

**SUBSTITUTE FOR
SENATE BILL NO. 946**

A bill to amend 1976 PA 451, entitled
"The revised school code,"
by amending sections 507, 528, and 561 (MCL 380.507, 380.528, and
380.561), as amended by 2023 PA 34.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

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

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

8 (c) Establish the method of selection, length of term, and



1 number of members of the board of directors of each public school
2 academy that it authorizes. The authorizing body shall ensure that
3 the board of directors includes representation from the local
4 community.

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

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

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

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

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

24 **(i) Ensure that a representative of the authorizing body**
25 **attends at least half of the meetings of the board of directors of**
26 **the public school academy per academic year. The representative of**
27 **the authorizing body may attend the meetings described in this**
28 **subdivision virtually or in person.**

29 **(j) Not less than 2 times per year, prepare a report detailing**



1 the authorizing body's efforts to provide oversight of the public
2 school academy as required under subdivision (d) and section
3 502(4) .

4 (k) Present the report prepared under subdivision (j) at not
5 less than 2 meetings of the board of directors of the public school
6 academy each year.

7 (l) Ensure that bylaws adopted by the board of directors of a
8 public school academy include a requirement that any act of the
9 board of directors be approved by a majority of the members serving
10 on the board.

11 (m) Oversee all contracts entered into by a public school
12 academy that amount to over \$100,000.00 to ensure that the terms
13 and conditions of the contract are not in conflict with the
14 contract issued by the authorizing body.

15 (n) Ensure that the board of directors of the public school
16 academy holds meetings in at least 10 months of the calendar year.

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

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



1 treasurer shall assign a temporary district code in order for the
2 public school academy to receive funding under the state school aid
3 act of 1979.

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

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

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

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

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

17 (5) Except for a public school academy that is an alternative
18 school serving a special student population, if the department
19 determines that a public school academy site that has been
20 operating for at least 4 years is among the lowest achieving 5% of
21 public schools in this state for the immediately preceding 3 school
22 years, as determined under federal accountability requirements as
23 provided under the every student succeeds act, Public Law 114-95,
24 not to include any individualized education plan subgroup, the
25 department shall notify the public school academy's authorizing
26 body. Subject to subsection (6), if an authorizing body receives
27 notice from the department under this subsection, the authorizing
28 body shall notify the public school academy and amend the public
29 school academy's contract to eliminate the public school academy's



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

10 (6) For a public school academy 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 public school academy or site who
14 reside in the geographic area served by the public school academy
15 or site. If the department determines that closure of the public
16 school academy 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 public school academy 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 public school academy or site to closure, the
23 department shall require the public school academy 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 (7) Except as otherwise provided in section 502 or 503, the
28 decision of an authorizing body to issue, not issue, or
29 reconstitute a contract under this part, or to terminate or revoke



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

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

22 (9) If an authorizing body revokes a contract, the authorizing
23 body shall work with a school district or another public school, or
24 with a combination of these entities, to ensure a smooth transition
25 for the affected pupils. If the revocation occurs during the school
26 year, the authorizing body, as the fiscal agent for the public
27 school academy under this part, shall return any school aid funds
28 held by the authorizing body that are attributable to the affected
29 pupils to the state treasurer for deposit into the state school aid



1 fund. The state treasurer shall distribute funds to the public
2 school in which the pupils enroll after the revocation pursuant to
3 a methodology established by the department and the center for
4 educational performance and information created under section 94a
5 of the state school aid act of 1979, MCL 388.1694a.

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

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

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

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

18 (c) Adopt a resolution establishing the method of selection,
19 length of term, and number of members of the board of directors of
20 each urban high school academy that it authorizes. The resolution
21 must be written or amended as necessary to include a requirement
22 that each member of the board of directors must be a citizen of the
23 United States.

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



1 school academy operating under a contract issued by the authorizing
2 body.

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

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

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

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

18 (i) **Ensure that a representative of the authorizing body**
19 **attends at least half of the meetings of the board of directors of**
20 **the urban high school academy per academic year. The representative**
21 **of the authorizing body may attend the meetings described in this**
22 **subdivision virtually or in person.**

23 (j) **Not less than 2 times per year, prepare a report detailing**
24 **the authorizing body's efforts to provide oversight of the urban**
25 **high school academy as required under subdivision (d).**

26 (k) **Present the report prepared under subdivision (j) at not**
27 **less than 2 meetings of the board of directors of the urban high**
28 **school academy each year.**

29 (l) **Ensure that the bylaws adopted by the board of directors of**



1 an urban high school academy include a requirement that any act of
2 the board of directors be approved by a majority of the members
3 serving on the board.

4 (m) Oversee all contracts entered into by the urban high
5 school academy that amount to over \$100,000.00 to ensure that the
6 terms and conditions of the contract are not in conflict with the
7 contract issued by the authorizing body.

8 (n) Ensure that the board of directors of the urban high
9 school academy holds meetings in at least 10 months of the calendar
10 year.

