

# HOUSE BILL NO. 4166

March 02, 2023, Introduced by Reps. Koleszar, O'Neal, Neeley, Scott, Morgan, Coffia and Weiss and referred to the Committee on Education.

A bill to amend 1976 PA 451, entitled "The revised school code," by amending sections 502, 503, 507, 522, 528, 552, 561, and 705 (MCL 380.502, 380.503, 380.507, 380.522, 380.528, 380.552, 380.561, and 380.705), sections 502, 503, 507, 522, 528, 552, and 561 as amended by 2018 PA 601 and section 705 as amended by 2018 PA 23; and to repeal acts and parts of acts.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

**1** Sec. 502. (1) A public school academy ~~shall~~**must** be organized

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

13 (2) Subject to subsection (9), any of the following may act as  
14 an authorizing body to issue a contract to organize and operate 1  
15 or more public school academies under this part:

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

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

27 (c) The board of a community college. However, except as  
28 otherwise provided in this subdivision, the board of a community  
29 college shall not issue a contract for a public school academy to

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

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

26 (e) Two or more of the public agencies described in  
27 subdivisions (a) to (d) exercising power, privilege, or authority  
28 jointly pursuant to an interlocal agreement under the urban  
29 cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to

1 124.512.

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

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

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

12 (c) The proposed articles of incorporation, which ~~shall~~**must**  
13 include at least all of the following:

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

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

16 This language ~~shall~~**must** provide that the public school academy is  
17 incorporated ~~pursuant to~~**under** this part and that the public school  
18 academy corporation is a governmental entity.

19 (iii) The name of the authorizing body.

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

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

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

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

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

29 (ii) A copy of the educational goals of the public school

1 academy and the curricula to be offered and methods of pupil  
2 assessment to be used by the public school academy. The educational  
3 goals ~~shall~~**must** include demonstrated improved pupil academic  
4 achievement for all groups of pupils. To the extent applicable, the  
5 progress of the pupils in the public school academy ~~shall~~**must** be  
6 assessed using both the mathematics and reading portions of the  
7 Michigan student test of educational progress (M-STEP) or the  
8 Michigan merit examination under section 1279g, as applicable.

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

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

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

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

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

24 (h) An agreement that the public school academy will comply  
25 with the provisions of this part and, subject to the provisions of  
26 this part, with all other state law applicable to public bodies and  
27 with federal law applicable to public bodies or school districts.

28 (i) A description of and address for the proposed physical  
29 plant in which the public school academy will be located. An

1 applicant may request the authorizing body to issue a contract  
2 allowing the public school academy board of directors to operate  
3 the same configuration of age or grade levels at more than 1 site.

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

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

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

1 to issuing the contract authorizing the public school academy.

2 (7) A public school academy ~~shall be~~**is** 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 (8) An authorizing body may enter into an intergovernmental  
6 agreement with another authorizing body to issue public school  
7 academy contracts. At a minimum, the agreement ~~shall~~**must** further  
8 the purposes set forth in section 501, describe which authorizing  
9 body shall issue the contract, and set forth which authorizing body  
10 will be responsible for monitoring compliance by the board of  
11 directors of the public school academy with the contract and all  
12 applicable law.

13 (9) Both of the following apply to the issuance of a contract  
14 for a public school academy to be located within a community  
15 district:

16 (a) An authorizing body shall not issue a contract to organize  
17 and operate a new public school academy to be located in a  
18 community district unless, before issuing the contract, the  
19 governing board of the authorizing body has certified to the  
20 department that the authorizing body has been accredited as an  
21 authorizing body by a nationally recognized accreditation body. For  
22 an authorizing body described in subsection (2) (e), the authorizing  
23 body shall not issue a contract to organize and operate a new  
24 public school academy to be located in a community district unless,  
25 before issuing the contract, the governing board of each of the  
26 public agencies that is party to the interlocal agreement has  
27 certified to the department that the public agency has been  
28 accredited as an authorizing body by a nationally recognized  
29 accreditation body.

1 (b) An authorizing body shall not issue a contract for a new  
2 public school academy to be located in a community district if both  
3 of the following circumstances exist:

4 ~~(i) Either of the following:~~

5 ~~(A) The proposed public school academy would operate at the~~  
6 ~~same location as a public school that currently is on the list~~  
7 ~~under section 1280c(1) or 1280g(3), as applicable, of the public~~  
8 ~~schools in this state determined to be among the lowest achieving~~  
9 ~~public schools in this state or has been on the list under section~~  
10 ~~1280c(1) or 1280g(3), as applicable, during the immediately~~  
11 ~~preceding 3-year period.~~

12 ~~(i) (B) The proposed public school academy would operate at the~~  
13 ~~same location as a public school academy, urban high school~~  
14 ~~academy, school of excellence, or strict discipline academy that~~  
15 ~~has had its contract revoked or terminated by an authorizing body~~  
16 ~~under the applicable part or section.~~

17 ~~(ii) The proposed public school academy would have~~  
18 ~~substantially the same board of directors, substantially the same~~  
19 ~~leadership, and substantially the same curriculum offerings as the~~  
20 ~~public school that previously operated at that location.~~

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

27 (a) The resources available for the proposed public school  
28 academy.

29 (b) The population to be served by the proposed public school



1 academy.

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

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

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

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

10 ~~(g) The number of schools in the proximity of a proposed~~  
11 ~~location of the proposed public school academy that are on the list~~  
12 ~~under section 1280c(1) or 1280g(3), as applicable, of the public~~  
13 ~~schools in this state determined to be among the lowest achieving~~  
14 ~~public schools in this state.~~

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

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

26 (2) ~~(3)~~If a person or entity applies to the board of a school  
27 district for a contract to organize and operate 1 or more public  
28 school academies within the boundaries of the school district and  
29 the board does not issue the contract, the person or entity may

1 petition the board to place the question of issuing the contract on  
 2 the ballot to be decided by the school electors of the school  
 3 district. The petition ~~shall~~**must** contain all of the information  
 4 required to be in the contract application under section 502 and  
 5 ~~shall~~**must** be signed by a number of school electors of the school  
 6 district equal to at least 5% of the total number of school  
 7 electors of that school district. The petition ~~shall~~**must** be filed  
 8 with the school district filing official. If the board receives a  
 9 petition meeting the requirements of this subsection, the board  
 10 shall have the question of issuing the contract placed on the  
 11 ballot at its next regular school election held at least 60 days  
 12 after receiving the petition. If a majority of the school electors  
 13 of the school district voting on the question vote to issue the  
 14 contract, the board shall issue the contract.

15 (3) ~~(4)~~ Within 10 days after issuing a contract for a public  
 16 school academy, the authorizing body shall submit to the  
 17 superintendent of public instruction a copy of the contract.

