

SENATE BILL No. 710

January 14, 2016, Introduced by Senator HANSEN and referred to the Committee on Government Operations.

A bill to amend 1976 PA 451, entitled "The revised school code," by amending the title and sections 3, 5, 6, 11, 11a, 501, 502, 507, 522, 528, 551, 552, 561, 654, 705, 921, 1147, 1225, 1229, 1231, 1351a, and 1356 (MCL 380.3, 380.5, 380.6, 380.11, 380.11a, 380.501, 380.502, 380.507, 380.522, 380.528, 380.551, 380.552, 380.561, 380.654, 380.705, 380.921, 380.1147, 380.1225, 380.1229, 380.1231, 380.1351a, and 380.1356), the title as amended by 2003 PA 179, section 3 as amended by 2007 PA 45, section 5 as amended by 2011 PA 232, section 6 as amended by 2009 PA 205, section 11 as amended by 1995 PA 289, section 11a as amended by 2010 PA 91, sections 501, 502, 507, 522, 528, 551, and 561 as amended by 2011 PA 277, section 552 as amended by 2012 PA 129, section 705 as amended by 2003 PA 299, section 1147 as amended by 2014 PA 479, section 1225 as amended by 2012 PA 1, section 1229 as amended by 2011 PA 105,

section 1231 as amended by 2002 PA 735, section 1351a as amended by 2002 PA 65, and section 1356 as amended by 2002 PA 181, and by adding sections 12b and 1284c and part 5b; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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TITLE

An act to provide a system of public instruction and elementary and secondary schools; to revise, consolidate, and clarify the laws relating to elementary and secondary education; to provide for the organization, regulation, and maintenance of schools, school districts, public school academies, intermediate school districts, and other public school entities; to prescribe rights, powers, duties, and privileges of schools, school districts, public school academies, intermediate school districts, and other public school entities; to provide for the regulation of school teachers and certain other school employees; to provide for school elections and to prescribe powers and duties with respect thereto; to provide for the levy and collection of taxes; to provide for the borrowing of money and issuance of bonds and other evidences of indebtedness; to establish a fund and provide for expenditures from that fund; **TO MAKE APPROPRIATIONS FOR CERTAIN PURPOSES**; to provide for and prescribe the powers and duties of certain state departments, the state board of education, and certain other boards and officials; to provide for licensure of boarding schools; to prescribe penalties; and to repeal acts and parts of acts.

Sec. 3. (1) "Area" as used in the phrase "area vocational-

1 technical education program" or "area career and technical
2 education program" means the geographical territory, within the
3 boundaries of a K to 12 school district, an intermediate school
4 district, or a community college district, that is designated by
5 the department as the service area for the operation of an area
6 vocational-technical education program.

7 (2) "Area vocational-technical education program", "area
8 career and technical education program", or "career and technical
9 education program" means a program of organized, systematic
10 instruction designed to prepare the following ~~persons~~**INDIVIDUALS**
11 for useful employment in recognized occupations:

12 (a) ~~Persons~~**INDIVIDUALS** participating in career and technical
13 education readiness activities that lead to enrollment in a career
14 and technical education program in high school.

15 (b) ~~Persons~~**INDIVIDUALS** enrolled in high school in a school
16 district, intermediate school district, public school academy, or
17 nonpublic school.

18 (c) ~~Persons~~**INDIVIDUALS** who have completed or left high school
19 and who are available for full-time study in preparation for
20 entering the labor market.

21 (d) ~~Persons~~**INDIVIDUALS** who have entered the labor market and
22 who need training or retraining to achieve stability or advancement
23 in employment.

24 (3) "Board" or "school board" means the governing body of a
25 local school district unless clearly otherwise stated.

26 (4) "Boarding school" means a place accepting for board, care,
27 and instruction 5 or more children under 16 years of age.

1 (5) "COMMUNITY DISTRICT" MEANS A SCHOOL DISTRICT ORGANIZED
2 UNDER PART 5B.

3 (6) ~~(5)~~—"Constituent district" means a local school district
4 the territory of which is entirely within and is an integral part
5 of an intermediate school district.

6 Sec. 5. (1) "Local act school district" ~~or "special act school~~
7 ~~district"~~ means a district governed by a ~~special or~~ local act or
8 chapter of a local act. "Local school district" and "local school
9 district board" as used in article 3 include a local act school
10 district and a local act school district board.

11 (2) "Membership" means the number of full-time equivalent
12 pupils in a public school as determined by the number of pupils
13 registered for attendance plus pupils received by transfer and
14 minus pupils lost as defined by rules promulgated by the ~~state~~
15 ~~board~~. **SUPERINTENDENT OF PUBLIC INSTRUCTION.**

16 (3) "Michigan election law" means the Michigan election law,
17 1954 PA 116, MCL 168.1 to 168.992.

18 (4) "Nonpublic school" means a private, denominational, or
19 parochial school.

20 (5) "Objectives" means measurable pupil academic skills and
21 knowledge.

22 (6) "Public school" means a public elementary or secondary
23 educational entity or agency that is established under this act **OR**
24 **UNDER OTHER LAW OF THIS STATE**, has as its primary mission the
25 teaching and learning of academic and vocational-technical skills
26 and knowledge, and is operated by a school district, local act
27 school district, ~~special act school district~~, intermediate school

1 district, school of excellence **CORPORATION**, public school academy
2 corporation, strict discipline academy corporation, urban high
3 school academy corporation, or by the department, ~~or~~**THE** state
4 board, **OR ANOTHER PUBLIC BODY**. Public school also includes a
5 laboratory school or other elementary or secondary school that is
6 controlled and operated by a state public university described in
7 section 4, 5, or 6 of article VIII of the state constitution of
8 1963. **PUBLIC SCHOOL DOES NOT INCLUDE A NONPUBLIC SCHOOL.**

9 (7) "Public school academy" means a public school academy
10 established under part 6a and, except as used in part 6a, also
11 includes an urban high school academy established under part 6c, a
12 school of excellence established under part 6e, and a strict
13 discipline academy established under sections 1311b to 1311m.

14 (8) "Pupil membership count day" of a school district means
15 that term as defined in section 6 of the state school aid act of
16 1979, MCL 388.1606.

17 (9) **"QUALIFYING SCHOOL DISTRICT" MEANS A SCHOOL DISTRICT THAT**
18 **WAS PREVIOUSLY ORGANIZED AND OPERATED AS A FIRST CLASS SCHOOL**
19 **DISTRICT GOVERNED BY PART 6 THAT HAS A PUPIL MEMBERSHIP OF LESS**
20 **THAN 100,000 ENROLLED ON ITS MOST RECENT PUPIL MEMBERSHIP COUNT**
21 **DAY, INCLUDING, BUT NOT LIMITED TO, A SCHOOL DISTRICT THAT WAS**
22 **PREVIOUSLY ORGANIZED AND OPERATED AS A FIRST CLASS SCHOOL DISTRICT**
23 **BEFORE THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS**
24 **SUBSECTION.**

25 (10) ~~(9)~~"Regular school election" or "regular election" means
26 the election held in a school district, local act school district,
27 or intermediate school district to elect a school board member in

1 the regular course of the terms of that office and held on the
2 school district's regular election date as determined under section
3 642c of the Michigan election law, MCL 168.642c.

4 (11) ~~(10)~~—"Reorganized intermediate school district" means an
5 intermediate school district formed by consolidation or annexation
6 of 2 or more intermediate school districts under sections 701 and
7 702.

8 (12) ~~(11)~~—"Rule" means a rule promulgated under the
9 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
10 24.328.

11 Sec. 6. (1) "School district" or "local school district" means
12 a general powers school district organized under this act,
13 regardless of previous classification, **A COMMUNITY DISTRICT**, or a
14 school district of the first class.

15 (2) "School district filing official" means the school
16 district election coordinator as defined in section 4 of the
17 Michigan election law, MCL 168.4, or an authorized agent of the
18 school district election coordinator.

19 (3) "School elector" means a person qualified as an elector
20 under section 492 of the Michigan election law, MCL 168.492, and
21 resident of the school district or intermediate school district on
22 or before the thirtieth day before the next ensuing regular or
23 special school election.

24 (4) "School month" means a 4-week period of 5 days each unless
25 otherwise specified in the teacher's contract.

26 (5) "School of excellence" means a school of excellence
27 established under part 6e.

1 (6) "Special education building and equipment" means a
2 structure or portion of a structure or personal property accepted,
3 leased, purchased, or otherwise acquired, prepared, or used for
4 special education programs and services.

5 (7) "Special education personnel" means persons engaged in and
6 having professional responsibility for students with a disability
7 in special education programs and services including, but not
8 limited to, teachers, aides, school social workers, diagnostic
9 personnel, physical therapists, occupational therapists,
10 audiologists, teachers of speech and language, instructional media-
11 curriculum specialists, mobility specialists, teacher consultants,
12 supervisors, and directors.

13 (8) "Special education programs and services" means
14 educational and training services designed for students with a
15 disability and operated by ~~local~~**A school districts, DISTRICT,**
16 local act school ~~districts, DISTRICT,~~ intermediate school
17 ~~districts, DISTRICT,~~ the Michigan schools for the deaf and blind,
18 ~~the department of community health,~~ the department of **HEALTH AND**
19 human services, or a combination of these, and ancillary
20 professional services for students with a disability rendered by
21 agencies approved by the ~~state board.~~ **SUPERINTENDENT OF PUBLIC**
22 **INSTRUCTION.** The programs shall include vocational training, but
23 need not include academic programs of college or university level.

24 (9) "Special school election" or "special election" means a
25 school district election to fill a vacancy on the school board or
26 submit a ballot question to the school electors that is held on a
27 regular election date established under section 641 of the Michigan

1 election law, MCL 168.641.