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

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

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



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

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

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

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

11 (5) Except for an urban high school academy that is an
12 alternative school serving a special student population, if the
13 department determines that an urban high school academy site that
14 has been operating for at least 4 years is among the lowest
15 achieving 5% of public schools in this state for the immediately
16 preceding 3 school years, as determined under federal
17 accountability requirements as provided under the every student
18 succeeds act, Public Law 114-95, not to include any individualized
19 education plan subgroup, the department shall notify the urban high
20 school academy's authorizing body. Subject to subsection (6), if an
21 authorizing body receives notice from the department under this
22 subsection, the authorizing body shall notify the urban high school
23 academy and amend the urban high school academy's contract to
24 eliminate the urban high school academy's authority to operate the
25 existing age and grade levels at the site and the urban high school
26 academy shall cease operating the existing age and grade levels at
27 the site, effective at the end of the current school year. Subject
28 to subsection (6), if the urban high school academy operates at
29 only 1 site, and the authorizing body receives notice from the



1 department under this subsection, the authorizing body shall notify
2 the urban high school academy and revoke the urban high school
3 academy's contract, effective at the end of the current school
4 year.

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

23 (7) Except as otherwise provided in section 522, the decision
24 of an authorizing body to issue, not issue, or reconstitute a
25 contract under this part, or to terminate or revoke a contract
26 under this section, is solely within the discretion of the
27 authorizing body, is final, and is not subject to review by a court
28 or any state agency. An authorizing body that issues, does not
29 issue, or reconstitutes a contract under this part, or that



1 terminates or revokes a contract under this section, is not liable
2 for that action to the urban high school academy, the urban high
3 school academy corporation, a pupil of the urban high school
4 academy, the parent or guardian of a pupil of the urban high school
5 academy, or any other person.

6 (8) Except as otherwise provided in this section, before an
7 authorizing body revokes a contract, the authorizing body may
8 consider and take corrective measures to avoid revocation. An
9 authorizing body may reconstitute the urban high school academy in
10 a final attempt to improve student educational performance or to
11 avoid interruption of the educational process. An authorizing body
12 shall include a reconstituting provision in the contract that
13 identifies these corrective measures, including, but not limited
14 to, removing 1 or more members of the board of directors,
15 withdrawing approval to contract under section 527, or appointing a
16 new board of directors or a trustee to take over operation of the
17 urban high school academy.

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



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

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

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

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

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



1 with an acceptable plan of distribution of assets.

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

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

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

22 (g) Following the sale of the real or personal property or
23 interests in the real or personal property, and after payment of
24 any urban high school academy debt secured by the property or
25 interest in property, whether real or personal, the urban high
26 school academy board of directors, or a trustee appointed under
27 this section, shall forward any remaining money to the state
28 treasurer. Following receipt, the state treasurer, or the state
29 treasurer's designee, shall deposit this remaining money in the



1 state school aid fund.

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

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

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

9 (c) Establish the method of selection, length of term, and
10 number of members of the board of directors of each school of
11 excellence that it authorizes. The authorizing body shall ensure
12 that the board of directors includes representation from the local
13 community.

14 (d) Oversee the operations of each school of excellence
15 operating under a contract issued by the authorizing body. The
16 oversight ~~shall~~**must** be sufficient to ensure that the school of
17 excellence is in compliance with the terms of the contract and with
18 applicable law. This subdivision does not relieve any other
19 governmental entity of its enforcement or supervisory
20 responsibility.

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

26 (f) Take necessary measures to ensure that a school of
27 excellence board of directors operates independently of any
28 educational management organization involved in the operations of
29 the school of excellence.



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

4 (h) Ensure that the board of directors of the school of
5 excellence maintains and releases information as necessary to
6 comply with applicable law.

7 (i) Ensure that a representative of the authorizing body
8 attends at least half of the meetings of the board of directors of
9 the school of excellence per academic year. The representative of
10 the authorizing body may attend the meetings described in this
11 subdivision virtually or in person.

12 (j) Not less than 2 times per year, prepare a report detailing
13 the authorizing body's efforts to provide oversight of the school
14 of excellence as required under subdivision (d) and section 552(8).

15 (k) Present the report prepared under subdivision (j) at not
16 less than 2 meetings of the board of directors of the school of
17 excellence each year.

18 (l) Ensure that the bylaws adopted by the board of directors of
19 a school of excellence include a requirement that any act of the
20 board of directors be approved by a majority of the members serving
21 on the board.

22 (m) Oversee all contracts entered into by a school of
23 excellence that amount to over \$100,000.00 to ensure that the terms
24 and conditions of the contract are not in conflict with the
25 contract issued by the authorizing body.

26 (n) Ensure that the board of directors of the school of
27 excellence holds meetings in at least 10 months of the calendar
28 year.

29 (2) The authorizing body may enter into an agreement with 1 or



1 more authorizing bodies, as defined under part 6a, to carry out any
2 function of the authorizing body under subsection (1) (a) to
3 ~~(h)~~ (n) .

