

HOUSE BILL No. 4078

January 27, 2005, Introduced by Reps. Palmer and Elsenheimer and referred to the Committee on Education.

A bill to amend 1976 PA 451, entitled "The revised school code," by amending sections 501, 502, 503, 504, and 507 (MCL 380.501, 380.502, 380.503, 380.504, and 380.507), section 501 as amended by 2003 PA 179, sections 502 and 507 as amended by 1995 PA 289, section 503 as amended by 2003 PA 299, and section 504 as amended by 1994 PA 416, and by adding section 1320.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 501. (1) A public school academy is a public school
2 under section 2 of article VIII of the state constitution of 1963,
3 is a school district for the purposes of section 11 of article IX
4 of the state constitution of 1963 and for the purposes of section

1 1225 and section 1351a, and is subject to the leadership and
2 general supervision of the state board over all public education
3 under section 3 of article VIII of the state constitution of 1963.
4 A public school academy is a body corporate and is a governmental
5 agency. The powers granted to a public school academy under this
6 part constitute the performance of essential public purposes and
7 governmental functions of this state.

8 (2) As used in this part:

9 (a) "Authorizing body" means any of the following **GOVERNING**
10 **BOARDS** that issues a contract as provided in this part:

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

13 (ii) An intermediate school board.

14 (iii) The board of a community college.

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

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

19 (c) "Community college" means a community college organized
20 under the community college act of 1966, 1966 PA 331, MCL 389.1 to
21 389.195, or a federal tribally controlled community college that is
22 recognized under the tribally controlled community college
23 assistance act of 1978, Public Law 95-471, ~~92 Stat. 1325,~~ and is
24 determined by the department to meet the requirements for
25 accreditation by a recognized regional accrediting body.

26 (d) "Contract" means the executive act taken by an authorizing
27 body that evidences the authorization of a public school academy

1 and that establishes, subject to the constitutional powers of the
2 state board and applicable law, the written instrument executed by
3 an authorizing body conferring certain rights, franchises,
4 privileges, and obligations on a public school academy, as provided
5 by this part, and confirming the status of a public school academy
6 as a public school in this state.

7 **(E) "EDUCATIONAL MANAGEMENT COMPANY" MEANS THAT TERM AS**
8 **DEFINED IN SECTION 1320.**

9 **(F) (e)**— "Entity" means a partnership, nonprofit or business
10 corporation, labor organization, or any other association,
11 corporation, trust, or other legal entity.

12 **(G) (f)**— "State public university" means a state university
13 described in section 4, 5, or 6 of article VIII of the state
14 constitution of 1963.

15 Sec. 502. (1) A public school academy shall be organized and
16 administered under the direction of a board of directors in
17 accordance with this part and with bylaws adopted by the board of
18 directors. A public school academy corporation shall be organized
19 under the nonprofit corporation act, ~~Act No. 162 of the Public~~
20 ~~Acts of 1982, being sections 450.2101 to 450.3192 of the Michigan~~
21 ~~Compiled Laws~~ **1982 PA 162, MCL 450.2101 TO 450.3192**, except that a
22 public school academy corporation is not required to comply with
23 sections 170 to 177 of ~~Act No. 327 of the Public Acts of 1931,~~
24 ~~being sections 450.170 to 450.177 of the Michigan Compiled Laws~~
25 **1931 PA 327, MCL 450.170 TO 450.177**. To the extent disqualified
26 under the state or federal constitution, a public school academy
27 shall not be organized by a church or other religious organization

1 and shall not have any organizational or contractual affiliation
2 with or constitute a church or other religious organization.

3 (2) Any of the following **GOVERNING BOARDS** may act as an
4 authorizing body to issue a contract to organize and operate 1 or
5 more public school academies under this part:

6 (a) The board of a school district that operates grades K to
7 12. However, the board of a school district shall not issue a
8 contract for a public school academy to operate outside the school
9 district's boundaries, and a public school academy authorized by
10 the board of a school district shall not operate outside that
11 school district's boundaries.

12 (b) An intermediate school board. However, the board of an
13 intermediate school district shall not issue a contract for a
14 public school academy to operate outside the intermediate school
15 district's boundaries, and a public school academy authorized by
16 the board of an intermediate school district shall not operate
17 outside that intermediate school district's boundaries.