2 (10) "State approved nonpublic school" means a nonpublic
3 school that complies with 1921 PA 302, MCL 388.551 to 388.558.

4 (11) "State board" means the state board of education **CREATED**
5 **BY SECTION 3 OF ARTICLE VIII OF THE STATE CONSTITUTION OF 1963**
6 unless clearly otherwise stated.

7 (12) "Student with a disability" means that term as defined in
8 R 340.1702 of the Michigan administrative code.

9 (13) "Department" means the department of education created
10 ~~and operating~~ under sections 300 to 305 of the executive
11 organization act of 1965, 1965 PA 380, MCL 16.400 to 16.405.

12 (14) "State school aid" means allotments from the general
13 appropriating act for the purpose of aiding in the support of the
14 public schools of the state, **INCLUDING, BUT NOT LIMITED TO,**
15 **APPROPRIATIONS FROM THE STATE SCHOOL AID FUND UNDER THE STATE**
16 **SCHOOL AID ACT OF 1979.**

17 (15) "The state school aid act of 1979" means the state school
18 aid act of 1979, 1979 PA 94, MCL 388.1601 to ~~388.1772~~**388.1896.**

19 Sec. 11. Each school district, except a school district of the
20 first class **OR A COMMUNITY DISTRICT**, shall be organized and
21 conducted as a general powers school district regardless of
22 previous classification.

23 Sec. 11a. (1) Beginning on July 1, 1996, each school district
24 formerly organized as a primary school district or as a school
25 district of the fourth class, third class, or second class shall be
26 a general powers school district under this act.

27 (2) Beginning on July 1, 1996, a school district operating

1 under a special or local act shall operate as a general powers
 2 school district under this act except to the extent that the
 3 special or local act is inconsistent with this act. Upon repeal of
 4 a special or local act that governs a school district, that school
 5 district shall become a general powers school district under this
 6 act.

7 (3) A general powers school district has all of the rights,
 8 powers, and duties expressly stated in this act; may exercise a
 9 power implied or incident to a power expressly stated in this act;
 10 and, except as **OTHERWISE** provided by law, may exercise a power
 11 incidental or appropriate to the performance of a function related
 12 to operation of ~~the school district~~ **A PUBLIC SCHOOL AND THE**
 13 **PROVISION OF PUBLIC EDUCATION SERVICES** in the interests of public
 14 elementary and secondary education in the school district,
 15 including, but not limited to, all of the following:

16 (a) Educating pupils. In addition to educating pupils in
 17 grades K-12, this function may include operation of preschool,
 18 lifelong education, adult education, community education, training,
 19 enrichment, and recreation programs for other persons. **A SCHOOL**
 20 **DISTRICT MAY DO EITHER OR BOTH OF THE FOLLOWING:**

21 (i) **EDUCATE PUPILS BY DIRECTLY OPERATING 1 OR MORE PUBLIC**
 22 **SCHOOLS ON ITS OWN.**

23 (ii) **CAUSE PUBLIC EDUCATION SERVICES TO BE PROVIDED FOR PUPILS**
 24 **OF THE SCHOOL DISTRICT THROUGH AN AGREEMENT, CONTRACT, OR OTHER**
 25 **COOPERATIVE AGREEMENT WITH ANOTHER PUBLIC ENTITY, INCLUDING, BUT**
 26 **NOT LIMITED TO, ANOTHER SCHOOL DISTRICT OR AN INTERMEDIATE SCHOOL**
 27 **DISTRICT.**

1 (b) Providing for the safety and welfare of pupils while at
2 school or a school sponsored activity or while en route to or from
3 school or a school sponsored activity.

4 (c) ~~Acquiring,~~ **EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION,**
5 **ACQUIRING,** constructing, maintaining, repairing, renovating,
6 disposing of, or conveying school property, facilities, equipment,
7 technology, or furnishings.

8 (d) Hiring, contracting for, scheduling, supervising, or
9 terminating employees, independent contractors, and others,
10 **INCLUDING, BUT NOT LIMITED TO, ANOTHER SCHOOL DISTRICT OR AN**
11 **INTERMEDIATE SCHOOL DISTRICT,** to carry out school district powers.
12 A school district may indemnify its employees.

13 (e) Receiving, accounting for, investing, or expending ~~school~~
14 ~~district~~ **PUBLIC SCHOOL** money; borrowing money and pledging ~~school~~
15 ~~district~~ **PUBLIC SCHOOL** funds for repayment; and qualifying for
16 state school aid and other public or private money from local,
17 regional, state, or federal sources.

18 (4) A general powers school district may enter into
19 agreements, **CONTRACTS,** or **OTHER** cooperative arrangements with other
20 entities, public or private, **INCLUDING, BUT NOT LIMITED TO, ANOTHER**
21 **SCHOOL DISTRICT OR AN INTERMEDIATE SCHOOL DISTRICT,** or join
22 organizations as part of performing the functions of the school
23 district. An agreement, **CONTRACT,** or **OTHER** cooperative arrangement
24 that is entered into under this act is not required to comply with
25 the provisions of the urban cooperation act of 1967, 1967 (Ex Sess)
26 PA 7, MCL 124.501 to 124.512, as provided under section 503 of that
27 act, MCL 124.503.

1 (5) A general powers school district is a body corporate and
2 shall be governed by a school board. An act of a school board is
3 not valid unless approved, at a meeting of the school board, by a
4 majority vote of the members lawfully serving on the board.

5 (6) The board of a general powers school district shall adopt
6 bylaws. These bylaws may establish or change board procedures, the
7 number of board officers, titles and duties of board officers, and
8 any other matter related to effective and efficient functioning of
9 the board. Regular meetings of the board shall be held at least
10 once each month, at the time and place fixed by the bylaws. Special
11 meetings may be called and held in the manner and for the purposes
12 specified in the bylaws. Board procedures, bylaws, and policies in
13 effect on the effective date of this section shall continue in
14 effect until changed by action of the board.

15 (7) The board of a school district shall be elected as
16 provided under this act and the Michigan election law. The number
17 of members of the board of a general powers school district shall
18 remain the same as for that school district before July 1, 1996
19 unless changed by the school electors of the school district at a
20 regular or special school election. A ballot question for changing
21 the number of board members may be placed on the ballot by action
22 of the board or by petition submitted by school electors as
23 provided under chapter XIV of the Michigan election law, MCL
24 168.301 to 168.316.

25 (8) Members of the board of a general powers school district
26 shall be elected by the school electors for terms of 4 or 6 years,
27 as provided by the school district's bylaws. At each regular school

1 election, members of the board shall be elected to fill the
2 positions of those whose terms will expire. A term of office begins
3 as provided in section 302 of the Michigan election law, MCL
4 168.302, and continues until a successor is elected and qualified.

5 (9) The board of a general powers school district may submit
6 to the school electors of the school district a question that is
7 within the scope of the powers of the school electors and that the
8 board considers proper for the management of the school system or
9 the advancement of education in the school district. Upon the
10 adoption of a question by the board, the board shall submit the
11 question to the school electors by complying with section 312 of
12 the Michigan election law, MCL 168.312.

13 (10) A special election may be called by the board of a
14 general powers school district as provided under chapter XIV of the
15 Michigan election law, MCL 168.301 to 168.316.

16 (11) Unless expressly provided in 1995 PA 289, the powers of a
17 school board or school district are not diminished by this section
18 or by 1995 PA 289.

19 (12) A school district operating a public library, public
20 museum, or community recreational facility as of July 1, 1996 may
21 continue to operate the public library, public museum, or community
22 recreational facility.

23 (13) A school district may establish and administer
24 scholarships for its students or graduates to support their
25 attendance at a postsecondary educational institution from funds
26 the school district receives as a result of a compact entered into
27 between this state and a federally recognized Indian tribe pursuant

1 to the Indian gaming regulatory act, Public Law 100-497. A school
2 district that establishes a scholarship program funded under this
3 subsection shall ensure that the scholarship program provides for
4 all of the following:

5 (a) That a student or graduate is not eligible to be awarded a
6 scholarship unless the student or graduate is enrolled in the
7 school district for all of grades 9 to 12 and meets 1 of the
8 following:

9 (i) Is a resident of the school district for all of grades 9
10 to 12.

11 (ii) Was enrolled in the school district for the 2009-2010
12 school year but was not a resident of the school district for that
13 school year, and is enrolled in the school district continuously
14 after that school year until graduation.

15 (b) That the amount of a scholarship awarded to a student or
16 graduate who was not enrolled in and a continuous resident of the
17 school district for all of grades K to 12 shall be adjusted based
18 on length of enrollment and continuous residency or, for a student
19 or graduate described in subdivision (a) (ii), based on length of
20 enrollment.

