, in accordance with applicable law
2 and the contract, at least all of the following information
3 concerning the operation and management of the public school
4 academy:

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

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

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

16 (iv) A current list of teachers and school administrators
17 working at the public school academy that includes their individual
18 salaries as submitted to the registry of educational personnel;
19 copies of the teaching or school administrator's certificates or
20 permits of current teaching and administrative staff; and evidence
21 of 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 public
24 school academy.

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

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

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

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

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

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

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

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

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

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

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

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

1 (q) A requirement that, not later than August 1 of each year,
2 the board of directors of the public school academy shall post on
3 its website, with a link from the homepage, an annual pupil
4 recruitment report covering the preceding school fiscal year. At a
5 minimum, the annual pupil recruitment report must include, in a
6 form and manner prescribed by the superintendent of public
7 instruction, a description of all recruitment measures used by the
8 public school academy or by an educational management organization
9 on behalf of the public school academy, all costs associated with
10 those recruitment measures that were paid for by the public school
11 academy or by the educational management organization, descriptions
12 of any targeted recruitment plans, and descriptions of all data
13 used to determine recruitment targeting. For the purposes of this
14 subdivision:

15 (i) "Educational management organization" and "school fiscal
16 year" mean those terms as defined in section 503c.

17 (ii) "Recruitment measures" means all efforts to advertise or
18 market the public school academy.

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

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

22 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to
23 15.246.

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

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

26 (e) Laws concerning participation in state assessments, data
27 collection systems, state level student growth models, state
28 accountability and accreditation systems, and other public
29 comparative data collection required for public schools.

1 (8) A public school academy and its incorporators, board
2 members, officers, employees, and volunteers have governmental
3 immunity as provided in section 7 of 1964 PA 170, MCL 691.1407. An
4 authorizing body and its board members, officers, and employees are
5 immune from civil liability, both personally and professionally,
6 for an act or omission in authorizing a public school academy if
7 the authorizing body or the person acted or reasonably believed he
8 or she acted within the authorizing body's or the person's scope of
9 authority.

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

27 (10) A public school academy may acquire by purchase, gift,
28 devise, lease, sublease, installment purchase agreement, land
29 contract, option, or by any other means, hold and own in its own

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

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

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

29 (a) The proposed school will operate at least all of grades 9

1 through 12 within 5 years after beginning operation.

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

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

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

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

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

12 (a) The educational goals the urban high school academy is to
13 achieve and the methods by which it will be held accountable. The
14 educational goals ~~shall~~**must** include demonstrated improved pupil
15 academic achievement for all groups of pupils. To the extent
16 applicable, the pupil performance of an urban high school academy
17 ~~shall~~**must** be assessed using at least a Michigan ~~education~~
18 ~~assessment program (MEAP) test~~**student test of educational progress**
19 **(M-STEP)** or the Michigan merit examination developed under section
20 1279g, as applicable.

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

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

28 (d) A certification, signed by an authorized member of the
29 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
28 high school academy shall collect, maintain, and make available to
29 the public and the authorizing body, in accordance with applicable

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

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

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

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

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

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

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

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

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

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

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

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

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

14 (m) A requirement that the board of directors shall
15 demonstrate all of the following to the satisfaction of the
16 authorizing body with regard to its pupil admission process:

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

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

22 (A) Reasonable efforts to advertise all enrollment openings to
23 organizations and media that regularly serve and advocate for
24 individuals with disabilities within the boundaries of the
25 intermediate school district in which the urban high school academy
26 is located.

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

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

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

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

11 (p) The term of the contract and a description of the process
12 and standards for renewal of the contract at the end of the term.
13 The standards for renewal ~~shall~~**must** include increases in academic
14 achievement for all groups of pupils as measured by assessments and
15 other objective criteria as the most important factor in the
16 decision of whether or not to renew the contract.

17 **(q) A requirement that, not later than August 1 of each year,**
18 **the board of directors of the urban high school academy shall post**
19 **on its website, with a link from the homepage, an annual pupil**
20 **recruitment report covering the preceding school fiscal year. At a**
21 **minimum, the annual pupil recruitment report must include, in a**
22 **form and manner prescribed by the superintendent of public**
23 **instruction, a description of all recruitment measures used by the**
24 **urban high school academy or by an educational management**
25 **organization on behalf of the urban high school academy, all costs**
26 **associated with those recruitment measures that were paid for by**
27 **the urban high school academy or by the educational management**
28 **organization, descriptions of any targeted recruitment plans, and**
29 **descriptions of all data used to determine recruitment targeting.**

1 For the purposes of this subdivision:

2 (i) "Educational management organization" and "school fiscal
3 year" mean those terms as defined in section 523c.

4 (ii) "Recruitment measures" means all efforts to advertise or
5 market the urban high school academy.