18 (c) The board of a community college. However, except as
19 otherwise provided in this subdivision, ~~the board of a community~~
20 ~~college shall not issue a contract for a public school academy to~~
21 ~~operate in a school district organized as a school district of the~~
22 ~~first class, a public school academy authorized by the board of a~~
23 ~~community college shall not operate in a school district organized~~
24 ~~as a school district of the first class,~~ the board of a community
25 college shall not issue a contract for a public school academy to
26 operate outside the boundaries of the community college district ~~—~~
27 and a public school academy authorized by the board of a community

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

12 (d) The governing board of a state public university.
13 ~~However, the combined total number of contracts for public school~~
14 ~~academies issued by all state public universities shall not exceed~~
15 ~~85 through 1996, and, after the initial evaluation under section~~
16 ~~501a, shall not exceed 100 through 1997, 125 through 1998, or 150~~
17 ~~thereafter. Further, the total number of contracts issued by any 1~~
18 ~~state public university shall not exceed 50 through 1996, and~~
19 ~~thereafter shall not exceed 50% of the maximum combined total~~
20 ~~number that may be issued under this subdivision.~~

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

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

26 (b) Subject to the resolution adopted by the authorizing body
27 under section ~~503(4)~~ **507(1)(C)**, a list of the proposed members of

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

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

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

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

8 This language shall provide that the public school academy is
9 incorporated pursuant to this part and that the public school
10 academy corporation is a governmental entity **AND POLITICAL**
11 **SUBDIVISION OF THIS STATE.**

12 (iii) The name of the authorizing body.

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

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

17 (d) A copy of the proposed bylaws of the public school
18 academy.

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

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

22 (ii) A copy of the educational goals of the public school
23 academy and the curricula to be offered and methods of pupil
24 assessment to be used by the public school academy. To the extent
25 applicable, the progress of the pupils in the public school academy
26 shall be assessed using at least a Michigan education assessment
27 program (MEAP) test or an assessment instrument developed under

1 section 1279 ~~for a state endorsed high school diploma~~ OR 1279G.

2 (iii) The admission policy and criteria to be maintained by the
3 public school academy. The admission policy and criteria shall
4 comply with section 504. This part of the application also shall
5 include a description of how the applicant will provide to the
6 general public adequate notice that a public school academy is
7 being created and adequate information on the admission policy,
8 criteria, and process.

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

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

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

13 (g) For an application to the board of a school district, an
14 intermediate school board, or board of a community college,
15 identification of the local and intermediate school districts in
16 which the public school academy will be located.

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

21 (i) For a public school academy authorized by a school
22 district, an assurance that employees of the public school academy
23 will be covered by the collective bargaining agreements that apply
24 to other employees of the school district employed in similar
25 classifications in schools that are not public school academies.

26 **(J) FOR A CONTRACT ISSUED BY AN INTERMEDIATE SCHOOL DISTRICT**
27 **AFTER THE EFFECTIVE DATE OF THIS SUBDIVISION FOR A PUBLIC SCHOOL**

1 ACADEMY THAT IS A CONVERSION OF AN EXISTING PROGRAM OF THE
2 INTERMEDIATE SCHOOL DISTRICT, IS A SUBSTANTIALLY SIMILAR PROGRAM TO
3 AN EXISTING PROGRAM OF THE INTERMEDIATE SCHOOL DISTRICT, OR IS A
4 PROGRAM OR CLASS MANAGED BY THE INTERMEDIATE SCHOOL DISTRICT, AN
5 ASSURANCE THAT EMPLOYEES OF THE PUBLIC SCHOOL ACADEMY WILL BE
6 COVERED BY THE COLLECTIVE BARGAINING AGREEMENTS THAT APPLY TO OTHER
7 EMPLOYEES OF THE INTERMEDIATE SCHOOL DISTRICT EMPLOYED IN SIMILAR
8 CLASSIFICATIONS IN SCHOOLS OR PROGRAMS THAT ARE NOT PUBLIC SCHOOL
9 ACADEMIES.

10 (K) ~~-(j)-~~ A description of and address for the proposed
11 physical plant in which the public school academy will be located.

12 ~~----- (4) An authorizing body shall oversee, or shall contract with~~
13 ~~an intermediate school district, community college, or state public~~
14 ~~university to oversee, each public school academy operating under a~~
15 ~~contract issued by the authorizing body. The oversight shall be~~
16 ~~sufficient to ensure that the authorizing body can certify that the~~
17 ~~public school academy is in compliance with statute, rules, and the~~
18 ~~terms of the contract.~~

19 (4) ~~-(5)-~~ If the ~~state board~~ **DEPARTMENT** finds that an
20 authorizing body is not engaging in appropriate continuing
21 oversight of 1 or more public school academies operating under a
22 contract issued by the authorizing body, the ~~state board~~
23 **DEPARTMENT** may suspend the power of the authorizing body to issue
24 new contracts to organize and operate public school academies. A
25 contract issued by the authorizing body during the suspension is
26 void. A contract issued by the authorizing body before the
27 suspension is not affected by the suspension.