21 **SEC. 12B. (1) BEGINNING ON THE EFFECTIVE DATE OF THE**
22 **AMENDATORY ACT THAT ADDED THIS SECTION, IF A SCHOOL DISTRICT IS OR**
23 **BECOMES A QUALIFYING SCHOOL DISTRICT, THE SCHOOL DISTRICT SHALL**
24 **LOSE ITS ORGANIZATION AND BE DISSOLVED AS PROVIDED IN SUBSECTIONS**
25 **(2) AND (3).**

26 **(2) IF A SCHOOL DISTRICT LOSES ITS ORGANIZATION UNDER**
27 **SUBSECTION (1), EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, ALL**

1 RECORDS, FUNDS, AND PROPERTY OF THE QUALIFYING SCHOOL DISTRICT ARE
2 TRANSFERRED ON THE TRANSFER DATE TO A COMMUNITY DISTRICT CREATED
3 WITH THE SAME GEOGRAPHIC BOUNDARIES OF THE QUALIFYING SCHOOL
4 DISTRICT UNDER PART 5B. A SCHOOL BUILDING OR OTHER REAL PROPERTY
5 OWNED BY AND LOCATED IN THE QUALIFYING SCHOOL DISTRICT BECOMES PART
6 OF AND OWNED BY THE COMMUNITY DISTRICT. IF A QUALIFYING SCHOOL
7 DISTRICT HAS OUTSTANDING DEBT ON THE TRANSFER DATE, THE QUALIFYING
8 SCHOOL DISTRICT SHALL RETAIN A LIMITED SEPARATE IDENTITY AS A
9 SCHOOL DISTRICT AND THE TERRITORY OF THE QUALIFYING SCHOOL DISTRICT
10 SHALL CONTINUE AS A SEPARATE TAXING UNIT ONLY FOR THE LIMITED
11 PURPOSES OF THE REPAYMENT OF THE DEBT UNTIL THE DEBT IS RETIRED AND
12 COMPLIANCE WITH THE MICHIGAN FINANCIAL REVIEW COMMISSION ACT, 2014
13 PA 181, MCL 141.1631 TO 141.1643. UNTIL THE ELECTED MEMBERS OF THE
14 SCHOOL BOARD OF THE COMMUNITY DISTRICT ARE ELECTED AND TAKE OFFICE
15 UNDER SECTION 384, THE BOARD OF THE QUALIFYING SCHOOL DISTRICT
16 SHALL CONTINUE FOR THE LIMITED PURPOSE OF PERFORMING THE FUNCTIONS
17 AND SATISFYING THE RESPONSIBILITIES OF THE BOARD AND OFFICERS OF
18 THE QUALIFYING SCHOOL DISTRICT RELATING TO THE REPAYMENT OF DEBT
19 AND THE DISSOLUTION OF THE QUALIFYING SCHOOL DISTRICT, INCLUDING,
20 BUT NOT LIMITED TO, ALL OF THE FOLLOWING:

21 (A) CERTIFYING AND LEVYING TAXES FOR SATISFACTION OF THE DEBT
22 IN THE NAME OF THE QUALIFYING SCHOOL DISTRICT.

23 (B) CONDUCTING SCHOOL DISTRICT ELECTIONS.

24 (C) DOING ALL OTHER THINGS RELATIVE TO THE REPAYMENT OF
25 OUTSTANDING DEBT OF THE QUALIFYING SCHOOL DISTRICT REQUIRED BY LAW
26 AND BY THE TERMS OF THE DEBT, INCLUDING, BUT NOT LIMITED TO,
27 LEVYING OR RENEWING A SCHOOL OPERATING TAX UNDER SECTION 1211, OR

1 REFUNDING OR REFINANCING DEBT AT A LOWER RATE.

2 (D) DOING ALL OTHER THINGS RELATIVE TO THE DISSOLUTION OF THE
3 QUALIFYING SCHOOL DISTRICT.

4 (3) AS PERMITTED UNDER FEDERAL LAW, ON THE TRANSFER DATE THE
5 SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL ALLOCATE TO A COMMUNITY
6 DISTRICT RECEIVING THE FUNCTIONS AND RESPONSIBILITIES OF A
7 QUALIFYING SCHOOL DISTRICT FOR A PUBLIC SCHOOL UNDER SUBSECTION (2)
8 ALL APPLICABLE GRANTS UNDER 20 USC 6333, 20 USC 6334, 20 USC 6335,
9 AND 20 USC 6337, AND OTHER FEDERAL FUNDS THAT WOULD OTHERWISE BE
10 MADE AVAILABLE FOR GRANTS TO OR FEDERAL FUNDING FOR THE PUBLIC
11 SCHOOL OR MAKE OTHER ADJUSTMENTS IN THE ALLOCATION OF FEDERAL FUNDS
12 TO IMPLEMENT THE TRANSFER OF FUNCTIONS AND RESPONSIBILITIES FOR THE
13 PUBLIC SCHOOL.

14 (4) EFFECTIVE ON THE TRANSFER DATE FOR A QUALIFYING SCHOOL
15 DISTRICT AND THE COMMUNITY DISTRICT CREATED WITH THE SAME
16 GEOGRAPHIC BOUNDARIES OF THE QUALIFYING SCHOOL DISTRICT UNDER PART
17 5B, ALL OF THE FOLLOWING APPLY:

18 (A) THE COMMUNITY DISTRICT ACQUIRES, SUCCEEDS TO, AND ASSUMES
19 THE EXCLUSIVE RIGHT, RESPONSIBILITY, AND AUTHORITY TO OWN, OCCUPY,
20 OPERATE, CONTROL, USE, LEASE, AND CONVEY THE FACILITIES OF THE
21 QUALIFYING SCHOOL DISTRICT EXISTING AS OF THE TRANSFER DATE,
22 INCLUDING ALL LANDS, BUILDINGS, IMPROVEMENTS, STRUCTURES,
23 EASEMENTS, RIGHTS OF ACCESS, AND ALL OTHER PRIVILEGES AND
24 APPURTENANCES. THE OFFICERS OF THE QUALIFYING SCHOOL DISTRICT SHALL
25 EXECUTE ANY INSTRUMENTS OF CONVEYANCE, ASSIGNMENT, AND TRANSFER
26 THAT ARE NECESSARY OR APPROPRIATE TO ACCOMPLISH THE ACQUISITION AND
27 SUCCESSION UNDER THIS SUBDIVISION.

1 (B) THE COMMUNITY DISTRICT ACQUIRES, SUCCEEDS TO, AND ASSUMES
2 ALL RIGHTS, TITLE, AND INTERESTS IN AND TO THE FIXTURES, EQUIPMENT,
3 MATERIALS, FURNISHINGS, AND OTHER PERSONAL PROPERTY OWNED AND USED
4 BY THE QUALIFYING SCHOOL DISTRICT AS OF THE TRANSFER DATE. THE
5 OFFICERS OF THE QUALIFYING SCHOOL DISTRICT SHALL EXECUTE ANY
6 INSTRUMENTS OF CONVEYANCE, ASSIGNMENT, AND TRANSFER THAT ARE
7 NECESSARY OR APPROPRIATE TO ACCOMPLISH THE ACQUISITION AND
8 SUCCESSION UNDER THIS SUBDIVISION.

9 (C) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE
10 COMMUNITY DISTRICT ACQUIRES, SUCCEEDS TO, AND ASSUMES ALL OF THE
11 RIGHTS OF THE QUALIFYING SCHOOL DISTRICT RELATING TO THE QUALIFYING
12 SCHOOL DISTRICT UNDER ANY ORDINANCES, AGREEMENTS, OR OTHER
13 INSTRUMENTS AND UNDER LAW. THIS SUCCESSION INCLUDES, AND THERE IS
14 TRANSFERRED TO THE COMMUNITY DISTRICT, ALL LICENSES, PERMITS,
15 APPROVALS, OR AWARDS RELATED TO THE QUALIFYING SCHOOL DISTRICT
16 ALONG WITH ALL GRANT AGREEMENTS, GRANT PRE-APPLICATIONS, AND THE
17 RIGHT TO RECEIVE THE BALANCE OF ANY FUNDS PAYABLE UNDER THE
18 AGREEMENTS.

19 (D) THE COMMUNITY DISTRICT HAS THE RIGHT AND AUTHORITY TO OWN,
20 OCCUPY, OPERATE, CONTROL, USE, LEASE, AND CONVEY THE FACILITIES
21 TRANSFERRED BY THE QUALIFYING SCHOOL DISTRICT, SUBJECT TO ANY LIENS
22 ON THE REAL PROPERTY AND RESTRICTIONS AND LIMITATIONS ON THE USE OF
23 THE REAL PROPERTY.

24 (E) EXCEPT FOR DEBT OR OTHER OBLIGATIONS RETAINED BY THE
25 QUALIFYING SCHOOL DISTRICT UNDER THIS SECTION, THE COMMUNITY
26 DISTRICT HAS THE QUALIFYING SCHOOL DISTRICT'S RIGHT, TITLE, AND
27 INTEREST IN, AND ALL OF THE QUALIFYING SCHOOL DISTRICT'S

1 RESPONSIBILITIES AND AUTHORITY ARISING UNDER LEASES, CONCESSIONS,
2 AND OTHER CONTRACTS FOR FACILITIES.

3 (F) ALL RECORDS AND FILES, SOFTWARE, AND SOFTWARE LICENSES
4 REQUIRED FOR FINANCIAL MANAGEMENT, PERSONNEL MANAGEMENT, ACCOUNTING
5 AND INVENTORY SYSTEMS, OR GENERAL ADMINISTRATION OF THE QUALIFYING
6 SCHOOL DISTRICT ARE TRANSFERRED TO THE COMMUNITY DISTRICT.

7 (G) A COMMUNITY DISTRICT ACQUIRES, SUCCEEDS TO, AND ASSUMES
8 ALL OF THE RIGHTS, DUTIES, AND OBLIGATIONS UNDER A COLLECTIVE
9 BARGAINING AGREEMENT APPLICABLE TO THE QUALIFYING SCHOOL DISTRICT
10 ON THE TRANSFER DATE. THE TERMS AND CONDITIONS OF THAT COLLECTIVE
11 BARGAINING AGREEMENT APPLICABLE TO EMPLOYEES OF THE QUALIFYING
12 SCHOOL DISTRICT ON THE TRANSFER DATE SHALL BE THE TERMS AND
13 CONDITIONS APPLICABLE TO EMPLOYEES OF THE COMMUNITY DISTRICT AND
14 THE COMMUNITY DISTRICT SHALL BE THE SUCCESSOR EMPLOYER FOR
15 EMPLOYEES OF THE QUALIFYING SCHOOL DISTRICT ON THE TRANSFER DATE.
16 AN INDIVIDUAL WHO IS ENTITLED TO EMPLOYMENT BY THE QUALIFYING
17 SCHOOL DISTRICT ON THE TRANSFER DATE SHALL BE ENTITLED TO
18 EMPLOYMENT BY THE COMMUNITY DISTRICT FOLLOWING THE TRANSFER TO THE
19 COMMUNITY DISTRICT.