18 (4) ~~(5)~~ An authorizing body shall adopt a resolution  
 19 establishing the method of selection, length of term, and number of  
 20 members of the board of directors of each public school academy  
 21 subject to its jurisdiction. The resolution ~~shall~~**must** be written  
 22 or amended as necessary to include a requirement that each member  
 23 of the board of directors must be a citizen of the United States.

24 (5) ~~(6)~~ A contract issued to organize and administer a public  
 25 school academy ~~shall~~**must** contain at least all of the following:

26 (a) The educational goals the public school academy is to  
 27 achieve and the methods by which it will be held accountable. The  
 28 educational goals ~~shall~~**must** include demonstrated improved pupil  
 29 academic achievement for all groups of pupils. To the extent

1 applicable, the pupil performance of a public school academy ~~shall~~  
2 **must** be assessed using at least the Michigan student test of  
3 educational progress (M-STEP) or the Michigan merit examination  
4 under section 1279g, as applicable.

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

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

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

12 (e) Procedures for revoking the contract and grounds for  
13 revoking the contract, including at least the grounds listed in  
14 section 507.

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

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

27 (h) The term of the contract and a description of the process  
28 and standards for renewal of the contract at the end of the term.  
29 The standards for renewal ~~shall~~**must** include increases in academic

1 achievement for all groups of pupils as measured by assessments and  
2 other objective criteria as the most important factor in the  
3 decision of whether or not to renew the contract.

4 (i) A certification, signed by an authorized member of the  
5 board of directors of the public school academy, that the public  
6 school academy will comply with the contract and all applicable  
7 law.

8 (j) A requirement that the board of directors of the public  
9 school academy shall ensure compliance with the requirements of  
10 1968 PA 317, MCL 15.321 to 15.330.

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

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

23 (m) A requirement that the board of directors of the public  
24 school academy shall collect, maintain, and make available to the  
25 public and the authorizing body, in accordance with applicable law  
26 and the contract, at least all of the following information  
27 concerning the operation and management of the public school  
28 academy:

29 (i) A copy of the contract issued by the authorizing body for

1 the public school academy.

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

9 (iii) Quarterly financial reports submitted to the authorizing  
10 body.

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

20 (v) Curriculum documents and materials given to the  
21 authorizing body.

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

23 (vii) Copies of facility leases or deeds, or both, and of any  
24 equipment leases.

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

27 (ix) All health and safety reports and certificates, including  
28 those relating to fire safety, environmental matters, asbestos  
29 inspection, boiler inspection, and food service.

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

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

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

11           (o) A requirement that the board of directors of the public  
12 school academy shall demonstrate all of the following to the  
13 satisfaction of the authorizing body with regard to its pupil  
14 admission process:

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

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

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

25           **(6)** ~~(7)~~—A public school academy shall comply with all  
26 applicable law, including all of the following:

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

28           (b) The freedom of information act, 1976 PA 442, MCL 15.231 to  
29 15.246.

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

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

3 (e) Laws concerning participation in state assessments, data  
4 collection systems, state level student growth models, state  
5 accountability and accreditation systems, and other public  
6 comparative data collection required for public schools.

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

16 (8) ~~(9)~~—A public school academy is exempt from all taxation on  
17 its earnings and property. Instruments of conveyance to or from a  
18 public school academy are exempt from all taxation including taxes  
19 imposed by 1966 PA 134, MCL 207.501 to 207.513. Unless the property  
20 is already fully exempt from real and personal property taxes under  
21 the general property tax act, 1893 PA 206, MCL 211.1 to 211.155,  
22 property occupied by a public school academy and used exclusively  
23 for educational purposes is exempt from real and personal property  
24 taxes levied for school operating purposes under section 1211, to  
25 the extent exempted under that section, and from real and personal  
26 property taxes levied under the state education tax act, 1993 PA  
27 331, MCL 211.901 to 211.906. A public school academy may not levy  
28 ad valorem property taxes or another tax for any purpose. However,  
29 operation of 1 or more public school academies by a school district

1 or intermediate school district does not affect the ability of the  
2 school district or intermediate school district to levy ad valorem  
3 property taxes or another tax.

4       **(9)** ~~(10)~~—A public school academy may acquire by purchase,  
5 gift, devise, lease, sublease, installment purchase agreement, land  
6 contract, option, or by any other means, hold and own in its own  
7 name buildings and other property for school purposes, and  
8 interests therein, and other real and personal property, including,  
9 but not limited to, interests in property subject to mortgages,  
10 security interests, or other liens, necessary or convenient to  
11 fulfill its purposes. For the purposes of condemnation, a public  
12 school academy may proceed under the uniform condemnation  
13 procedures act, 1980 PA 87, MCL 213.51 to 213.75, excluding  
14 sections 6 to 9 of that act, MCL 213.56 to 213.59, or other  
15 applicable statutes, but only with the express, written permission  
16 of the authorizing body in each instance of condemnation and only  
17 after just compensation has been determined and paid.

18       **(10)** ~~(11)~~—A member of the board of directors of a public  
19 school academy is a public officer and shall, before entering upon  
20 the duties of the office, take the constitutional oath of office  
21 for public officers under section 1 of article XI of the state  
22 constitution of 1963.

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

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

28       (b) Within 10 days after issuing the contract, submit to the  
29 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 public school  
3 academy that it authorizes. The authorizing body shall ensure that  
4 the board of directors includes representation from the local  
5 community.

6 (d) Oversee each public school academy operating under a  
7 contract issued by the authorizing body. The oversight ~~shall~~**must**  
8 be sufficient to ensure that the board of directors is in  
9 compliance with the terms of the contract and with applicable law.

10 (e) Develop and implement a process for holding a public  
11 school academy accountable for meeting applicable academic  
12 performance standards set forth in the contract and for  
13 implementing corrective action for a public school academy that  
14 does not meet those standards.

15 (f) Take necessary measures to ensure that the board of  
16 directors of a public school academy operates independently of any  
17 educational management company involved in the operations of the  
18 public school academy.

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

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

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

28 (3) The authorizing body for a public school academy is the  
29 fiscal agent for the public school academy. A state school aid

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

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

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

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

20 (c) Failure of the public school academy to meet generally  
21 accepted public sector accounting principles and demonstrate sound  
22 fiscal stewardship.