1 (5) ~~—(6)—~~ An authorizing body shall not charge a fee, or
2 require reimbursement of expenses, for considering an application
3 for a contract, for issuing a contract, or for providing oversight
4 of a contract for a public school academy in an amount that exceeds
5 a combined total of 3% of the total state school aid received by
6 the public school academy in the school year in which the fees or
7 expenses are charged. **ALL OF THE FOLLOWING APPLY TO THIS FEE:**

8 (A) **AS SET FORTH IN THE CONTRACT, AN AUTHORIZING BODY MAY USE**
9 **A PORTION OF THIS FEE TO PROVIDE TECHNICAL ASSISTANCE TO THE PUBLIC**
10 **SCHOOL ACADEMY.**

11 (B) **AN AUTHORIZING BODY SHALL NOT USE ANY PORTION OF THIS FEE**
12 **FOR ANY PURPOSE OTHER THAN CONSIDERING APPLICATIONS AND ISSUING**
13 **CONTRACTS UNDER THIS PART OR FOR OVERSIGHT OF, TECHNICAL ASSISTANCE**
14 **TO, AND DIRECT ACADEMIC SUPPORT TO PUBLIC SCHOOL ACADEMIES.**

15 (C) An authorizing body may provide other services for a
16 public school academy and charge a fee for those services, but
17 shall not require such an arrangement as a condition to issuing the
18 contract authorizing the public school academy.

19 (6) ~~—(7)—~~ A public school academy shall be presumed to be
20 legally organized if it has exercised the franchises and privileges
21 of a public school academy for at least 2 years.

22 Sec. 503. (1) An authorizing body is not required to issue a
23 contract to any person or entity. Public school academy contracts
24 shall be issued on a competitive basis taking into consideration
25 the resources available for the proposed public school academy, the
26 population to be served by the proposed public school academy, and
27 the educational goals to be achieved by the proposed public school

1 academy.

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

20 ~~—— (3) Within 10 days after issuing a contract for a public~~
21 ~~school academy, the authorizing body shall submit to the~~
22 ~~superintendent of public instruction a copy of the contract and of~~
23 ~~the application under section 502.~~

24 ~~—— (4) An authorizing body shall adopt a resolution establishing~~
25 ~~the method of selection, length of term, and number of members of~~
26 ~~the board of directors of each public school academy subject to its~~
27 ~~jurisdiction.~~

1 (3) ~~—(5)—~~ A contract issued to organize and administer a
2 public school academy shall contain at least all of the following:

3 (a) The educational goals the public school academy is to
4 achieve and the methods by which it will be held accountable. To
5 the extent applicable, the pupil performance of a public school
6 academy shall be assessed using at least a Michigan education
7 assessment program (MEAP) test or an assessment instrument
8 developed under section 1279 **OR 1279G**.

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

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

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

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

21 **(F) FOR A CONTRACT ISSUED BY AN INTERMEDIATE SCHOOL BOARD**
22 **AFTER THE EFFECTIVE DATE OF THIS SUBDIVISION FOR A PUBLIC SCHOOL**
23 **ACADEMY THAT IS A CONVERSION OF AN EXISTING PROGRAM OF THE**
24 **INTERMEDIATE SCHOOL DISTRICT, IS A SUBSTANTIALLY SIMILAR PROGRAM TO**
25 **AN EXISTING PROGRAM OF THE INTERMEDIATE SCHOOL DISTRICT, OR IS A**
26 **PROGRAM OR CLASS MANAGED BY THE INTERMEDIATE SCHOOL DISTRICT, AN**
27 **ASSURANCE THAT EMPLOYEES OF THE PUBLIC SCHOOL ACADEMY WILL BE**

1 COVERED BY THE COLLECTIVE BARGAINING AGREEMENTS THAT APPLY TO OTHER
2 EMPLOYEES OF THE INTERMEDIATE SCHOOL DISTRICT EMPLOYED IN SIMILAR
3 CLASSIFICATIONS IN SCHOOLS OR PROGRAMS THAT ARE NOT PUBLIC SCHOOL
4 ACADEMIES.

5 (G) ~~(f)~~ Procedures for revoking the contract and grounds for
6 revoking the contract, including at least the grounds listed in
7 section 507.

8 (H) ~~(g)~~ A description of and address for the proposed
9 physical plant in which the public school academy will be located.

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

14 (J) A REQUIREMENT THAT THE BOARD OF DIRECTORS SHALL ENSURE
15 COMPLIANCE WITH THE REQUIREMENTS OF 1968 PA 317, MCL 15.321 TO
16 15.330, AND WITH ANY OTHER CONFLICT OF INTEREST LAW GENERALLY
17 APPLICABLE TO PUBLIC BODIES IN THIS STATE.

18 (K) A REQUIREMENT THAT, IF THE BOARD OF DIRECTORS OF THE
19 PUBLIC SCHOOL ACADEMY ENTERS INTO AN AGREEMENT WITH AN EDUCATIONAL
20 MANAGEMENT COMPANY FOR OPERATION OR MANAGEMENT OF THE PUBLIC SCHOOL
21 ACADEMY, THE AGREEMENT BETWEEN THE BOARD OF DIRECTORS AND THE
22 EDUCATIONAL MANAGEMENT COMPANY MUST COMPLY WITH SECTION 1320.