20 (5) A TRANSFER TO A COMMUNITY DISTRICT UNDER THIS SECTION DOES
21 NOT IMPAIR A CONTRACT WITH A PARTY IN PRIVITY WITH THE QUALIFYING
22 SCHOOL DISTRICT.

23 (6) UPON THE TRANSFER TO A COMMUNITY DISTRICT, THE QUALIFYING
24 SCHOOL DISTRICT IS RELIEVED FROM ALL OPERATIONAL JURISDICTION OVER
25 THE QUALIFYING SCHOOL DISTRICT AND FACILITIES AND IS RELIEVED FROM
26 ALL FURTHER COSTS AND RESPONSIBILITY ARISING FROM OR ASSOCIATED
27 WITH OPERATING A PUBLIC SCHOOL OR PROVIDING PUBLIC EDUCATION

1 SERVICES, EXCEPT AS OTHERWISE REQUIRED UNDER OBLIGATIONS RETAINED
2 BY THE QUALIFYING SCHOOL DISTRICT UNDER THIS SECTION, INCLUDING,
3 BUT NOT LIMITED TO, DEBT.

4 (7) A QUALIFYING SCHOOL DISTRICT SHALL DO ALL OF THE
5 FOLLOWING:

6 (A) REFRAIN FROM ANY ACTION THAT WOULD IMPAIR A COMMUNITY
7 DISTRICT'S EXERCISE OF THE POWERS GRANTED TO THE COMMUNITY DISTRICT
8 UNDER THIS SECTION OR PART 5B, OR THAT WOULD IMPAIR THE EFFICIENT
9 OPERATION AND MANAGEMENT OF THE COMMUNITY DISTRICT.

10 (B) TAKE ALL ACTION REASONABLY NECESSARY TO CURE ANY DEFECTS
11 IN TITLE TO PROPERTY TRANSFERRED FROM THE QUALIFYING SCHOOL
12 DISTRICT TO THE COMMUNITY DISTRICT.

13 (C) UPON CREATION OF A COMMUNITY DISTRICT AND BEFORE THE
14 TRANSFER DATE, CONDUCT OPERATIONS OF THE QUALIFYING SCHOOL DISTRICT
15 IN THE ORDINARY AND USUAL COURSE OF BUSINESS.

16 (D) COMPLY WITH THE TERMS AND CONDITIONS OF ANY LOAN AGREEMENT
17 BETWEEN THE QUALIFYING SCHOOL DISTRICT AND THE LOCAL FINANCIAL
18 EMERGENCY ASSISTANCE LOAN BOARD UNDER THE EMERGENCY MUNICIPAL LOAN
19 ACT, 1980 PA 243, MCL 141.931 TO 141.942, INCLUDING, BUT NOT
20 LIMITED TO, ANY TERMS AND CONDITIONS PROVIDING FOR THE PAYMENT OF
21 TRANSITIONAL OPERATING COSTS.

22 (E) NOTIFY THE STATE TREASURER UPON THE REPAYMENT OF ALL
23 OUTSTANDING OPERATING OBLIGATIONS OF THE QUALIFYING SCHOOL
24 DISTRICT.

25 (F) NOTIFY THE STATE TREASURER UPON THE REPAYMENT OF ALL
26 OUTSTANDING DEBT OF THE QUALIFYING SCHOOL DISTRICT.

27 (8) UPON THE ELECTION AND ASSUMPTION OF DUTIES BY THE MEMBERS

1 OF THE INITIAL ELECTED SCHOOL BOARD OF THE COMMUNITY DISTRICT, THE
2 SCHOOL BOARD OF THE QUALIFYING SCHOOL DISTRICT IS DISSOLVED AND THE
3 FUNCTIONS AND RESPONSIBILITIES OF THE QUALIFYING SCHOOL DISTRICT
4 SHALL BE EXERCISED BY THE COMMUNITY DISTRICT ON BEHALF OF THE
5 QUALIFYING SCHOOL DISTRICT UNTIL THE QUALIFYING SCHOOL DISTRICT IS
6 FULLY DISSOLVED UNDER SUBSECTION (11).

7 (9) IF THE STATE TREASURER IS NOTIFIED THAT ALL OUTSTANDING
8 OPERATING OBLIGATIONS OF THE QUALIFYING SCHOOL DISTRICT HAVE BEEN
9 REPAID, THE STATE TREASURER SHALL VERIFY WHETHER ALL OUTSTANDING
10 OBLIGATIONS OF THE QUALIFYING SCHOOL DISTRICT HAVE BEEN REPAID. THE
11 STATE TREASURER ALSO MAY DETERMINE THAT THE OUTSTANDING OPERATING
12 OBLIGATIONS OF A QUALIFYING SCHOOL DISTRICT HAVE BEEN SATISFIED ON
13 HIS OR HER OWN WITHOUT NOTICE. IF THE STATE TREASURER DETERMINES
14 THAT ALL OUTSTANDING OPERATING OBLIGATIONS OF THE QUALIFYING SCHOOL
15 DISTRICT HAVE BEEN REPAID, THE STATE TREASURER SHALL CERTIFY IN A
16 WRITTEN NOTICE TO A COMMUNITY DISTRICT THAT HAS THE SAME GEOGRAPHIC
17 BOUNDARIES AS THE QUALIFYING SCHOOL DISTRICT THAT THE OUTSTANDING
18 OPERATING OBLIGATIONS OF THE QUALIFYING SCHOOL DISTRICT HAVE BEEN
19 REPAID.

20 (10) IF THE STATE TREASURER IS NOTIFIED THAT ALL OUTSTANDING
21 DEBT OF THE QUALIFYING SCHOOL DISTRICT HAS BEEN REPAID, THE STATE
22 TREASURER SHALL VERIFY WHETHER ALL OF THE OUTSTANDING DEBT OF THE
23 QUALIFYING SCHOOL DISTRICT HAS BEEN REPAID. IF THE STATE TREASURER
24 DETERMINES THAT ALL OF THE OUTSTANDING DEBT OF THE QUALIFYING
25 SCHOOL DISTRICT HAS BEEN REPAID, THE STATE TREASURER SHALL CERTIFY
26 IN A WRITTEN NOTICE TO A COMMUNITY DISTRICT THAT HAS THE SAME
27 GEOGRAPHIC BOUNDARIES AS THE QUALIFYING DISTRICT THAT ALL

1 OUTSTANDING DEBT OF THE QUALIFYING SCHOOL DISTRICT HAS BEEN REPAID.

2 (11) UPON CERTIFICATION BY THE STATE TREASURER UNDER
3 SUBSECTION (10), THE QUALIFYING SCHOOL DISTRICT IS FULLY DISSOLVED
4 AND ANY REMAINING ASSETS OF THE QUALIFYING SCHOOL DISTRICT ARE
5 TRANSFERRED TO THE COMMUNITY DISTRICT.

6 (12) AS USED IN THIS SECTION:

7 (A) "DEBT" MEANS THAT TERM AS DEFINED IN SECTION 103 OF THE
8 REVISED MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2103, AND ALSO
9 INCLUDES ANY OF THE FOLLOWING:

10 (i) OBLIGATIONS OF THE QUALIFYING SCHOOL DISTRICT UNDER AN
11 ENERGY INSTALLMENT PURCHASE CONTRACT.

12 (ii) OBLIGATIONS OF THE QUALIFYING SCHOOL DISTRICT UNDER A
13 CAPITAL LEASE.

14 (iii) ANY UNPAID AMOUNTS PAYABLE BY THE QUALIFYING SCHOOL
15 DISTRICT TO THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD
16 UNDER THE PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA
17 300, MCL 38.1301 TO 38.1437.

18 (iv) THE REPAYMENT OF ANY LOAN OR OBLIGATIONS UNDER ANY LOAN
19 AGREEMENT BETWEEN THE QUALIFYING SCHOOL DISTRICT AND THE LOCAL
20 FINANCIAL EMERGENCY ASSISTANCE LOAN BOARD UNDER THE EMERGENCY
21 MUNICIPAL LOAN ACT, 1980 PA 243, MCL 141.931 TO 141.942, INCLUDING
22 ANY TERMS AND CONDITIONS PROVIDING FOR THE PAYMENT OF TRANSITIONAL
23 OPERATING COSTS NOT TO EXCEED 3% OF THE TAXABLE VALUE OF THE
24 QUALIFYING SCHOOL DISTRICT.

25 (v) THE REPAYMENT OF ANY SCHOOL FINANCING STABILITY BONDS
26 UNDER SECTION 1356.

27 (vi) ANY OTHER MONETARY OBLIGATIONS OF THE QUALIFYING SCHOOL

1 DISTRICT.

2 (B) "OPERATING OBLIGATION" MEANS DEBT OF A SCHOOL DISTRICT
3 INCURRED FOR PURPOSES OF FINANCING THE OPERATION OF A SCHOOL
4 DISTRICT OR PUBLIC SCHOOLS OPERATED BY A SCHOOL DISTRICT,
5 INCLUDING, BUT NOT LIMITED TO, FISCAL STABILITY BONDS UNDER SECTION
6 1356 AND AN EMERGENCY LOAN UNDER THE EMERGENCY MUNICIPAL LOAN ACT,
7 1980 PA 243, MCL 141.931 TO 141.942, AND TRANSITIONAL OPERATING
8 COSTS. OPERATING OBLIGATION DOES NOT INCLUDE DEBT OF A SCHOOL
9 DISTRICT INCURRED FOR THE PURPOSE OF CONSTRUCTING, RENOVATING,
10 MAINTAINING, OR OTHERWISE IMPROVING SCHOOL FACILITIES.