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

25 ~~(5) Except for a public school academy that is an alternative  
26 school serving a special student population, if the department  
27 determines that a public school academy site that has been  
28 operating for at least 4 years is among the lowest achieving public  
29 schools in this state for the immediately preceding 3 school years,~~

1 ~~as determined under section 1280c or 1280g, as applicable, not to~~  
2 ~~include any individualized education plan subgroup, the department~~  
3 ~~shall notify the public school academy's authorizing body. Subject~~  
4 ~~to subsection (6), if an authorizing body receives notice from the~~  
5 ~~department under this subsection, the authorizing body shall notify~~  
6 ~~the public school academy and amend the public school academy's~~  
7 ~~contract to eliminate the public school academy's authority to~~  
8 ~~operate the existing age and grade levels at the site and the~~  
9 ~~public school academy shall cease operating the existing age and~~  
10 ~~grade levels at the site, effective at the end of the current~~  
11 ~~school year. Subject to subsection (6), if the public school~~  
12 ~~academy operates at only 1 site, and the authorizing body receives~~  
13 ~~notice from the department under this subsection, the authorizing~~  
14 ~~body shall notify the public school academy and revoke the public~~  
15 ~~school academy's contract, effective at the end of the current~~  
16 ~~school year.~~

17 ~~(6) For a public school academy or site that is subject to a~~  
18 ~~notice to its authorizing body under subsection (5), the department~~  
19 ~~shall consider other public school options available to pupils in~~  
20 ~~the grade levels offered by the public school academy or site who~~  
21 ~~reside in the geographic area served by the public school academy~~  
22 ~~or site. If the department determines that closure of the public~~  
23 ~~school academy or site would result in an unreasonable hardship to~~  
24 ~~these pupils because there are insufficient other public school~~  
25 ~~options reasonably available for these pupils, the department may~~  
26 ~~rescind the notice. If the department rescinds a notice subjecting~~  
27 ~~a public school academy or site to closure, the department shall do~~  
28 ~~so before the end of the school year. If the department rescinds a~~  
29 ~~notice subjecting a public school academy or site to closure, the~~

1 ~~department shall require the public school academy or site to~~  
 2 ~~implement a school improvement plan that includes measures to~~  
 3 ~~increase pupil growth and improve pupil proficiency, with growth~~  
 4 ~~and proficiency measured by performance on state assessments.~~

5       (5) ~~(7)~~—Except as otherwise provided in section 502 or 503,  
 6 the decision of an authorizing body to issue, not issue, or  
 7 reconstitute a contract under this part, or to terminate or revoke  
 8 a contract under this section, is solely within the discretion of  
 9 the authorizing body, is final, and is not subject to review by a  
 10 court or any state agency. An authorizing body that issues, does  
 11 not issue, or reconstitutes a contract under this part, or that  
 12 terminates or revokes a contract under this section, is not liable  
 13 for that action to the public school academy, the public school  
 14 academy corporation, a pupil of the public school academy, the  
 15 parent or guardian of a pupil of the public school academy, or any  
 16 other person.

17       (6) ~~(8)~~—Except as otherwise provided in this section, before  
 18 an authorizing body revokes a contract, the authorizing body may  
 19 consider and take corrective measures to avoid revocation. An  
 20 authorizing body may reconstitute the public school academy in a  
 21 final attempt to improve student educational performance or to  
 22 avoid interruption of the educational process. An authorizing body  
 23 shall include a reconstituting provision in the contract that  
 24 identifies these corrective measures, including, but not limited  
 25 to, canceling a contract with an educational management  
 26 organization, if any, withdrawing approval of a contract under  
 27 section 506, or appointing a new board of directors or a trustee to  
 28 take over operation of the public school academy.

29       (7) ~~(9)~~—If an authorizing body revokes a contract, the

1 authorizing body shall work with a school district or another  
 2 public school, or with a combination of these entities, to ensure a  
 3 smooth transition for the affected pupils. If the revocation occurs  
 4 during the school year, the authorizing body, as the fiscal agent  
 5 for the public school academy under this part, shall return any  
 6 school aid funds held by the authorizing body that are attributable  
 7 to the affected pupils to the state treasurer for deposit into the  
 8 state school aid fund. The state treasurer shall distribute funds  
 9 to the public school in which the pupils enroll after the  
 10 revocation pursuant to a methodology established by the department  
 11 and the center for educational performance and information **created**  
 12 **under section 94a of the state school aid act of 1979, MCL**  
 13 **388.1694a.**

14 (8) ~~(10)~~ Not more than 10 days after a public school academy's  
 15 contract terminates or is revoked, the authorizing body shall  
 16 notify the superintendent of public instruction in writing of the  
 17 name of the public school academy whose contract has terminated or  
 18 been revoked and the date of contract termination or revocation.

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

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

3 (2) Subject to subsection (9), the governing board of a state  
4 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~~**must** be issued for  
8 an 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~~**must** be issued  
15 to an urban high school academy corporation designated by the  
16 entity applying for the contract. The application ~~shall~~**must**  
17 include at least 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~~**that**  
25 **must** include at least all of the following:

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

28 (ii) The purposes for the urban high school academy  
29 corporation. This language ~~shall~~**must** provide that the urban high

1 school academy is incorporated ~~pursuant to~~**under** this part and that  
 2 the urban high school academy corporation is a governmental entity  
 3 and political subdivision of this state.

4 (iii) The name of the authorizing body.

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

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

9 (d) A copy of the proposed bylaws of the urban high school  
 10 academy.

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

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

14 (ii) A copy of the educational goals of the urban high school  
 15 academy and the curricula to be offered and methods of pupil  
 16 assessment to be used by the urban high school academy. The  
 17 educational goals ~~shall~~**must** include demonstrated improved pupil  
 18 academic achievement for all groups of pupils. To the extent  
 19 applicable, the progress of the pupils in the urban high school  
 20 academy ~~shall~~**must** be assessed using both the mathematics and  
 21 reading portions of the Michigan student test of educational  
 22 progress (M-STEP) or the Michigan merit examination under section  
 23 1279g, as applicable.

24 (iii) The admission policy and criteria to be maintained by the  
 25 urban high school academy. The admission policy and criteria ~~shall~~  
 26 **must** comply with section 524. This part of the application also  
 27 ~~shall~~**must** include a description of how the applicant will provide  
 28 to the general public adequate notice that an urban high school  
 29 academy is being created and adequate information on the admission

1 policy, criteria, and process.

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

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

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

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

12 (5) If a particular state public university issues a contract  
13 that allows an urban high school academy to operate the same  
14 configuration of grades at more than 1 site, as provided in section  
15 524(1), each of those sites ~~shall~~**must** be under the direction of  
16 the board of directors that is a party to the contract.

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

26 (7) An authorizing body shall not charge a fee, or require  
27 reimbursement of expenses, for considering an application for a  
28 contract, for issuing a contract, or for providing oversight of a  
29 contract for an urban high school academy in an amount that exceeds



1 a combined total of 3% of the total state school aid received by  
2 the urban high school academy in the school year in which the fees  
3 or expenses are charged. All of the following apply to this fee:

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

6 (i) Considering applications and issuing or administering  
7 contracts.

8 (ii) Compliance monitoring and oversight of urban high school  
9 academies.

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

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

13 (v) Academic support to urban high school academies or to  
14 pupils or graduates of urban high school academies.