23 (l) A REQUIREMENT THAT THE AUTHORIZING BODY MUST REVIEW AND MAY
24 DISAPPROVE ANY AGREEMENT BETWEEN THE BOARD OF DIRECTORS AND AN
25 EDUCATIONAL MANAGEMENT COMPANY ENTERED INTO UNDER SECTION 1320
26 BEFORE THE AGREEMENT IS FINAL AND VALID. AN AUTHORIZING BODY MAY
27 DISAPPROVE AN AGREEMENT DESCRIBED IN THIS SUBDIVISION ONLY IF THE

1 AGREEMENT IS CONTRARY TO THE CONTRACT OR APPLICABLE.

2 (M) A REQUIREMENT THAT THE BOARD OF DIRECTORS SHALL
3 DEMONSTRATE ALL OF THE FOLLOWING TO THE SATISFACTION OF THE
4 AUTHORIZING BODY WITH REGARD TO ITS PUPIL ADMISSION PROCESS:

5 (i) THAT THE PUBLIC SCHOOL ACADEMY HAS MADE A REASONABLE EFFORT
6 TO ADVERTISE ITS ENROLLMENT OPENINGS IN A NEWSPAPER OF GENERAL
7 CIRCULATION IN THE INTERMEDIATE SCHOOL DISTRICT IN WHICH THE PUBLIC
8 SCHOOL ACADEMY IS LOCATED.

9 (ii) THAT THE PUBLIC SCHOOL ACADEMY HAS MADE THE FOLLOWING
10 ADDITIONAL EFFORTS TO RECRUIT PUPILS WHO ARE ELIGIBLE FOR SPECIAL
11 EDUCATION PROGRAMS AND SERVICES TO APPLY FOR ADMISSION:

12 (A) REASONABLE EFFORTS TO ADVERTISE ALL ENROLLMENT OPENINGS TO
13 ORGANIZATIONS AND MEDIA THAT REGULARLY SERVE AND ADVOCATE FOR
14 INDIVIDUALS WITH DISABILITIES WITHIN THE BOUNDARIES OF THE
15 INTERMEDIATE SCHOOL DISTRICT IN WHICH THE PUBLIC SCHOOL ACADEMY IS
16 LOCATED.

17 (B) INCLUSION IN ALL PUPIL RECRUITMENT MATERIALS OF A
18 STATEMENT THAT APPROPRIATE SPECIAL EDUCATION SERVICES WILL BE MADE
19 AVAILABLE TO PUPILS ATTENDING THE SCHOOL AS REQUIRED BY LAW.

20 (iii) THAT THE OPEN ENROLLMENT PERIOD FOR THE PUBLIC SCHOOL
21 ACADEMY IS FOR A DURATION OF AT LEAST 4 WEEKS.

22 (N) A REQUIREMENT THAT, IF REQUESTED, THE BOARD OF DIRECTORS
23 SHALL REPORT TO THE AUTHORIZING BODY THE TOTAL COMPENSATION FOR
24 EACH INDIVIDUAL EMPLOYEE OF THE PUBLIC SCHOOL ACADEMY.

25 (4) ~~-(6)-~~ 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.

1 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to
2 15.246.

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

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

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

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

15 (6) ~~-(8)-~~ A public school academy is exempt from all taxation
16 on its earnings and property. Instruments of conveyance to or from
17 a public school academy are exempt from all taxation including
18 taxes imposed by 1966 PA 134, MCL 207.501 to 207.513. A public
19 school academy may not levy ad valorem property taxes or another
20 tax for any purpose. However, operation of 1 or more public school
21 academies by a school district or intermediate school district does
22 not affect the ability of the school district or intermediate
23 school district to levy ad valorem property taxes or another tax.

24 (7) ~~-(9)-~~ A public school academy may acquire by purchase,
25 gift, devise, lease, sublease, installment purchase agreement, land
26 contract, option, or by any other means, hold and own in its own
27 name buildings and other property for school purposes, and

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

11 Sec. 504. (1) A public school academy may be located in all or
12 part of an existing public school building. A public school academy
13 shall not operate at a site other than the single site requested
14 for the configuration of grades that will use the site, as
15 specified in the application required under section 502 and in the
16 contract.