11 (C) "TRANSFER DATE" MEANS THE FIRST JULY 1 AFTER THE DATE A
12 SCHOOL DISTRICT BECOMES A QUALIFYING SCHOOL DISTRICT. FOR A SCHOOL
13 DISTRICT THAT BECAME A QUALIFYING SCHOOL DISTRICT ON THE EFFECTIVE
14 DATE OF THE AMENDATORY ACT THAT ADDED THIS SUBDIVISION, THE
15 TRANSFER DATE IS JULY 1, 2016.

16 (D) "TRANSITIONAL OPERATING COST" MEANS A COST OF OPERATING
17 PUBLIC SCHOOLS INCURRED BY A COMMUNITY DISTRICT AS A RESULT OF THE
18 TRANSFER OF FUNCTIONS AND RESPONSIBILITIES FROM A QUALIFYING SCHOOL
19 DISTRICT TO A COMMUNITY DISTRICT, AS AGREED TO IN WRITING,
20 INCLUDING, BUT NOT LIMITED TO, ACADEMIC AND INSTRUCTIONAL SUPPORT;
21 PORTFOLIO PLANNING; PROFESSIONAL TRANSITION COSTS SUCH AS
22 INFORMATION TECHNOLOGY, LEGAL, ACCOUNTING, HUMAN RESOURCES, AND
23 FINANCIAL; PAYMENTS TO VENDORS; COSTS RELATING TO CHANGES IN TIMING
24 FOR GRANT FUNDING OR REIMBURSEMENTS; CASH FLOW NEEDS; INSURANCE;
25 ACADEMIC PROGRAM EXPENDITURES; DEFERRED MAINTENANCE; SPACE
26 CONSOLIDATION; AND FACILITIES RATIONALIZATION.

27

PART 5B

COMMUNITY DISTRICTS

1
2 SEC. 381. (1) A SCHOOL DISTRICT ORGANIZED AS A COMMUNITY
3 DISTRICT SHALL BE GOVERNED BY THIS PART, BY THE PROVISIONS OF
4 ARTICLE 2 NOT INCONSISTENT WITH THIS PART, AND BY ARTICLES 3 AND 4.

5 (2) A COMMUNITY DISTRICT IS A POLITICAL SUBDIVISION AND PUBLIC
6 BODY CORPORATE SEPARATE AND DISTINCT FROM THIS STATE AND OTHER
7 SCHOOL DISTRICTS IN THIS STATE.

8 (3) THE NAME OF A SCHOOL DISTRICT GOVERNED BY THIS PART SHALL
9 INCLUDE THE NAME OF THE CITY, VILLAGE, OR TOWNSHIP WITH THE LARGEST
10 POPULATION LOCATED WITHIN THE GEOGRAPHIC BOUNDARIES OF THE
11 COMMUNITY DISTRICT, THE WORD "SCHOOL" OR "SCHOOLS", AND THE WORD
12 "COMMUNITY" OR "DISTRICT", OR BOTH.

13 (4) A SCHOOL DISTRICT GOVERNED BY THIS PART SHALL BE UNDER THE
14 JURISDICTION OF THE SCHOOL BOARD OF THE COMMUNITY DISTRICT PROVIDED
15 FOR BY SECTION 384.

16 SEC. 382. EXCEPT AS OTHERWISE PROVIDED IN THIS PART, A
17 COMMUNITY DISTRICT SHALL BE ORGANIZED AND CONDUCTED IN THE SAME
18 MANNER AS A GENERAL POWERS SCHOOL DISTRICT. EXCEPT AS OTHERWISE
19 PROVIDED BY LAW, A COMMUNITY DISTRICT HAS ALL OF THE POWERS OF A
20 GENERAL POWERS SCHOOL DISTRICT UNDER SECTION 11A AND HAS ALL
21 ADDITIONAL POWERS GRANTED BY LAW TO A COMMUNITY DISTRICT OR THE
22 SCHOOL BOARD OF A COMMUNITY DISTRICT. IF A FINANCIAL REVIEW
23 COMMISSION IS IN PLACE FOR A COMMUNITY DISTRICT, BOTH OF THE
24 FOLLOWING APPLY:

25 (A) THE APPOINTMENT OF A SUPERINTENDENT FOR THE COMMUNITY
26 DISTRICT IS SUBJECT TO THE APPROVAL OF THE FINANCIAL REVIEW
27 COMMISSION. BEFORE THE SUPERINTENDENT'S APPOINTMENT IS FINAL, THE

1 SCHOOL BOARD OF THE COMMUNITY DISTRICT SHALL SUBMIT THE PROPOSED
2 APPOINTMENT IN WRITING TO THE FINANCIAL REVIEW COMMISSION FOR ITS
3 APPROVAL. IF THE PROPOSED APPOINTMENT IS NOT APPROVED BY THE
4 FINANCIAL REVIEW COMMISSION WITHIN 45 DAYS AFTER IT IS SUBMITTED IN
5 WRITING TO THE FINANCIAL REVIEW COMMISSION, THE APPOINTMENT IS
6 DENIED.

7 (B) THE COMMUNITY DISTRICT MAY NOT ALTER THE TERMS AND
8 CONDITIONS OF AN EMPLOYMENT CONTRACT WITH THE SUPERINTENDENT OF THE
9 COMMUNITY DISTRICT, ALTER THE BENEFITS PROVIDED TO THE
10 SUPERINTENDENT, OR TERMINATE THE EMPLOYMENT OF THE SUPERINTENDENT
11 UNLESS THAT ACTION IS APPROVED BY THE FINANCIAL REVIEW COMMISSION.

12 SEC. 383. EFFECTIVE 30 DAYS AFTER A SCHOOL DISTRICT BECOMES A
13 QUALIFYING SCHOOL DISTRICT, A COMMUNITY DISTRICT IS CREATED FOR THE
14 SAME GEOGRAPHIC AREA OF THAT QUALIFYING SCHOOL DISTRICT TO PROVIDE
15 PUBLIC EDUCATION SERVICES FOR RESIDENTS OF THAT GEOGRAPHIC AREA AND
16 TO OTHERWISE EXERCISE THE POWERS OF A COMMUNITY DISTRICT FOR THAT
17 GEOGRAPHIC AREA BEGINNING ON THE TRANSFER DATE FOR THAT QUALIFYING
18 SCHOOL DISTRICT. AS USED IN THIS SECTION, "TRANSFER DATE" MEANS
19 THAT TERM AS DEFINED IN SECTION 12B.

20 SEC. 384. (1) THE SCHOOL BOARD FOR A COMMUNITY DISTRICT SHALL
21 CONSIST OF 9 SCHOOL ELECTORS OF THE COMMUNITY DISTRICT. THE INITIAL
22 SCHOOL BOARD SHALL INCLUDE 4 MEMBERS APPOINTED BY THE CHIEF
23 ADMINISTRATIVE OFFICER AND 5 MEMBERS APPOINTED BY THE GOVERNOR.
24 MEMBERS OF THE SCHOOL BOARD SHALL BE APPOINTED WITHIN 30 DAYS AFTER
25 THE CREATION OF THE COMMUNITY DISTRICT. IF THE CHIEF ADMINISTRATIVE
26 OFFICER FAILS TO APPOINT A MEMBER WITHIN THAT 30-DAY PERIOD, THE
27 MEMBER SHALL INSTEAD BE APPOINTED BY THE GOVERNOR. ALL MEMBERS

1 APPOINTED SHALL BE RESIDENTS OF THE COMMUNITY DISTRICT.

2 (2) IF A VACANCY OCCURS DURING AN INITIAL TERM OF AN APPOINTED
3 MEMBER OF THE SCHOOL BOARD OF A COMMUNITY DISTRICT, THE VACANCY
4 SHALL BE FILLED IN THE SAME MANNER AS THE ORIGINAL APPOINTMENT FOR
5 THE BALANCE OF THE UNEXPIRED TERM.

6 (3) THE CHIEF ADMINISTRATIVE OFFICER SHALL DESIGNATE AN
7 APPOINTED MEMBER OF THE SCHOOL BOARD OF THE COMMUNITY DISTRICT TO
8 SERVE AS ITS INITIAL CHAIRPERSON. IF THE CHIEF ADMINISTRATIVE
9 OFFICER FAILS TO DESIGNATE AN INITIAL CHAIRPERSON WITHIN 30 DAYS
10 AFTER THE CREATION OF THE COMMUNITY DISTRICT, THE GOVERNOR SHALL
11 DESIGNATE AN INITIAL CHAIRPERSON. AFTER THE INITIAL DESIGNATION,
12 THE MEMBERS OF THE SCHOOL BOARD SHALL DESIGNATE ITS CHAIRPERSON.

13 (4) A MEMBER OF A SCHOOL BOARD FOR A QUALIFYING SCHOOL
14 DISTRICT UNDER SECTION 12B MAY NOT ALSO SERVE AS A MEMBER OF A
15 SCHOOL BOARD FOR A COMMUNITY DISTRICT THAT HAS THE SAME GEOGRAPHIC
16 BOUNDARIES AS THE QUALIFYING SCHOOL DISTRICT. A MEMBER OF A SCHOOL
17 BOARD OF A COMMUNITY DISTRICT MAY NOT ALSO SERVE AS A MEMBER OF A
18 SCHOOL BOARD FOR A QUALIFYING SCHOOL DISTRICT THAT HAS THE SAME
19 GEOGRAPHIC BOUNDARIES AS THE COMMUNITY DISTRICT.