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

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

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

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

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

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



(5) Except for a school of excellence that is an alternative school serving a special student population, if the department determines that a school of excellence site that has been operating for at least 4 years is among the lowest achieving 5% of public schools in this state for the immediately preceding 3 school years, as determined under federal accountability requirements as provided under the every student succeeds act, Public Law 114-95, not to include any individualized education plan subgroup, the department shall notify the school of excellence's authorizing body. Subject to subsection (6), if an authorizing body receives notice from the department under this subsection, the authorizing body shall notify the school of excellence and amend the school of excellence's contract to eliminate the school of excellence's authority to operate the existing age and grade levels at the site and the school of excellence shall cease operating the existing age and grade levels at the site, effective at the end of the current school year. Subject to subsection (6), if the school of excellence operates at only 1 site or is a cyber school, and the authorizing body receives notice from the department under this subsection, the authorizing body shall notify the school of excellence and revoke the school of excellence's contract, effective at the end of the current school year.

(6) For a school of excellence or site that is subject to a notice to its authorizing body under subsection (5), the department shall consider other public school options available to pupils in the grade levels offered by the school of excellence or site who reside in the geographic area served by the school of excellence or site. If the department determines that closure of the school of excellence or site would result in an unreasonable hardship to



1 these pupils because there are insufficient other public school
2 options reasonably available for these pupils, the department may
3 rescind the notice. If the department rescinds a notice subjecting
4 a school of excellence or site to closure, the department shall do
5 so before the end of the school year. If the department rescinds a
6 notice subjecting a school of excellence or site to closure, the
7 department shall require the school of excellence or site to
8 implement a school improvement plan that includes measures to
9 increase pupil growth and improve pupil proficiency, with growth
10 and proficiency measured by performance on state assessments.

11 (7) Except for a contract issued by a school district pursuant
12 to a vote by the school electors on a ballot question under section
13 553(2), and except as otherwise provided in section 552, the
14 decision of the authorizing body to issue, not issue, or
15 reconstitute a contract under this part, or to terminate or revoke
16 a contract under this section, is solely within the discretion of
17 the authorizing body, is final, and is not subject to review by a
18 court or any other state agency. If the authorizing body issues,
19 does not issue, or reconstitutes a contract under this part, or
20 terminates or revokes a contract under this section, the
21 authorizing body is not liable for that action to the school of
22 excellence, the school of excellence corporation, a pupil of the
23 school of excellence, the parent or guardian of a pupil of the
24 school of excellence, or any other person.

25 (8) Except as otherwise provided in this section, before the
26 authorizing body revokes a contract, the authorizing body may
27 consider and take corrective measures to avoid revocation. The
28 authorizing body may reconstitute the school of excellence in a
29 final attempt to improve student educational performance or to



1 avoid interruption of the educational process. The authorizing body
2 shall include a reconstituting provision in the contract that
3 identifies these corrective measures, including, but not limited
4 to, canceling a contract with an educational management
5 organization, if any, withdrawing approval to contract under
6 section 560, or appointing a new board of directors or a trustee to
7 take over operation of the school of excellence.

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

20 (10) ~~Not more~~ **By not later** than 10 days after a school of
21 excellence's contract terminates or is revoked, the authorizing
22 body shall notify the superintendent of public instruction in
23 writing of the name of the school of excellence whose contract has
24 terminated or been revoked and the date of contract termination or
25 revocation.

26 (11) If a school of excellence's contract terminates or is
27 revoked, title to all real and personal property, interest in real
28 or personal property, and other assets owned by the school of
29 excellence reverts to the state. This property must be distributed



1 in accordance with the following:

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

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

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

21 (d) The state treasurer, or the state treasurer's designee,
22 shall monitor the school of excellence's winding up of the
23 dissolved corporation in accordance with the plan of distribution
24 of assets approved or provided under subdivision (c).

25 (e) As part of the plan of distribution of assets, the school
26 of excellence board of directors shall designate the director of
27 the department of technology, management, and budget, or the
28 director's designee, to dispose of all real property of the school
29 of excellence corporation in accordance with the directives



1 developed for disposition of surplus land and facilities under
2 section 251 of the management and budget act, 1984 PA 431, MCL
3 18.1251.

4 (f) If the board of directors of a school of excellence fails
5 to take any necessary action under this section, the state
6 treasurer, or the state treasurer's designee, may suspend the
7 school of excellence board of directors and appoint a trustee to
8 carry out the board's plan of distribution of assets. Upon
9 appointment, the trustee shall have all the rights, powers, and
10 privileges under law that the school of excellence board of
11 directors had before being suspended.

12 (g) Following the sale of the real or personal property or
13 interests in the real or personal property, and after payment of
14 any school of excellence debt secured by the property or interest
15 in property, whether real or personal, the school of excellence
16 board of directors, or a trustee appointed under this section,
17 shall forward any remaining money to the state treasurer. Following
18 receipt, the state treasurer, or the state treasurer's designee,
19 shall deposit this remaining money in the state school aid fund.