17 (2) A public school academy shall not charge tuition. ~~and~~
18 **EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, A PUBLIC SCHOOL**
19 **ACADEMY** shall not discriminate in its pupil admissions policies or
20 practices on the basis of intellectual or athletic ability,
21 measures of achievement or aptitude, status as a handicapped
22 person, or any other basis that would be illegal if used by a
23 school district. However, a public school academy may limit
24 admission to pupils who are within a particular range of age or
25 grade level or on any other basis that would be legal if used by a
26 school district **AND MAY GIVE ENROLLMENT PRIORITY AS PROVIDED IN**
27 **SUBSECTION (4).**

1 (3) Except for a foreign exchange student who is not a United
2 States citizen, a public school academy shall not enroll a pupil
3 who is not a resident of this state. Enrollment in the public
4 school academy may be open to all individuals who reside in this
5 state who meet the admission policy and shall be open to all pupils
6 who reside within the geographic boundaries, if any, of the
7 authorizing body as described in section 502(2)(a) to (c) who meet
8 the admission policy, except that admission to a public school
9 academy authorized by the board of a community college to operate,
10 or operated by the board of a community college, on the grounds of
11 a federal military installation, as described in section 502(2)(c),
12 shall be open to all pupils who reside in the county in which the
13 federal military installation is located. For a public school
14 academy authorized by a state public university, enrollment shall
15 be open to all pupils who reside in this state who meet the
16 admission policy. ~~If~~ **SUBJECT TO SUBSECTION (4), IF** there are more
17 applications to enroll in the public school academy than there are
18 spaces available, pupils shall be selected to attend using a random
19 selection process. ~~However, a public school academy may give~~
20 ~~enrollment priority to a sibling of a pupil enrolled in the public~~
21 ~~school academy.~~ A public school academy shall allow any pupil who
22 was enrolled in the public school academy in the immediately
23 preceding school year to enroll in the public school academy in the
24 appropriate grade unless the appropriate grade is not offered at
25 that public school academy.

26 **(4) A PUBLIC SCHOOL ACADEMY MAY GIVE ENROLLMENT PRIORITY TO 1**
27 **OR MORE OF THE FOLLOWING:**

1 (A) A SIBLING OF A PUPIL ENROLLED IN THE PUBLIC SCHOOL
2 ACADEMY.

3 (B) A CHILD OF A PERSON WHO IS EMPLOYED BY OR AT THE PUBLIC
4 SCHOOL ACADEMY OR WHO IS ON THE BOARD OF DIRECTORS OF THE PUBLIC
5 ACADEMY. AS USED IN THIS SUBDIVISION, "CHILD" INCLUDES AN ADOPTED
6 CHILD OR A LEGAL WARD.

7 (C) IF THE PUBLIC SCHOOL ACADEMY IS A HIGH SCHOOL CREATED
8 PURSUANT TO A JOINT APPLICATION BY 2 OR MORE OTHER PUBLIC SCHOOL
9 ACADEMIES, AS DESCRIBED IN SUBSECTION (6), A PUPIL WHO ATTENDED AND
10 HAS COMPLETED THE GRADE LEVELS OFFERED BY 1 OF THOSE OTHER PUBLIC
11 SCHOOL ACADEMIES.

12 (5) ~~-(4)-A-~~ SUBJECT TO THE TERMS OF THE CONTRACT AUTHORIZING
13 THE PUBLIC SCHOOL ACADEMY, A public school academy may include any
14 grade up to grade 12 or any configuration of those grades,
15 including kindergarten and early childhood education, as specified
16 in its contract. If specified in its contract, a public school
17 academy may also operate an adult basic education program, adult
18 high school completion program, or general education development
19 testing preparation program. ~~The~~ AUTHORIZING BODIES ARE
20 ENCOURAGED TO ISSUE CONTRACTS FOR PUBLIC SCHOOL ACADEMIES FOR
21 STUDENTS WHO HAVE DROPPED OUT OF SCHOOL OR OTHERWISE HAVE FAILED TO
22 COMPLETE HIGH SCHOOL. AN authorizing body may approve amendment of
23 a contract with respect to ages of pupils or grades offered.

24 (6) TWO OR MORE PUBLIC SCHOOL ACADEMIES THAT DO NOT OPERATE
25 GRADES 9 TO 12 MAY JOINTLY APPLY FOR A CONTRACT TO ESTABLISH AND
26 OPERATE A PUBLIC SCHOOL ACADEMY FOR SOME OR ALL OF GRADES 9 TO 12.
27 THIS SUBSECTION DOES NOT PROHIBIT A PUBLIC SCHOOL ACADEMY THAT DOES

1 NOT CURRENTLY OPERATE GRADES 9 TO 12, OR ANY COMBINATION OF THOSE
2 GRADES, FROM OFFERING SOME OR ALL OF THOSE GRADES UNDER AN EXISTING
3 CONTRACT WITH AN AUTHORIZING BODY.

4 Sec. 507. (1) AN AUTHORIZING BODY THAT ISSUES A CONTRACT FOR A
5 PUBLIC SCHOOL ACADEMY UNDER THIS PART SHALL DO ALL OF THE
6 FOLLOWING:

7 (A) ENSURE THAT THE CONTRACT AND THE APPLICATION FOR THE
8 CONTRACT COMPLY WITH THE REQUIREMENTS OF THIS PART.