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

16 (vii) Training of teachers, including supervision of teacher  
17 interns.

18 (viii) Other purposes that assist the urban high school  
19 academies or traditional public schools in achieving improved  
20 academic performance.

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

25 (8) An urban high school academy ~~shall be~~ **is** presumed to be  
26 legally organized if it has exercised the franchises and privileges  
27 of an urban high school academy for at least 2 years.

28 (9) Both of the following apply to the issuance of a contract  
29 for an urban high school academy to be located within a community

1 district:

2 (a) An authorizing body shall not issue a contract to organize  
3 and operate a new urban high school academy to be located in a  
4 community district unless, before issuing the contract, the  
5 governing board of the authorizing body has certified to the  
6 department that the authorizing body has been accredited as an  
7 authorizing body by a nationally recognized accreditation body.

8 (b) An authorizing body shall not issue a contract for a new  
9 urban high school academy to be located in a community district if  
10 both of the following circumstances exist:

11 ~~(i) Either of the following:~~

12 ~~(A) The proposed urban high school academy would operate at~~  
13 ~~the same location as a public school that currently is on the list~~  
14 ~~under section 1280c(1) or 1280g(3), as applicable, of the public~~  
15 ~~schools in this state determined to be among the lowest achieving~~  
16 ~~public schools in this state or has been on that list during the~~  
17 ~~immediately preceding 3-year period.~~

18 (i) ~~(B)~~ The proposed urban high school academy would operate at  
19 the same location as a public school academy, urban high school  
20 academy, school of excellence, or strict discipline academy that  
21 has had its contract revoked or terminated by an authorizing body  
22 under the applicable part or section.

23 (ii) The proposed urban high school academy would have  
24 substantially the same board of directors, substantially the same  
25 leadership, and substantially the same curriculum offerings as the  
26 public school that previously operated at that location.

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

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

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

5 (c) Adopt a resolution establishing the method of selection,  
6 length of term, and number of members of the board of directors of  
7 each urban high school academy that it authorizes. The resolution  
8 ~~shall~~**must** be written or amended as necessary to include a  
9 requirement that each member of the board of directors must be a  
10 citizen of the United States.

11 (d) Oversee the operations of each urban high school academy  
12 operating under a contract issued by the authorizing body. The  
13 oversight ~~shall~~**must** be sufficient to ensure that the urban high  
14 school academy is in compliance with the terms of the contract and  
15 with applicable law. An authorizing body may enter into an  
16 agreement with 1 or more other authorizing bodies to oversee an  
17 urban high school academy operating under a contract issued by the  
18 authorizing body.

19 (e) Develop and implement a process for holding an urban high  
20 school academy board of directors accountable for meeting  
21 applicable academic performance standards set forth in the contract  
22 and for implementing corrective action for an urban high school  
23 academy that does not meet those standards.

24 (f) Take necessary measures to ensure that an urban high  
25 school academy board of directors operates independently of any  
26 educational management company involved in the operations of the  
27 urban high school academy.

28 (g) Oversee and ensure that the pupil admission process used  
29 by the urban high school academy is operated in a fair and open

1 manner and is in compliance with the contract and this part.

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

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

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

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

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

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

29 (c) Failure of the urban high school academy to meet generally

1 accepted public sector accounting principles and demonstrate sound  
2 fiscal stewardship.

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

5 ~~(5) Except for an urban high school academy that is an  
6 alternative school serving a special student population, if the  
7 department determines that an urban high school academy site that  
8 has been operating for at least 4 years is among the lowest  
9 achieving public schools in this state for the immediately  
10 preceding 3 school years, as determined under section 1280c or  
11 1280g, as applicable, not to include any individualized education  
12 plan subgroup, the department shall notify the urban high school  
13 academy's authorizing body. Subject to subsection (6), if an  
14 authorizing body receives notice from the department under this  
15 subsection, the authorizing body shall notify the urban high school  
16 academy and amend the urban high school academy's contract to  
17 eliminate the urban high school academy's authority to operate the  
18 existing age and grade levels at the site and the urban high school  
19 academy shall cease operating the existing age and grade levels at  
20 the site, effective at the end of the current school year. Subject  
21 to subsection (6), if the urban high school academy operates at  
22 only 1 site, and the authorizing body receives notice from the  
23 department under this subsection, the authorizing body shall notify  
24 the urban high school academy and revoke the urban high school  
25 academy's contract, effective at the end of the current school  
26 year.~~

27 ~~(6) For an urban high school academy or site that is subject  
28 to a notice to its authorizing body under subsection (5), the  
29 department shall consider other public school options available to~~

~~1 pupils in the grade levels offered by the urban high school academy  
 2 or site who reside in the geographic area served by the urban high  
 3 school academy or site. If the department determines that closure  
 4 of the urban high school academy or site would result in an  
 5 unreasonable hardship to these pupils because there are  
 6 insufficient other public school options reasonably available for  
 7 these pupils, the department may rescind the notice. If the  
 8 department rescinds a notice subjecting an urban high school  
 9 academy or site to closure, the department shall do so before the  
 10 end of the school year. If the department rescinds a notice  
 11 subjecting an urban high school academy or site to closure, the  
 12 department shall require the urban high school academy or site to  
 13 implement a school improvement plan that includes measures to  
 14 increase pupil growth and improve pupil proficiency, with growth  
 15 and proficiency measured by performance on state assessments.~~

16       (5) ~~(7)~~—Except as otherwise provided in section 522, the  
 17 decision of an 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 state agency. An authorizing body that issues, does  
 22 not issue, or reconstitutes a contract under this part, or that  
 23 terminates or revokes a contract under this section, is not liable  
 24 for that action to the urban high school academy, the urban high  
 25 school academy corporation, a pupil of the urban high school  
 26 academy, the parent or guardian of a pupil of the urban high school  
 27 academy, or any other person.

28       (6) ~~(8)~~—Except as otherwise provided in this section, before  
 29 an authorizing body revokes a contract, the authorizing body may

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

11 (7) ~~(9)~~—If an authorizing body revokes a contract, the  
12 authorizing body shall work with a school district or another  
13 public school, or with a combination of these entities, to ensure a  
14 smooth transition for the affected pupils. If the revocation occurs  
15 during the school year, the authorizing body, as the fiscal agent  
16 for the urban high school academy under this part, shall return any  
17 school aid funds held by the authorizing body that are attributable  
18 to the affected pupils to the state treasurer for deposit into the  
19 state school aid fund. The state treasurer shall distribute funds  
20 to the public school in which the pupils enroll after the  
21 revocation pursuant to a methodology established by the department  
22 and the center for educational performance and information.

23 (8) ~~(10)~~—Not more than 10 days after an urban high school  
24 academy's contract terminates or is revoked, the authorizing body  
25 shall notify the superintendent of public instruction in writing of  
26 the name of the urban high school academy whose contract has  
27 terminated or been revoked and the date of contract termination or  
28 revocation.