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

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

9 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to
10 15.246.

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

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

13 ~~(d) (e) 1978 PA 566, MCL 15.181 to 15.185.~~

14 ~~(e) (f) 1968 PA 317, MCL 15.321 to 15.330.~~

15 ~~(f) (g) The uniform budgeting and accounting act, 1968 PA 2,~~
16 MCL 141.421 to 141.440a.

17 ~~(g) (h) The revised municipal finance act, 2001 PA 34, MCL~~
18 141.2101 to 141.2821.

19 ~~(h) (i) The federal no child left behind act of 2001, Public~~
20 Law 107-110. ~~, 115 Stat. 1425.~~

21 ~~(i) (j) Sections 1134, 1135, 1146, 1153, 1263(3), 1267, 1274,~~
22 and 1280.

23 ~~(j) (k) Laws concerning participation in state assessments,~~
24 data collection systems, state level student growth models, state
25 accountability and accreditation systems, and other public
26 comparative data collection required for public schools.

27 (4) An urban high school academy and its incorporators, board
28 members, officers, employees, and volunteers have governmental
29 immunity as provided in section 7 of 1964 PA 170, MCL 691.1407. An

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

7 (5) An urban high school academy is exempt from all taxation
8 on its earnings and property. Unless the property is already fully
9 exempt from real and personal property taxes under the general
10 property tax act, 1893 PA 206, MCL 211.1 to 211.155, property
11 occupied by an urban high school academy and used exclusively for
12 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. Instruments of conveyance to or from
17 an urban high school academy are exempt from all taxation,
18 including taxes imposed by 1966 PA 134, MCL 207.501 to 207.513. An
19 urban high school academy may not levy ad valorem property taxes or
20 any other tax for any purpose.

21 (6) An urban high school academy may acquire by purchase,
22 gift, devise, lease, sublease, installment purchase agreement, land
23 contract, option, or any other means, hold, and own in its own name
24 buildings and other property for school purposes, and interests
25 therein, and other real and personal property, including, but not
26 limited to, interests in property subject to mortgages, security
27 interests, or other liens, necessary or convenient to fulfill its
28 purposes. For the purposes of condemnation, an urban high school
29 academy may proceed under the uniform condemnation procedures act,

1 1980 PA 87, MCL 213.51 to 213.75, excluding sections 6 to 9 of that
2 act, MCL 213.56 to 213.59, or other applicable statutes, but only
3 with the express, written permission of the authorizing body in
4 each instance of condemnation and only after just compensation has
5 been determined and paid.

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

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

1 of the school district voting on the question vote to issue the
2 contract, the board shall issue the contract.

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

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

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

14 (a) The educational goals the school of excellence is to
15 achieve and the methods by which it will be held accountable. The
16 educational goals ~~shall~~**must** include demonstrated improved pupil
17 academic achievement for all groups of pupils. To the extent
18 applicable, the pupil performance of a school of excellence ~~shall~~
19 **must** be assessed using at least a Michigan ~~education assessment~~
20 ~~program (MEAP) test~~**student test of educational progress (M-STEP)**
21 or the Michigan merit examination under section 1279g, as
22 applicable.

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

26 (c) A description of the process for amending the contract
27 during the term of the contract.

28 (d) All of the matters set forth in the application for the
29 contract.

1 (e) Procedures for revoking the contract and grounds for
2 revoking the contract, including at least the grounds listed in
3 section 561.

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

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

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

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

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

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

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

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

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

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

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

1 of excellence.

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

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

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

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

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

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

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

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

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

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

27 (ii) That the school of excellence has made the following
28 additional efforts to recruit pupils who are eligible for special
29 education programs and services or English as a second language

1 services to apply for admission:

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

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

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

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

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

21 **(q) A requirement that, not later than August 1 of each year,**
22 **the board of directors of the school of excellence shall post on**
23 **its website, with a link from the homepage, an annual pupil**
24 **recruitment report covering the preceding school fiscal year. At a**
25 **minimum, the annual pupil recruitment report must include, in a**
26 **form and manner prescribed by the superintendent of public**
27 **instruction, a description of all recruitment measures used by the**
28 **school of excellence or by an educational management organization**
29 **on behalf of the school of excellence, all costs associated with**

1 those recruitment measures that were paid for by the school of
2 excellence or by the educational management organization,
3 descriptions of any targeted recruitment plans, and descriptions of
4 all data used to determine recruitment targeting. For the purposes
5 of this subdivision:

6 (i) "Educational management organization" and "school fiscal
7 year" mean those terms as defined in section 553c.

8 (ii) "Recruitment measures" means all efforts to advertise or
9 market the school of excellence.

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

1 she acted within the authorizing body's or the person's scope of
2 authority.

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

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

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

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