9 (B) WITHIN 10 DAYS AFTER ISSUING THE CONTRACT, SUBMIT TO THE
10 DEPARTMENT A COPY OF THE CONTRACT AND OF THE APPLICATION FOR THE
11 CONTRACT.

12 (C) ADOPT A RESOLUTION ESTABLISHING THE METHOD OF SELECTION,
13 LENGTH OF TERM, AND NUMBER OF MEMBERS OF THE BOARD OF EACH PUBLIC
14 SCHOOL ACADEMY IT AUTHORIZES.

15 (D) OVERSEE THE OPERATIONS OF EACH PUBLIC SCHOOL ACADEMY
16 OPERATING UNDER A CONTRACT ISSUED BY THE AUTHORIZING BODY. THE
17 OVERSIGHT SHALL BE SUFFICIENT TO ENSURE THAT THE AUTHORIZING BODY
18 CAN CERTIFY THAT THE PUBLIC SCHOOL ACADEMY IS IN COMPLIANCE WITH
19 STATUTE, RULES, AND THE TERMS OF THE CONTRACT. AN AUTHORIZING BODY
20 MAY ENTER INTO AN AGREEMENT WITH 1 OR MORE OTHER AUTHORIZING BODIES
21 TO OVERSEE A PUBLIC SCHOOL ACADEMY OPERATING UNDER A CONTRACT
22 ISSUED BY THE AUTHORIZING BODY.

23 (E) DEVELOP AND IMPLEMENT A PROCESS FOR HOLDING A PUBLIC
24 SCHOOL ACADEMY BOARD OF DIRECTORS ACCOUNTABLE FOR MEETING
25 APPLICABLE ACADEMIC PERFORMANCE STANDARDS SET FORTH IN THE CONTRACT
26 AND FOR IMPLEMENTING CORRECTIVE ACTION FOR A PUBLIC SCHOOL ACADEMY
27 THAT DOES NOT MEET THOSE STANDARDS.

1 (F) TAKE NECESSARY MEASURES TO ENSURE THAT A PUBLIC SCHOOL
2 ACADEMY BOARD OF DIRECTORS OPERATES INDEPENDENTLY OF ANY
3 EDUCATIONAL MANAGEMENT COMPANY INVOLVED IN THE OPERATION OF THE
4 PUBLIC SCHOOL ACADEMY.

5 (G) OVERSEE AND ENSURE THAT THE PUPIL ADMISSION PROCESS USED
6 BY THE PUBLIC SCHOOL ACADEMY IS OPERATED IN A FAIR AND OPEN MANNER
7 AND IS IN COMPLIANCE WITH THE CONTRACT AND THIS PART.

8 (H) ENSURE THAT THE BOARD OF DIRECTORS OF THE PUBLIC SCHOOL
9 ACADEMY MAINTAINS AND RELEASES INFORMATION AS NECESSARY TO COMPLY
10 WITH APPLICABLE LAW.

11 (2) ~~-(1)-~~ The authorizing body for a public school academy is
12 the fiscal agent for the public school academy. A state school aid
13 payment for a public school academy shall be paid to the
14 authorizing body that is the fiscal agent for that public school
15 academy, which shall then forward the payment to the public school
16 academy. ~~An authorizing body has the responsibility to oversee a
17 public school academy's compliance with the contract and all
18 applicable law.~~

19 (3) A contract issued under this part may be revoked by the
20 authorizing body that issued the contract if the authorizing body
21 determines that 1 or more of the following has occurred:

22 (a) Failure of the public school academy to abide by and meet
23 the educational goals set forth in the contract.

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

26 (c) Failure of the public school academy to meet generally
27 accepted public sector accounting principles.

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

3 (4) ~~-(2)-~~ The decision of an authorizing body to **ISSUE,**
4 **REISSUE, OR RECONSTITUTE A CONTRACT UNDER THIS PART, OR TO** revoke a
5 contract under this section, is solely within the discretion of the
6 authorizing body, is final, and is not subject to review by a court
7 or any state agency. An authorizing body that **DOES NOT ISSUE,**
8 **REISSUE, OR RECONSTITUTE A CONTRACT UNDER THIS PART, OR THAT**
9 revokes a contract under this section, is not liable for that
10 action to the public school academy, public school academy
11 corporation, a pupil of the public school academy, the parent or
12 guardian of a pupil of the public school academy, or any other
13 person.