20 (5) A MEMBER OF THE SCHOOL BOARD APPOINTED TO AN INITIAL TERM
21 UNDER THIS SECTION SHALL CONTINUE TO SERVE UNTIL A REPLACEMENT
22 MEMBER IS ELECTED AND TAKES OFFICE. MEMBERS ELECTED TO THE BOARD
23 SHALL BE ELECTED AT THE NOVEMBER REGULAR ELECTION IN EVEN-NUMBERED
24 YEARS, WITH NOMINATIONS FOR THE NOVEMBER REGULAR ELECTION OCCURRING
25 AT THE AUGUST PRIMARY ELECTION IN EVEN-NUMBERED YEARS. OF THE
26 SCHOOL BOARD MEMBERS INITIALLY ELECTED UNDER THIS SUBSECTION, 3
27 SHALL BE ELECTED FOR A TERM OF 6 YEARS, 3 SHALL BE ELECTED FOR A

1 TERM OF 4 YEARS, AND 3 SHALL BE ELECTED FOR A TERM OF 2 YEARS. IF
2 THE GEOGRAPHIC BOUNDARIES OF THE COMMUNITY DISTRICT INCLUDE A
3 SINGLE CITY AND MEMBERS OF THE GOVERNING BODY OF THE CITY ARE
4 ELECTED FROM 9 OR FEWER ELECTORAL DISTRICTS, A MEMBER OF THE
5 COMMUNITY DISTRICT SHALL BE ELECTED FROM EACH OF THE ELECTORAL
6 DISTRICTS. IF THE CITY HAS FEWER THAN 9 ELECTORAL DISTRICTS FOR
7 MEMBERS OF ITS GOVERNING BODY, A MEMBER OF THE BOARD OF THE
8 COMMUNITY DISTRICT RESIDING IN EACH ELECTORAL DISTRICT SHALL BE
9 ELECTED FROM EACH ELECTORAL DISTRICT AND THE REMAINING MEMBERS OF
10 THE BOARD SHALL BE ELECTED ON A DISTRICTWIDE BASIS. THE APPOINTED
11 SCHOOL BOARD OF THE COMMUNITY DISTRICT SHALL PRESCRIBE WHICH SEATS
12 ON THE INITIAL ELECTED SCHOOL BOARD ARE ELECTED FOR WHICH INITIAL
13 TERM TO ACHIEVE THE STAGGERING OF TERMS REQUIRED UNDER THIS
14 SUBSECTION. AFTER THE INITIAL ELECTED TERMS, MEMBERS OF THE SCHOOL
15 BOARD OF THE COMMUNITY DISTRICT SHALL BE ELECTED TO 6-YEAR TERMS.
16 THE TERMS OF MEMBERS ELECTED TO THE SCHOOL BOARD OF A COMMUNITY
17 DISTRICT SHALL BEGIN ON JANUARY 1.

18 (6) AS USED IN THIS SECTION, "CHIEF ADMINISTRATIVE OFFICER"
19 MEANS THE MAYOR OF A CITY IF THE CITY HAS THE LARGEST POPULATION OF
20 ANY CITY, VILLAGE, OR TOWNSHIP LOCATED WITHIN THE GEOGRAPHIC AREA
21 OF THE COMMUNITY DISTRICT; THE PRESIDENT OF A VILLAGE IF THE
22 VILLAGE HAS THE LARGEST POPULATION OF ANY CITY, VILLAGE, OR
23 TOWNSHIP LOCATED WITHIN THE GEOGRAPHIC AREA OF THE COMMUNITY
24 DISTRICT; OR THE SUPERVISOR OF A TOWNSHIP IF THE TOWNSHIP HAS THE
25 LARGEST POPULATION OF ANY CITY, VILLAGE, OR TOWNSHIP LOCATED WITHIN
26 THE GEOGRAPHIC AREA OF THE COMMUNITY DISTRICT.

27 SEC. 385. (1) WITHIN 90 DAYS AFTER THE CREATION OF A COMMUNITY

1 DISTRICT, THE SCHOOL BOARD OF THE COMMUNITY DISTRICT SHALL APPOINT
2 A SUPERINTENDENT FOR THE COMMUNITY DISTRICT, SUBJECT TO SECTION
3 382. THE SUPERINTENDENT SHALL BE SELECTED BASED UPON HIS OR HER
4 DEMONSTRATED ABILITY, RECORD OF COMPETENCE, EXPERIENCE IN
5 INCREASING ACADEMIC ACHIEVEMENT, EXPERIENCE WITH EDUCATION REFORM
6 AND REDESIGN, AND EXPERTISE IN THE TURNAROUND OF ACADEMICALLY
7 UNDERPERFORMING URBAN SCHOOLS. A VACANCY IN THE OFFICE OF
8 SUPERINTENDENT SHALL BE FILLED IN THE SAME MANNER AS THE ORIGINAL
9 APPOINTMENT.

10 (2) ON AN ANNUAL BASIS, THE SCHOOL BOARD OF A COMMUNITY
11 DISTRICT SHALL EVALUATE AND ISSUE A REPORT ON THE PERFORMANCE OF
12 THE COMMUNITY DISTRICT BASED ON THE FOLLOWING FACTORS:

13 (A) THE PROPORTION OF PUPILS ENROLLED IN THE COMMUNITY
14 DISTRICT WHO ACHIEVE SCORES AT LEAST EQUIVALENT TO PROFICIENT ON
15 STATE ASSESSMENTS.

16 (B) THE PROPORTION OF PUPILS ENROLLED IN THE COMMUNITY
17 DISTRICT WHO ACHIEVE AT LEAST A SCHOOL YEAR'S WORTH OF ACADEMIC
18 GROWTH IN A SCHOOL YEAR.

19 (C) THE PROPORTION OF GRADUATES FROM OR PUPILS ENROLLED IN THE
20 COMMUNITY DISTRICT WHO ARE ENROLLED IN SOME FORM OF POSTSECONDARY
21 EDUCATION.

22 (3) ON AT LEAST AN ANNUAL BASIS, THE SCHOOL BOARD OF A
23 COMMUNITY DISTRICT SHALL EVALUATE THE PERFORMANCE OF THE
24 SUPERINTENDENT OF THE COMMUNITY DISTRICT.

25 SEC. 386. IF ANOTHER SCHOOL DISTRICT IS AUTHORIZED TO LEVY A
26 SCHOOL OPERATING TAX UNDER SECTION 1211 WITHIN THE GEOGRAPHIC
27 BOUNDARIES OF THE COMMUNITY DISTRICT DURING A TAX YEAR, THE

1 COMMUNITY DISTRICT SHALL NOT LEVY A SCHOOL OPERATING TAX UNDER
2 SECTION 1211 DURING THAT TAX YEAR.

3 SEC. 387. IF THE GEOGRAPHIC AREA OF A COMMUNITY DISTRICT
4 INCLUDES A QUALIFIED CITY AS THAT TERM IS DEFINED UNDER THE
5 MICHIGAN FINANCIAL REVIEW COMMISSION ACT, 2014 PA 181, MCL 141.1631
6 TO 141.1643, THE COMMUNITY DISTRICT IS SUBJECT TO FINANCIAL
7 OVERSIGHT BY THE FINANCIAL REVIEW COMMISSION FOR THAT QUALIFIED
8 CITY TO THE EXTENT PROVIDED UNDER THAT ACT.

9 SEC. 388. THIS PART DOES NOT REPEAL OR AFFECT A GENERAL LAW OR
10 LOCAL LAW GOVERNING THE MANAGEMENT AND CONTROL OF A PUBLIC LIBRARY
11 ESTABLISHED IN A COMMUNITY DISTRICT UNDER THIS PART OR A FIRST
12 CLASS SCHOOL DISTRICT UNDER PART 6. ANY POWERS AND DUTIES OF A
13 QUALIFYING SCHOOL DISTRICT UNDER SECTION 12B RELATING TO THE
14 MANAGEMENT AND CONTROL OF A PUBLIC LIBRARY ARE TRANSFERRED TO THE
15 COMMUNITY DISTRICT ON THE TRANSFER DATE FOR THE QUALIFYING SCHOOL
16 DISTRICT UNDER SECTION 12B.

17 SEC. 389. THE VALIDITY OF THE FORMATION OF A COMMUNITY
18 DISTRICT SHALL BE CONCLUSIVELY PRESUMED UNLESS QUESTIONED IN AN
19 ORIGINAL ACTION FILED IN THE COURT OF APPEALS WITHIN 60 DAYS AFTER
20 THE COMMUNITY DISTRICT IS CREATED UNDER SECTION 383. THE COURT OF
21 APPEALS HAS ORIGINAL JURISDICTION TO HEAR AN ACTION UNDER THIS
22 SECTION. THE COURT SHALL HEAR THE ACTION IN AN EXPEDITED MANNER.
23 THE DEPARTMENT OF TREASURY IS A NECESSARY PARTY IN ANY ACTION UNDER
24 THIS SECTION.

25 SEC. 390. (1) THE BOARD OF A COMMUNITY DISTRICT MAY APPOINT AN
26 ADVISORY BOARD TO ASSESS ACADEMICS AND OPERATIONS AND MAKE
27 RECOMMENDATIONS ON THE USE OF FACILITIES, ENROLLMENT, BUILDING

1 CAPACITY, TRANSPORTATION, STUDENT PROFICIENCY AND GROWTH,
2 GRADUATION RATES AND TRENDS, SPECIAL EDUCATION, WRAP-AROUND
3 SERVICES, AND OTHER MATTERS AS REQUESTED BY THE BOARD OF THE
4 COMMUNITY DISTRICT. THE ADVISORY BOARD MAY INCLUDE REPRESENTATIVES
5 OF AUTHORIZING BODIES FOR PUBLIC SCHOOL ACADEMIES OPERATING WITHIN
6 THE COMMUNITY DISTRICT, COMMUNITY GROUPS, AND OTHER INTERESTED
7 PARTIES WITH RELEVANT EXPERIENCE.