29 (9) ~~(11)~~—If an urban high school academy's contract terminates

1 or is revoked, title to all real and personal property, interest in  
2 real or personal property, and other assets owned by the urban high  
3 school academy shall revert to the state. This property ~~shall~~**must**  
4 be distributed in accordance with the following:

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

11 (b) The urban high school academy shall file a certificate of  
12 dissolution with the department of licensing and regulatory affairs  
13 within 10 business days following board approval.

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

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

28 (e) As part of the plan of distribution of assets, the urban  
29 high school academy board of directors shall designate the director



1 of the department of technology, management, and budget, or his or  
2 her designee, to dispose of all real property of the urban high  
3 school academy corporation in accordance with the directives  
4 developed for disposition of surplus land and facilities under  
5 section 251 of the management and budget act, 1984 PA 431, MCL  
6 18.1251.

7 (f) If the board of directors of an urban high school academy  
8 fails to take any necessary action under this section, the state  
9 treasurer, or his or her designee, may suspend the urban high  
10 school academy board of directors and appoint a trustee to carry  
11 out the board's plan of distribution of assets. Upon appointment,  
12 the trustee ~~shall have~~**has** all the rights, powers, and privileges  
13 under law that the urban high school academy board of directors had  
14 before being suspended.

15 (g) Following the sale of the real or personal property or  
16 interests in the real or personal property, and after payment of  
17 any urban high school academy debt secured by the property or  
18 interest in property, whether real or personal, the urban high  
19 school academy board of directors, or a trustee appointed under  
20 this section, shall forward any remaining money to the state  
21 treasurer. Following receipt, the state treasurer, or his or her  
22 designee, shall deposit this remaining money in the state school  
23 aid fund.

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

28 (a) The issuance of the contract must be approved by the  
29 superintendent of public instruction. The superintendent of public

1 instruction shall approve issuance of a contract if he or she  
 2 determines that the proposed school of excellence is modeled after  
 3 a high-performing school or program.

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

8 (c) A school of excellence authorized under this subsection  
 9 ~~shall~~**must** not be located in a school district that has a  
 10 graduation rate of over 75%, on average, for the most recent 3  
 11 school years for which the data are available, as determined by the  
 12 department.

13 (2) Subject to the limitations in this subsection and  
 14 subsections (14) and (15), an authorizing body may issue contracts  
 15 under this subsection for 1 or more schools of excellence that are  
 16 cyber schools. The combined total number of contracts issued by all  
 17 statewide authorizing bodies under this subsection for schools of  
 18 excellence that are cyber schools shall not exceed 15. The board of  
 19 a school district, an intermediate school board, the board of a  
 20 community college that is not a statewide authorizing body, or 2 or  
 21 more public agencies acting jointly as described in subsection  
 22 (6)(e) may not act as the authorizing body for more than 1 school  
 23 of excellence that is a cyber school. An authorizing body shall not  
 24 issue a contract for a school of excellence that is a cyber school  
 25 unless the school of excellence that is a cyber school meets all of  
 26 the following requirements:

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

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

29 (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  
28 excellence under this subsection, all the following apply:

29 (a) The public school academy shall cease to operate as a

1 public school academy under part 6a and shall operate as a school  
2 of excellence upon the issuance of a contract or at another time as  
3 determined by the authorizing body.

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

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

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

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

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

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

26 (ii) On average over a 3-year period, at least 70% of the  
27 pupils enrolled in the public school academy achieved a score of  
28 proficient or better on the Michigan education assessment program  
29 mathematics and reading tests or successor state assessment program

1 and at least 50% of the pupils enrolled in the public school  
2 academy met the income eligibility criteria for the federal free or  
3 reduced-price lunch program, as determined under the Richard B.  
4 Russell national school lunch act, 42 USC 1751 to 1769j, and  
5 reported to the department.

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

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

23 (6) Any of the following may act as an authorizing body to  
24 issue a contract to organize and operate 1 or more schools of  
25 excellence under this part:

26 (a) The board of a school district. However, except as  
27 otherwise provided in this subdivision, the board of a school  
28 district shall not issue a contract for a school of excellence to  
29 operate outside the school district's boundaries, and a school of

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

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

18 (c) The board of a community college. Except as otherwise  
19 provided in this subdivision, the board of a community college  
20 shall not issue a contract for a school of excellence to operate  
21 outside the boundaries of the community college district, and a  
22 school of excellence authorized by the board of a community college  
23 shall not operate outside the boundaries of the community college  
24 district. If the board of a community college issues a contract for  
25 a school of excellence that is a cyber school, the contract may  
26 authorize the school of excellence that is a cyber school to  
27 operate outside the boundaries of the community college district.  
28 The board of a community college also may issue a contract for not  
29 more than 1 school of excellence to operate on the grounds of an

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

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

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

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

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

19 (b) Subject to the resolution adopted by the authorizing body  
 20 under section 553(4), a list of the proposed members of the board  
 21 of directors of the school of excellence 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~~**that**  
 25 **must** include at least all of the following:

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

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

28 This language ~~shall~~**must** provide that the school of excellence is  
 29 incorporated pursuant to this part and that the school of

1 excellence is a governmental entity.

2 (iii) The name of the authorizing body.

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

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

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

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

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

11 (ii) A copy of the educational goals of the school of  
12 excellence and the curricula to be offered and methods of pupil  
13 assessment to be used by the school of excellence. The educational  
14 goals ~~shall~~**must** include demonstrated improved pupil academic  
15 achievement for all groups of pupils. To the extent applicable, the  
16 progress of the pupils in the school of excellence ~~shall~~**must** be  
17 assessed using both the mathematics and reading portions of the  
18 Michigan student test of educational progress (M-STEP) or the  
19 Michigan merit examination under section 1279g, as applicable.

20 (iii) The admission policy and criteria to be maintained by the  
21 school of excellence. The admission policy and criteria ~~shall~~**must**  
22 comply with section 556. This part of the application also ~~shall~~  
23 **must** include a description of how the applicant will provide to the  
24 general public adequate notice that a school of excellence is being  
25 created and adequate information on the admission policy, criteria,  
26 and process.

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

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



1 (f) Descriptions of staff responsibilities and of the school  
2 of excellence governance structure.

3 (g) For an application to the board of a school district, an  
4 intermediate school board, or board of a community college,  
5 identification of the school district and intermediate school  
6 district in which the school of excellence will be located.

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

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

17 (8) An authorizing body shall oversee, or shall contract with  
18 an intermediate school district, community college, or state public  
19 university to oversee, each school of excellence operating under a  
20 contract issued by the authorizing body. The authorizing body is  
21 responsible for overseeing compliance by the board of directors  
22 with the contract and all applicable law. This subsection does not  
23 relieve any other government entity of its enforcement or  
24 supervisory responsibility.