14 (5) **BEFORE AN AUTHORIZING BODY REVOKES A CONTRACT UNDER**
15 **SUBSECTION (3), THE AUTHORIZING BODY MAY CONSIDER AND TAKE**
16 **CORRECTIVE MEASURES TO AVOID REVOCATION. IF IT IS APPROPRIATE**
17 **CONSIDERING THE OVERALL CIRCUMSTANCES, AN AUTHORIZING BODY MAY**
18 **RECONSTITUTE THE PUBLIC SCHOOL ACADEMY TO IMPROVE STUDENT**
19 **EDUCATIONAL PERFORMANCE OR TO AVOID INTERRUPTION OF THE EDUCATIONAL**
20 **PROCESS. AN AUTHORIZING BODY MAY INCLUDE A RECONSTITUTING PROVISION**
21 **IN THE CONTRACT THAT IDENTIFIES THESE CORRECTIVE MEASURES,**
22 **INCLUDING, BUT NOT LIMITED TO, APPOINTING A NEW BOARD OF DIRECTORS**
23 **OR A TRUSTEE TO TAKE OVER OPERATION OF THE PUBLIC SCHOOL ACADEMY.**

24 (6) **IF AN AUTHORIZING BODY REVOKES A CONTRACT UNDER SUBSECTION**
25 **(3), THE AUTHORIZING BODY SHALL WORK WITH A SCHOOL DISTRICT OR**
26 **ANOTHER PUBLIC SCHOOL ACADEMY, OR WITH A COMBINATION OF THESE**
27 **ENTITIES, TO ENSURE A SMOOTH TRANSITION FOR THE AFFECTED PUPILS. IF**

1 THE REVOCATION OCCURS DURING THE SCHOOL YEAR, THE AUTHORIZING BODY,
2 AS THE FISCAL AGENT FOR THE PUBLIC SCHOOL ACADEMY UNDER THIS
3 SECTION, SHALL RETURN ANY SCHOOL AID FUNDS RECEIVED BY THE
4 AUTHORIZING BODY THAT ARE ATTRIBUTABLE TO THE AFFECTED PUPILS TO
5 THE STATE TREASURER FOR DEPOSIT INTO THE STATE SCHOOL AID FUND. THE
6 STATE TREASURER SHALL DISTRIBUTE FUNDS TO THE SCHOOL DISTRICT OR
7 PUBLIC SCHOOL ACADEMY IN WHICH THE PUPILS ENROLL AFTER THE
8 REVOCATION PURSUANT TO A METHODOLOGY ESTABLISHED BY THE DEPARTMENT
9 AND THE CENTER FOR EDUCATIONAL PERFORMANCE AND INFORMATION.

10 SEC. 1320. (1) BEGINNING WITH CONTRACTS DESCRIBED IN THIS
11 SECTION THAT ARE ENTERED INTO AFTER THE EFFECTIVE DATE OF THIS
12 SECTION, IF THE GOVERNING BOARD OF A PUBLIC SCHOOL ENTERS INTO A
13 CONTRACT WITH AN EDUCATIONAL MANAGEMENT COMPANY TO CARRY OUT THE
14 OPERATIONS OF A PUBLIC SCHOOL UNDER THIS ACT, THE GOVERNING BOARD
15 SHALL ENSURE ALL OF THE FOLLOWING:

16 (A) THAT THE GOVERNING BOARD HAS CONDUCTED SUFFICIENT DUE
17 DILIGENCE TO CONCLUDE THAT THE EDUCATIONAL MANAGEMENT COMPANY HAS
18 SUFFICIENT EDUCATIONAL EXPERTISE AND MANAGEMENT EXPERIENCE TO
19 PROVIDE THE AGREED SERVICES.

20 (B) THAT THE GOVERNING BOARD WILL OBTAIN INDEPENDENT LEGAL
21 COUNSEL IN ALL NEGOTIATIONS WITH THE EDUCATIONAL MANAGEMENT
22 COMPANY.

23 (C) IF THE GOVERNING BOARD IS THE BOARD OF DIRECTORS OF A
24 PUBLIC SCHOOL ACADEMY, THAT, PURSUANT TO THE CONTRACT BETWEEN THE
25 BOARD OF DIRECTORS AND THE EDUCATIONAL MANAGEMENT COMPANY, THE
26 EDUCATIONAL MANAGEMENT COMPANY WILL PROVIDE TO THE BOARD OF
27 DIRECTORS ALL FINANCIAL AND OTHER INFORMATION REQUIRED TO COMPLY

1 WITH THE REQUIREMENTS CONCERNING REPORTING THAT ARE CONTAINED IN
2 THE CONTRACT BETWEEN THE BOARD OF DIRECTORS AND ITS AUTHORIZING
3 BODY UNDER SECTION 503.