8 (2) IF AN ADVISORY BOARD IS APPOINTED UNDER SUBSECTION (1),
9 THE ADVISORY BODY SHALL MEET AT LEAST ANNUALLY, SHALL REGULARLY
10 REPORT ON ITS ACTIVITIES TO THE SCHOOL BOARD, AND SHALL PREPARE AND
11 SUBMIT TO THE BOARD AND SUPERINTENDENT OF THE COMMUNITY DISTRICT AN
12 ANNUAL WRITTEN REPORT OF ITS ASSESSMENT OF AND RECOMMENDATIONS FOR
13 THE COMMUNITY DISTRICT. THE COMMUNITY DISTRICT SHALL PROVIDE A COPY
14 OF THE ANNUAL REPORT TO THE STATE SCHOOL REFORM/REDESIGN OFFICER
15 AND TO THE STANDING COMMITTEES OF THE SENATE AND HOUSE OF
16 REPRESENTATIVES WITH RESPONSIBILITY FOR EDUCATION LEGISLATION.

17 SEC. 391. (1) NOTWITHSTANDING SECTION 1280C, IF A PUBLIC
18 SCHOOL OPERATED BY A COMMUNITY DISTRICT IS ON THE LIST UNDER
19 SECTION 1280C(1) OF THE PUBLIC SCHOOLS IN THIS STATE THAT THE
20 DEPARTMENT HAS DETERMINED TO BE AMONG THE LOWEST ACHIEVING 5% OF
21 ALL PUBLIC SCHOOLS IN THIS STATE, THE STATE SCHOOL REFORM/REDESIGN
22 OFFICER SHALL ENSURE THAT THE SCHOOL IS NOT CLOSED AS A RESULT OF
23 AN INTERVENTION MODEL IMPOSED UNDER SECTION 1280C FOR AT LEAST 2
24 YEARS AFTER THE TRANSFER DATE. THIS SECTION DOES NOT PROHIBIT ANY
25 OTHER ASPECT OF A REDESIGN PLAN OR ANY OTHER MEASURE IMPOSED UNDER
26 SECTION 1280C.

27 (2) AS USED IN THIS SECTION, "TRANSFER DATE" MEANS THAT TERM

1 AS DEFINED IN SECTION 12B.

2 SEC. 392. FOR THE STATE FISCAL YEAR ENDING SEPTEMBER 30, 2016,
3 \$250,000.00 IS APPROPRIATED FROM THE GENERAL FUND TO THE DEPARTMENT
4 OF TREASURY FOR THE PURPOSE OF PROVIDING FINANCIAL SUPPORT FOR THE
5 ORGANIZATION AND ADMINISTRATION OF ANY COMMUNITY DISTRICT FORMED
6 UNDER THIS PART DURING THE FISCAL YEAR ENDING SEPTEMBER 30, 2016.

7 Sec. 501. (1) A public school academy is a public school under
8 section 2 of article VIII of the state constitution of 1963, is a
9 school district for the purposes of section 11 of article IX of the
10 state constitution of 1963 and for the purposes of section 1225 and
11 section 1351a, and is subject to the leadership and general
12 supervision of the state board over all public education under
13 section 3 of article VIII of the state constitution of 1963. A
14 public school academy is a body corporate and is a governmental
15 agency. The powers granted to a public school academy under this
16 part constitute the performance of essential public purposes and
17 governmental functions of this state.

18 (2) As used in this part:

19 (a) "Authorizing body" means any of the following that issues
20 a contract as provided in this part:

21 (i) The board of a school district. ~~that operates grades K to~~
22 ~~12.~~

23 (ii) An intermediate school board.

24 (iii) The board of a community college.

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

26 (v) Two or more of the public agencies described in
27 subparagraphs (i) to (iv) exercising power, privilege, or authority

1 jointly pursuant to an interlocal agreement under the urban
2 cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to
3 124.512.

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

7 (c) "Community college" means a community college organized
8 under the community college act of 1966, 1966 PA 331, MCL 389.1 to
9 389.195, or a federal tribally controlled community college that is
10 recognized under the tribally controlled colleges and universities
11 assistance act of 1978, 25 USC 1801 to ~~1852, 1864~~, and is
12 determined by the department to meet the requirements for
13 accreditation by a recognized regional accrediting body.

14 (d) "Contract" means the executive act taken by an authorizing
15 body that evidences the authorization of a public school academy
16 and that establishes, subject to the constitutional powers of the
17 state board and applicable law, the written instrument executed by
18 an authorizing body conferring certain rights, franchises,
19 privileges, and obligations on a public school academy, as provided
20 by this part, and confirming the status of a public school academy
21 as a public school in this state.

22 (e) "Entity" means a partnership, nonprofit or business
23 corporation, labor organization, or any other association,
24 corporation, trust, or other legal entity.

25 (f) "State public university" means a state university
26 described in section 4, 5, or 6 of article VIII of the state
27 constitution of 1963.

1 Sec. 502. (1) A public school academy shall be organized and
2 administered under the direction of a board of directors in
3 accordance with this part and with bylaws adopted by the board of
4 directors. A public school academy corporation shall be organized
5 under the nonprofit corporation act, 1982 PA 162, MCL 450.2101 to
6 450.3192, except that a public school academy corporation is not
7 required to comply with sections 170 to 177 of 1931 PA 327, MCL
8 450.170 to 450.177. To the extent disqualified under the state or
9 federal constitution, a public school academy shall not be
10 organized by a church or other religious organization and shall not
11 have any organizational or contractual affiliation with or
12 constitute a church or other religious organization.

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

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

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

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

22 (d) The governing board of a state public university. However,
23 the combined total number of contracts for public school academies
24 issued by all state public universities shall not exceed 300
25 through December 31, 2012 and shall not exceed 500 through December
26 31, 2014. After December 31, 2014, there is no limit on the
27 combined total number of contracts for public school academies that

1 may be issued by all state public universities.

2 (e) Two or more of the public agencies described in
3 subdivisions (a) to (d) exercising power, privilege, or authority
4 jointly pursuant to an interlocal agreement under the urban
5 cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to
6 124.512.

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

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

12 (b) Subject to the resolution adopted by the authorizing body
13 under section 503(5), a list of the proposed members of the board
14 of directors of the public school academy and a description of the
15 qualifications and method for appointment or election of members of
16 the board of directors.

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

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

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

21 This language shall provide that the public school academy is
22 incorporated pursuant to this part and that the public school
23 academy corporation is a governmental entity.

24 (iii) The name of the authorizing body.

25 (iv) The proposed time when the articles of incorporation will
26 be effective.

27 (v) Other matters considered expedient to be in the articles

1 of incorporation.

2 (d) A copy of the proposed bylaws of the public school
3 academy.

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

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

7 (ii) A copy of the educational goals of the public school
8 academy and the curricula to be offered and methods of pupil
9 assessment to be used by the public school academy. The educational
10 goals shall include demonstrated improved pupil academic
11 achievement for all groups of pupils. To the extent applicable, the
12 progress of the pupils in the public school academy shall be
13 assessed using ~~at least a Michigan education assessment program~~
14 ~~(MEAP) test~~ **BOTH THE MATHEMATICS AND READING PORTIONS OF THE**
15 **MICHIGAN STUDENT TEST OF EDUCATIONAL PROGRESS (M-STEP)** or the
16 Michigan merit examination under section 1279g, as applicable.

17 (iii) The admission policy and criteria to be maintained by
18 the public school academy. The admission policy and criteria shall
19 comply with section 504. This part of the application also shall
20 include a description of how the applicant will provide to the
21 general public adequate notice that a public school academy is
22 being created and adequate information on the admission policy,
23 criteria, and process.

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

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

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

1 (g) For an application to the board of a school district, an
2 intermediate school board, or board of a community college,
3 identification of the local and intermediate school districts in
4 which the public school academy will be located.

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

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

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

22 (5) If the superintendent of public instruction finds that an
23 authorizing body is not engaging in appropriate continuing
24 oversight of 1 or more public school academies operating under a
25 contract issued by the authorizing body, the superintendent of
26 public instruction may suspend the power of the authorizing body to
27 issue new contracts to organize and operate public school

1 academies. A contract issued by the authorizing body during the
2 suspension is void. A contract issued by the authorizing body
3 before the suspension is not affected by the suspension.

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

14 (7) A public school academy shall be presumed to be legally
15 organized if it has exercised the franchises and privileges of a
16 public school academy for at least 2 years.

17 (8) An authorizing body may enter into an intergovernmental
18 agreement with another authorizing body to issue public school
19 academy contracts. At a minimum, the agreement shall further the
20 purposes set forth in section 501, describe which authorizing body
21 shall issue the contract, and set forth which authorizing body will
22 be responsible for monitoring compliance by the board of directors
23 of the public school academy with the contract and all applicable
24 law.

25 Sec. 507. (1) An authorizing body that issues a contract for a
26 public school academy under this part shall do all of the
27 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) Establish the method of selection, length of term, and
6 number of members of the board of directors of each public school
7 academy that it authorizes. The authorizing body shall ensure that
8 the board of directors includes representation from the local
9 community.

10 (d) Oversee each public school academy operating under a
11 contract issued by the authorizing body. The oversight shall be
12 sufficient to ensure that the board of directors is in compliance
13 with the terms of the contract and with applicable law.

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

19 (f) Take necessary measures to ensure that the board of
20 directors of a public school academy operates independently of any
21 educational management company involved in the operations of the
22 public school academy.

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

26 (h) Ensure that the board of directors of the public school
27 academy maintains and releases information as necessary to comply

1 with applicable law.

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

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

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

21 (a) Failure of the public school academy to demonstrate
22 improved pupil academic achievement for all groups of pupils or
23 meet 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 and demonstrate sound

1 fiscal stewardship.