25 (9) If the superintendent of public instruction finds that an  
26 authorizing body is not engaging in appropriate continuing  
27 oversight of 1 or more schools of excellence operating under a  
28 contract issued by the authorizing body, the superintendent of  
29 public instruction may suspend the power of the authorizing body to

1 issue new contracts to organize and operate schools of excellence.  
2 A contract issued by the authorizing body during the suspension is  
3 void. A contract issued by the authorizing body before the  
4 suspension is not affected by the suspension.

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

15 (11) A school of excellence ~~shall be~~ **is** presumed to be legally  
16 organized if it has exercised the franchises and privileges of a  
17 public school academy for at least 2 years.

18 (12) A member of the board of directors of a school of  
19 excellence is a public officer and shall, before entering upon the  
20 duties of the office, take the constitutional oath of office for  
21 public officers under section 1 of article XI of the state  
22 constitution of 1963.

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

26 (14) If the department determines that the combined total  
27 statewide final audited membership for all pupils in membership in  
28 schools of excellence that are cyber schools for the 2012-2013  
29 state fiscal year exceeds a number equal to 1% of the combined

1 total statewide final audited membership for all pupils in  
2 membership in public schools for the 2011-2012 state fiscal year,  
3 then all of the following apply:

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

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

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

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

21 (b) Subject to subdivision (c), a school of excellence that is  
22 a cyber school may not enroll any new pupils in the school of  
23 excellence that is a cyber school in a school year that begins  
24 after that determination is made.

25 (c) If the department determines that the combined total  
26 statewide final audited membership for all pupils in membership in  
27 schools of excellence that are cyber schools for a state fiscal  
28 year does not exceed a number equal to 2% of the combined total  
29 statewide final audited membership for all pupils in membership in

1 public schools for the 2011-2012 state fiscal year, then  
2 subdivisions (a) and (b) do not apply for a school year that begins  
3 after that determination is made unless the department makes a new  
4 determination that the membership limits under this subsection have  
5 been exceeded.

6 (16) For the purposes of subsections (14) and (15), not later  
7 than July 1 of each year, the department shall determine the  
8 percentage of the combined total statewide final audited membership  
9 for all pupils in membership in public schools that are pupils in  
10 membership in schools of excellence that are cyber schools for the  
11 state fiscal year that includes that July 1.

12 (17) As used in this section:

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

15 (b) "Statewide authorizing body" means the governing board of  
16 a state public university or the board of a federal tribally  
17 controlled community college that is recognized under the tribally  
18 controlled colleges and universities assistance act of 1978, 25 USC  
19 1801 to 1864, and is determined by the department to meet the  
20 requirements for accreditation by a recognized regional accrediting  
21 body.

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

1 (a) Textbooks, instructional materials, and supplies,  
2 including electronic instructional material.

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

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

6 (d) Purchased courses and curricula.

7 (e) Fees associated with oversight and regulation.

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

10 (g) Facilities costs.

11 (h) Costs associated with special education.

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

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

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

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

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

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

7           (22) Both of the following apply to the issuance of a contract  
 8 for a school of excellence to be located within a community  
 9 district:

10           (a) An authorizing body shall not issue a contract to organize  
 11 and operate a new school of excellence to be located in a community  
 12 district unless, before issuing the contract, the governing board  
 13 of the authorizing body has certified to the department that the  
 14 authorizing body has been accredited as an authorizing body by a  
 15 nationally recognized accreditation body. For an authorizing body  
 16 described in subsection (6)(e), the authorizing body shall not  
 17 issue a contract to organize and operate a new school of excellence  
 18 to be located in a community district unless, before issuing the  
 19 contract, the governing board of each of the public agencies that  
 20 is party to the interlocal agreement has certified to the  
 21 department that the public agency has been accredited as an  
 22 authorizing body by a nationally recognized accreditation body.

23           (b) An authorizing body shall not issue a contract for a new  
 24 school of excellence to be located in a community district if both  
 25 of the following circumstances exist:

26           ~~(i) Either of the following:~~

27           ~~(A) The proposed school of excellence would operate at the~~  
 28 ~~same location as a public school that currently is on the list~~  
 29 ~~under section 1280c(1) or 1280g(3), as applicable, of the public~~

1 ~~schools in this state determined to be among the lowest achieving~~  
2 ~~public schools in this state or has been on that list during the~~  
3 ~~immediately preceding 3-year period.~~

4 (i) ~~(B)~~The proposed school of excellence would operate at the  
5 same location as a public school academy, urban high school  
6 academy, school of excellence, or strict discipline academy that  
7 has had its contract revoked or terminated by an authorizing body  
8 under the applicable part or section.

9 (ii) The proposed school of excellence would have substantially  
10 the same board of directors, substantially the same leadership, and  
11 substantially the same curriculum offerings as the public school  
12 that previously operated at that location.

13 Sec. 561. (1) If an authorizing body issues a contract for a  
14 school of excellence under this part, the authorizing body shall do  
15 all of the 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 school of  
22 excellence that it authorizes. The authorizing body shall ensure  
23 that the board of directors includes representation from the local  
24 community.

25 (d) Oversee the operations of each school of excellence  
26 operating under a contract issued by the authorizing body. The  
27 oversight shall be sufficient to ensure that the school of  
28 excellence is in compliance with the terms of the contract and with  
29 applicable law. This subdivision does not relieve any other

1 governmental entity of its enforcement or supervisory  
2 responsibility.

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

8 (f) Take necessary measures to ensure that a school of  
9 excellence board of directors operates independently of any  
10 educational management organization involved in the operations of  
11 the school of excellence.

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

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

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

21 (3) The authorizing body for a school of excellence is the  
22 fiscal agent for the school of excellence. A state school aid  
23 payment for a school of excellence ~~shall~~**must** be paid to the  
24 authorizing body as the fiscal agent for that school of excellence,  
25 and the authorizing body shall then forward the payment to the  
26 school of excellence. Within 30 days after a contract is submitted  
27 to the department by the authorizing body under subsection (1), the  
28 department shall issue a district code to the school of excellence  
29 for which the contract was issued. If the department does not issue



1 a district code within 30 days after a contract is filed, the state  
2 treasurer shall assign a temporary district code in order for the  
3 school of excellence to receive funding under the state school aid  
4 act of 1979.

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

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

11 (b) Failure of the school of excellence to comply with all  
12 applicable law.