4 (2) BEGINNING WITH CONTRACTS DESCRIBED IN THIS SECTION THAT
5 ARE ENTERED INTO AFTER THE EFFECTIVE DATE OF THIS SECTION, IF THE
6 GOVERNING BOARD OF A PUBLIC SCHOOL ENTERS INTO A CONTRACT WITH AN
7 EDUCATIONAL MANAGEMENT COMPANY TO CARRY OUT THE OPERATIONS OF A
8 PUBLIC SCHOOL UNDER THIS ACT, THE CONTRACT BETWEEN THE GOVERNING
9 BOARD AND THE EDUCATIONAL MANAGEMENT COMPANY SHALL CONTAIN AT LEAST
10 ALL OF THE FOLLOWING PROVISIONS:

11 (A) A PROVISION REQUIRING THE EDUCATIONAL MANAGEMENT COMPANY
12 TO PROVIDE TO THE GOVERNING BOARD INFORMATION REGARDING ANY
13 TEACHERS, ADMINISTRATORS, AND SUPPORT STAFF EMPLOYED BY THE
14 EDUCATIONAL MANAGEMENT COMPANY TO SUPPORT THE PUBLIC SCHOOL,
15 INCLUDING AT LEAST ALL OF THE FOLLOWING PERSONAL INFORMATION:

16 (i) NAME.

17 (ii) EDUCATION, INCLUDING HIGHEST DEGREE ATTAINED.

18 (iii) SALARY.

19 (iv) COPY OF TEACHING CERTIFICATE OR OTHER REQUIRED PERMIT OR
20 CREDENTIAL, IF REQUIRED FOR THE POSITION.

21 (v) DESCRIPTION OF RELEVANT EXPERIENCE.

22 (vi) EMPLOYMENT RECORD.

23 (B) A PROVISION REQUIRING THE EDUCATIONAL MANAGEMENT COMPANY
24 TO PROVIDE TO THE GOVERNING BOARD INFORMATION REGARDING THE
25 BUSINESS OPERATIONS OF THE PUBLIC SCHOOL, INCLUDING AT LEAST ALL OF
26 THE FOLLOWING:

27 (i) FINANCIAL RECORDS AND INFORMATION CONCERNING THE OPERATION

1 OF THE SCHOOL, INCLUDING, BUT NOT LIMITED TO, BUDGETS AND DETAILED
2 RECORDS OF FUNDS RECEIVED FROM THIS STATE AND OTHER ENTITIES,
3 EXPENDITURE OF THOSE FUNDS, INVESTMENT OF THOSE FUNDS, CARRYOVER,
4 AND CONTRACTUAL ARRANGEMENTS OR AGREEMENTS ENTERED INTO BY THE
5 EDUCATIONAL MANAGEMENT COMPANY AS AN AGENT OF THE GOVERNING BOARD.

6 (ii) FINANCIAL RECORDS AND INFORMATION CONCERNING LEASES TO
7 WHICH THE GOVERNING BOARD IS A PARTY, INCLUDING, BUT NOT LIMITED
8 TO, LEASES FOR EQUIPMENT, PHYSICAL FACILITY SPACE, OR INSTITUTIONAL
9 AND EDUCATIONAL MATERIALS.

10 (iii) FINANCIAL RECORDS AND INFORMATION CONCERNING MORTGAGES AND
11 LOANS TO WHICH THE GOVERNING BOARD IS A PARTY.

12 (C) IF THE GOVERNING BOARD IS THE BOARD OF DIRECTORS OF A
13 PUBLIC SCHOOL ACADEMY, A PROVISION REQUIRING THE EDUCATIONAL
14 MANAGEMENT COMPANY TO MAKE INFORMATION AVAILABLE TO THE BOARD OF
15 DIRECTORS CONCERNING THE OPERATION AND MANAGEMENT OF THE PUBLIC
16 SCHOOL ACADEMY, INCLUDING AT LEAST ALL OF THE INFORMATION NECESSARY
17 TO COMPLY WITH THE REQUIREMENTS CONCERNING REPORTING THAT ARE
18 CONTAINED IN THE CONTRACT BETWEEN THE BOARD OF DIRECTORS AND ITS
19 AUTHORIZING BODY UNDER SECTION 503.

20 (3) AS USED IN THIS SECTION:

21 (A) "EDUCATIONAL MANAGEMENT COMPANY" MEANS AN ENTITY THAT
22 ENTERS INTO AN AGREEMENT WITH THE GOVERNING BOARD OF A PUBLIC
23 SCHOOL TO PROVIDE COMPREHENSIVE EDUCATIONAL, ADMINISTRATIVE,
24 MANAGEMENT, OR INSTRUCTIONAL SERVICES OR STAFF TO THE PUBLIC
25 SCHOOL.

26 (B) "ENTITY" MEANS A PARTNERSHIP, NONPROFIT OR BUSINESS
27 CORPORATION, LABOR ORGANIZATION, OR ANY OTHER ASSOCIATION,

1 CORPORATION, TRUST, OR OTHER LEGAL ENTITY.