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

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

18 ~~(5) Except for a school of excellence that is an alternative~~  
19 ~~school serving a special student population, if the department~~  
20 ~~determines that a school of excellence site that has been operating~~  
21 ~~for at least 4 years is among the lowest achieving public schools~~  
22 ~~in this state for the immediately preceding 3 school years, as~~  
23 ~~determined under section 1280c or 1280g, as applicable, not to~~  
24 ~~include any individualized education plan subgroup, the department~~  
25 ~~shall notify the school of excellence's authorizing body. Subject~~  
26 ~~to subsection (6), if an authorizing body receives notice from the~~  
27 ~~department under this subsection, the authorizing body shall notify~~  
28 ~~the school of excellence and amend the school of excellence's~~  
29 ~~contract to eliminate the school of excellence's authority to~~

1 ~~operate the existing age and grade levels at the site and the~~  
2 ~~school of excellence shall cease operating the existing age and~~  
3 ~~grade levels at the site, effective at the end of the current~~  
4 ~~school year. Subject to subsection (6), if the school of excellence~~  
5 ~~operates at only 1 site or is a cyber school, and the authorizing~~  
6 ~~body receives notice from the department under this subsection, the~~  
7 ~~authorizing body shall notify the school of excellence and revoke~~  
8 ~~the school of excellence's contract, effective at the end of the~~  
9 ~~current school year.~~

10 ~~(6) For a school of excellence or site that is subject to a~~  
11 ~~notice to its authorizing body under subsection (5), the department~~  
12 ~~shall consider other public school options available to pupils in~~  
13 ~~the grade levels offered by the school of excellence or site who~~  
14 ~~reside in the geographic area served by the school of excellence or~~  
15 ~~site. If the department determines that closure of the school of~~  
16 ~~excellence or site would result in an unreasonable hardship to~~  
17 ~~these pupils because there are insufficient other public school~~  
18 ~~options reasonably available for these pupils, the department may~~  
19 ~~rescind the notice. If the department rescinds a notice subjecting~~  
20 ~~a school of excellence or site to closure, the department shall do~~  
21 ~~so before the end of the school year. If the department rescinds a~~  
22 ~~notice subjecting a school of excellence or site to closure, the~~  
23 ~~department shall require the school of excellence or site to~~  
24 ~~implement a school improvement plan that includes measures to~~  
25 ~~increase pupil growth and improve pupil proficiency, with growth~~  
26 ~~and proficiency measured by performance on state assessments.~~

27 ~~(5) (7)~~ Except for a contract issued by a school district  
28 pursuant to a vote by the school electors on a ballot question  
29 under section 553(2), and except as otherwise provided in section

1 552, the decision of the authorizing body to issue, not issue, or  
2 reconstitute a contract under this part, or to terminate or revoke  
3 a contract under this section, is solely within the discretion of  
4 the authorizing body, is final, and is not subject to review by a  
5 court or any other state agency. If the authorizing body issues,  
6 does not issue, or reconstitutes a contract under this part, or  
7 terminates or revokes a contract under this section, the  
8 authorizing body is not liable for that action to the school of  
9 excellence, the school of excellence corporation, a pupil of the  
10 school of excellence, the parent or guardian of a pupil of the  
11 school of excellence, or any other person.

12 (6) ~~(8)~~—Except as otherwise provided in this section, before  
13 the authorizing body revokes a contract, the authorizing body may  
14 consider and take corrective measures to avoid revocation. The  
15 authorizing body may reconstitute the school of excellence in a  
16 final attempt to improve student educational performance or to  
17 avoid interruption of the educational process. The authorizing body  
18 shall include a reconstituting provision in the contract that  
19 identifies these corrective measures, including, but not limited  
20 to, canceling a contract with an educational management  
21 organization, if any, withdrawing approval to contract under  
22 section 560, or appointing a new board of directors or a trustee to  
23 take over operation of the school of excellence.

24 (7) ~~(9)~~—If the authorizing body revokes a contract, the  
25 authorizing body shall work with a school district or another  
26 public school, or with a combination of these entities, to ensure a  
27 smooth transition for the affected pupils. If the revocation occurs  
28 during the school year, the authorizing body, as the fiscal agent  
29 for the school of excellence under this part, shall return any

1 school aid funds held by the authorizing body that are attributable  
 2 to the affected pupils to the state treasurer for deposit into the  
 3 state school aid fund. The state treasurer shall distribute funds  
 4 to the public school in which the pupils enroll after the  
 5 revocation pursuant to a methodology established by the department  
 6 and the center for educational performance and information.

7 (8) ~~(10)~~—Not more than 10 days after a school of excellence's  
 8 contract terminates or is revoked, the authorizing body shall  
 9 notify the superintendent of public instruction in writing of the  
 10 name of the school of excellence whose contract has terminated or  
 11 been revoked and the date of contract termination or revocation.

12 (9) ~~(11)~~—If a school of excellence's contract terminates or is  
 13 revoked, title to all real and personal property, interest in real  
 14 or personal property, and other assets owned by the school of  
 15 excellence ~~shall revert~~ **reverts** to the state. This property ~~shall~~  
 16 **must** be distributed in accordance with the following:

17 (a) Within 30 days following the termination or revocation,  
 18 the board of directors of a school of excellence shall hold a  
 19 public meeting to adopt a plan of distribution of assets and to  
 20 approve the dissolution of the school of excellence corporation,  
 21 all in accordance with chapter 8 of the nonprofit corporation act,  
 22 1982 PA 162, MCL 450.2801 to 450.2864.

23 (b) The school of excellence shall file a certificate of  
 24 dissolution with the department of licensing and regulatory affairs  
 25 within 10 business days following board approval.

26 (c) Simultaneously with the filing of the certificate of  
 27 dissolution under subdivision (b), the school of excellence board  
 28 of directors shall provide a copy of the board of directors' plan  
 29 of distribution of assets to the state treasurer for approval.

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

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

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

18 (f) If the board of directors of a school of excellence fails  
19 to take any necessary action under this section, the state  
20 treasurer, or his or her designee, may suspend the school of  
21 excellence board of directors and appoint a trustee to carry out  
22 the board's plan of distribution of assets. Upon appointment, the  
23 trustee shall have all the rights, powers, and privileges under law  
24 that the school of excellence board of directors had before being  
25 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  
28 any school of excellence debt secured by the property or interest  
29 in property, whether real or personal, the school of excellence

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

5       Sec. 705. (1) Beginning in 1997, and in each year after 1997,  
6 a regional enhancement property tax may be levied by an  
7 intermediate school district at a rate not to exceed 3 mills to  
8 enhance other state and local funding for intermediate school  
9 district, school district, or public school academy operations, as  
10 provided in this section, if approved by a majority of the  
11 intermediate school electors voting on the question.

12       (2) If a resolution requesting that the question of a regional  
13 enhancement property tax be submitted to the voters is adopted  
14 within a 180-day period and transmitted to the intermediate school  
15 board by 1 or more boards or boards of directors of its constituent  
16 districts representing a majority of the combined membership of the  
17 constituent districts as of the most recent pupil membership count  
18 day and if those resolutions all contain an identical specified  
19 number of mills to be levied under this section and an identical  
20 specified number of years for which the tax ~~shall~~**must** be levied,  
21 the question of levying a regional enhancement property tax by the  
22 intermediate school district ~~shall~~**must** be placed on the ballot by  
23 the intermediate school district at the next regular school  
24 election held in each of the constituent districts that are school  
25 districts. If the question is to be submitted to the intermediate  
26 school electors of an intermediate school district having a  
27 population of more than 1,400,000, the intermediate school board  
28 shall call a special election to be held at the next state primary  
29 or general election. If the resolution requirement is met more than

1 180 days before the next regular school district elections, and if  
2 requested in the resolutions, the intermediate school board shall  
3 submit the question of levying a regional enhancement property tax  
4 within the intermediate school district on the ballot at a special  
5 election called by the intermediate school board for that purpose  
6 not earlier than 90 days after the resolution requirements are met.

7 (3) Not later than 10 days after receipt by the intermediate  
8 school district of the revenue from the regional enhancement  
9 property tax, the intermediate school district shall calculate and  
10 pay to each of its constituent districts an amount of the revenue  
11 calculated by dividing the total amount of the revenue by the  
12 combined membership of the constituent districts within the  
13 intermediate school district, as of the most recent pupil  
14 membership count day, and multiplying that quotient by the  
15 constituent district's membership, as of the most recent pupil  
16 membership count day for which a final department-audited pupil  
17 count is available. If a constituent district has entered into an  
18 agreement with a school district or public entity to perform the  
19 functions and responsibilities of the constituent district for  
20 operating a public school of the constituent district, then for the  
21 purposes of this subsection the pupils in membership in that public  
22 school ~~shall be~~**are** considered to be in membership in the  
23 constituent district and a proportionate share of the revenue  
24 payable to the constituent district under this section ~~shall~~**must**  
25 be transferred by the constituent district to the school district  
26 or public entity performing the functions and responsibilities of  
27 the constituent district for operating the public school. The  
28 proportionate share of that revenue to be paid to that school  
29 district or public entity shall be determined according to the

1 percentage of the constituent district's membership that is  
2 enrolled in the particular public school for the state fiscal year  
3 corresponding to the tax year. Revenue from a regional enhancement  
4 property tax under this section ~~shall~~**must** not be allocated or paid  
5 to a constituent district that does not operate a public school  
6 directly but retains a limited separate identity for purposes of  
7 section 12, 12b, 863, 903, or 947.

8 (4) If a public school academy is receiving revenue from a  
9 regional enhancement property tax under an agreement described in  
10 subsection (3), the public school academy shall receive that  
11 revenue until the term of the initially levied regional enhancement  
12 property tax expires, as specified in the ballot question, as long  
13 as the receipt of that revenue remains consistent with the  
14 agreement. After the term of the initially levied regional  
15 enhancement property tax expires or the public school academy is no  
16 longer entitled to receive revenue from the regional enhancement  
17 property tax under the agreement described in subsection (3), the  
18 public school academy ~~shall~~**must** not receive revenue from any  
19 regional enhancement property tax that is subsequently levied or  
20 renewed unless that public school academy meets the requirements of  
21 subsection (7) to receive revenue from a regional enhancement  
22 property tax as a constituent district.

23 (5) Regional enhancement property tax under this section may  
24 be levied for a term not to exceed 20 years, as specified in the  
25 ballot question, and may be renewed for the same term and for the  
26 purposes described in subsection (1) with the approval of a  
27 majority of the intermediate school electors voting on the  
28 question.

29 (6) The question of levying a regional enhancement property



1 tax under this section ~~shall~~**must** be presented to the intermediate  
2 school electors as a separate question.

3 (7) For the purposes of this section, except as otherwise  
4 provided in this section, a public school academy is considered to  
5 be a single constituent district of an intermediate school district  
6 if the public school academy operates at least 1 site that is  
7 located in that intermediate school district and the public school  
8 academy counts in membership pupils enrolled at the site or sites  
9 located in that intermediate school district on the pupil  
10 membership count day used to calculate the combined membership of  
11 the intermediate school district's constituent districts under  
12 subsection (2). A public school academy that is a school of  
13 excellence operating as a cyber school, as defined in section 551,  
14 is considered to be a single constituent district of an  
15 intermediate school district only if the administrative office of  
16 that cyber school is located within the intermediate school  
17 district, 100% of the pupils enrolled in the cyber school reside  
18 within the intermediate school district, and the cyber school  
19 counts in membership pupils enrolled in the cyber school on the  
20 pupil membership count day used to calculate the combined  
21 membership of the intermediate school district's constituent  
22 districts under subsection (2). However, a public school academy is  
23 not eligible to be considered a constituent district under this  
24 subsection if the public school academy's 2 most recent annual  
25 financial audits required under section ~~503(6)(g)~~, **503(5)(g)**,  
26 523(2)(g), 553(5)(g), or 1311e(5)(h) indicate successive unresolved  
27 material findings. In addition, in order to be considered a  
28 constituent district under this subsection, the public school  
29 academy must provide the department documentation establishing that

1 the public school academy has a special education program that is  
2 in compliance with state and federal law.

3 (8) Except for a school of excellence operating as a cyber  
4 school, as defined in section 551, a public school academy that  
5 receives revenue from a regional enhancement property tax due to  
6 the operation of subsection (7) shall use that money only for  
7 expenditures that directly benefit a site operated by the public  
8 school academy that is located in the intermediate school district  
9 in which the regional enhancement property tax was approved.

10 (9) For a regional enhancement property tax that was initially  
11 authorized and levied before the effective date of the amendatory  
12 act that added this subsection, both of the following apply:

13 (a) Subject to subsection (4), a public school academy is not  
14 eligible to be considered a constituent district and to receive  
15 revenue from that regional enhancement property tax due to the  
16 operation of subsection (7) until that regional enhancement  
17 property tax is renewed.

18 (b) An intermediate school district is not eligible to be  
19 considered a constituent district and to receive revenue for pupils  
20 counted in membership by the intermediate school district from that  
21 regional enhancement property tax due to the operation of  
22 subsection (10) until that regional enhancement property tax is  
23 renewed.

24 (10) For a regional enhancement property tax that is initially  
25 authorized and levied or renewed after the effective date of the  
26 amendatory act that added this subsection, for the purposes of this  
27 section, an intermediate school district is considered to be a  
28 single constituent district of the intermediate school district if  
29 it enrolls pupils who are counted in membership by the intermediate

1 school district and not counted in membership by another  
2 intermediate school district, school district, or public school  
3 academy.

4 Enacting section 1. Sections 392 and 1280g of the revised  
5 school code, 1976 PA 451, MCL 380.392 and 380.1280g, are repealed.