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

4 (5) Except for a public school academy that is an alternative
5 school serving a special student population, if the ~~superintendent~~
6 ~~of public instruction~~ **STATE SCHOOL REFORM/REDESIGN OFFICER**
7 determines that a public school academy site that has been
8 operating for at least 4 years is among the lowest achieving 5% of
9 all public schools in this state **FOR 3 OF THE PRECEDING 5 SCHOOL**
10 **YEARS**, as ~~defined for the purposes of the federal incentive grant~~
11 ~~program created under sections 14005 and 14006 of title XIV of the~~
12 ~~American recovery and reinvestment act of 2009, Public Law 111-5,~~
13 ~~is in year 2 of restructuring sanctions under the no child left~~
14 ~~behind act of 2001, Public Law 107-110, DETERMINED UNDER SECTION~~
15 **1280C**, not to include ~~the~~ **ANY** individualized education plan
16 subgroup, and is not currently undergoing reconstitution under this
17 section, the ~~superintendent of public instruction~~ **STATE SCHOOL**
18 **REFORM/REDESIGN OFFICER** shall notify the public school academy's
19 authorizing body. If an authorizing body receives notice from the
20 ~~superintendent of public instruction~~ **STATE SCHOOL REFORM/REDESIGN**
21 **OFFICER** under this subsection, the authorizing body shall amend the
22 public school academy's contract to eliminate the public school
23 academy's authority to operate the existing age and grade levels at
24 the site and the public school academy shall cease operating the
25 existing age and grade levels at the site, effective at the end of
26 the current school year. If the public school academy operates at
27 only 1 site, and the authorizing body receives notice from the

1 ~~superintendent of public instruction~~ **STATE SCHOOL REFORM/REDESIGN**
2 **OFFICER** under this subsection, the authorizing body shall revoke
3 the public school academy's contract, effective at the end of the
4 current school year.

5 (6) ~~The~~ **EXCEPT AS OTHERWISE PROVIDED IN SECTION 502, THE**
6 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 (7) Except as otherwise provided in ~~subsection (5),~~ **THIS**
18 **SECTION,** before an authorizing body revokes a contract, the
19 authorizing body may consider and take corrective measures to avoid
20 revocation. An authorizing body may reconstitute the public school
21 academy in a final attempt to improve student educational
22 performance or to avoid interruption of the educational process. An
23 authorizing body shall include a reconstituting provision in the
24 contract that identifies these corrective measures, including, but
25 not limited 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

1 take over operation of the public school academy.

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

14 (9) 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 be organized
20 and administered under the direction of a board of directors in
21 accordance with this part and with bylaws adopted by the board of
22 directors. An urban high school academy corporation shall be
23 organized under the nonprofit corporation act, 1982 PA 162, MCL
24 450.2101 to 450.3192, except that an urban high school academy
25 corporation is not required to comply with sections 170 to 177 of
26 1931 PA 327, MCL 450.170 to 450.177. To the extent disqualified
27 under the state or federal constitution, an urban high school

1 academy shall not be organized by a church or other religious
2 organization and shall not have any organizational or contractual
3 affiliation with or constitute a church or other religious
4 organization.

5 (2) The governing board of a state public university may act
6 as an authorizing body to issue a contract for the organization and
7 operation of an urban high school academy under this part.

8 (3) A contract issued under this part shall be issued for an
9 initial term of 10 years. If the urban high school academy meets
10 the educational goals set forth in the contract and operates in
11 substantial compliance with this part, the authorizing body shall
12 automatically renew the contract for a subsequent 10-year term.

13 (4) To obtain a contract to organize and operate 1 or more
14 urban high school academies, an entity may apply to an authorizing
15 body described in subsection (2). The contract shall be issued to
16 an urban high school academy corporation designated by the entity
17 applying for the contract. The application shall include at least
18 all of the following:

19 (a) Name of the entity applying for the contract.

20 (b) Subject to the resolution adopted by the authorizing body
21 under section 528, a list of the proposed members of the board of
22 directors of the urban high school academy and a description of the
23 qualifications and method for appointment or election of members of
24 the board of directors.

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

27 (i) The name of the proposed urban high school academy to

1 which the contract will be issued.

2 (ii) The purposes for the urban high school academy
3 corporation. This language shall provide that the urban high school
4 academy is incorporated pursuant to this part and that the urban
5 high school academy corporation is a governmental entity and
6 political subdivision of this state.

7 (iii) The name of the authorizing body.

8 (iv) The proposed time when the articles of incorporation will
9 be effective.

10 (v) Other matters considered expedient to be in the articles
11 of incorporation.

12 (d) A copy of the proposed bylaws of the urban high school
13 academy.

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

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

17 (ii) A copy of the educational goals of the urban high school
18 academy and the curricula to be offered and methods of pupil
19 assessment to be used by the urban high school academy. The
20 educational goals shall include demonstrated improved pupil
21 academic achievement for all groups of pupils. To the extent
22 applicable, the progress of the pupils in the urban high school
23 academy shall be assessed using ~~at least a Michigan education~~
24 ~~assessment program (MEAP) test~~ **BOTH THE MATHEMATICS AND READING**
25 **PORTIONS OF THE MICHIGAN STUDENT TEST OF EDUCATIONAL PROGRESS (M-**
26 **STEP)** or the Michigan merit examination under section 1279g, as
27 applicable.

1 (iii) The admission policy and criteria to be maintained by
2 the urban high school academy. The admission policy and criteria
3 shall comply with section 524. This part of the application also
4 shall include a description of how the applicant will provide to
5 the general public adequate notice that an urban high school
6 academy is being created and adequate information on the admission
7 policy, criteria, and process.

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

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

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

12 (g) A description of and address for the proposed building or
13 buildings in which the urban high school academy will be located,
14 and a financial commitment by the entity applying for the contract
15 to construct or renovate the building or buildings that will be
16 occupied by the urban high school academy that is issued the
17 contract.

18 (5) If a particular state public university issues a contract
19 that allows an urban high school academy to operate the same
20 configuration of grades at more than 1 site, as provided in section
21 524(1), each of those sites shall be under the direction of the
22 board of directors that is a party to the contract.

23 (6) If the superintendent of public instruction finds that an
24 authorizing body is not engaging in appropriate continuing
25 oversight of 1 or more urban high school academies operating under
26 a contract issued by the authorizing body, the superintendent of
27 public instruction may suspend the power of the authorizing body to

1 issue new contracts to organize and operate urban high school
2 academies. A contract issued by the authorizing body during the
3 suspension is void. A contract issued by the authorizing body
4 before the suspension is not affected by the suspension.

5 (7) 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 an urban high school academy in an amount that exceeds
9 a combined total of 3% of the total state school aid received by
10 the urban high school academy in the school year in which the fees
11 or expenses are charged. All of the following apply to this fee:

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

14 (i) Considering applications and issuing or administering
15 contracts.

16 (ii) Compliance monitoring and oversight of urban high school
17 academies.

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

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

21 (v) Academic support to urban high school academies or to
22 pupils or graduates of urban high school academies.

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

24 (vii) Training of teachers, including supervision of teacher
25 interns.

26 (viii) Other purposes that assist the urban high school
27 academies or traditional public schools in achieving improved

1 academic performance.

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

6 (8) An urban high school academy shall be presumed to be
7 legally organized if it has exercised the franchises and privileges
8 of an urban high school academy for at least 2 years.

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

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

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

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

22 (d) Oversee the operations of each urban high school academy
23 operating under a contract issued by the authorizing body. The
24 oversight shall be sufficient to ensure that the urban high school
25 academy is in compliance with the terms of the contract and with
26 applicable law. An authorizing body may enter into an agreement
27 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 (2) An authorizing body may enter into an agreement with 1 or
19 more other authorizing bodies to carry out any function of an
20 authorizing body under this act.

21 (3) The authorizing body for an urban high school academy is
22 the fiscal agent for the urban high school academy. A state school
23 aid payment for an urban high school academy shall be paid to the
24 authorizing body that is the fiscal agent for that urban high
25 school academy, which shall then forward the payment to the urban
26 high school academy. Within 30 days after a contract is submitted
27 to the department by an authorizing body under subsection (1), the

1 department shall issue a district code to the urban high school
2 academy for which the contract was issued. If the department does
3 not issue a district code within 30 days after a contract is filed,
4 the state treasurer shall assign a temporary district code in order
5 for the urban high school academy to receive funding under the
6 state school aid act of 1979.

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

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

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

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

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

20 (5) Except for an urban high school academy that is an
21 alternative school serving a special student population, if the
22 ~~superintendent of public instruction~~ **STATE SCHOOL REFORM/REDESIGN**
23 **OFFICER** determines that an urban high school academy site that has
24 been operating for at least 4 years is among the lowest achieving
25 5% of all public schools in this state **FOR 3 OF THE PRECEDING 5**
26 **SCHOOL YEARS**, as ~~defined for the purposes of the federal incentive~~
27 ~~grant program created under sections 14005 and 14006 of title XIV~~

1 ~~of the American recovery and reinvestment act of 2009, Public Law~~
2 ~~111-5, is in year 2 of restructuring sanctions under the no child~~
3 ~~left behind act of 2001, Public Law 107-110, DETERMINED UNDER~~
4 **SECTION 1280C**, not to include the ~~ANY~~ individualized education plan
5 subgroup, and is not currently undergoing reconstitution under this
6 section, the ~~superintendent of public instruction~~ **STATE SCHOOL**
7 **REFORM/REDESIGN OFFICER** shall notify the urban high school
8 academy's authorizing body. If an authorizing body receives notice
9 from the ~~superintendent of public instruction~~ **STATE SCHOOL**
10 **REFORM/REDESIGN OFFICER** under this subsection, the authorizing body
11 shall amend the urban high school academy's contract to eliminate
12 the urban high school academy's authority to operate the existing
13 age and grade levels at the site and the urban high school academy
14 shall cease operating the existing age and grade levels at the
15 site, effective at the end of the current school year. If the urban
16 high school academy operates at only 1 site, and the authorizing
17 body receives notice from the ~~superintendent of public instruction~~
18 **STATE SCHOOL REFORM/REDESIGN OFFICER** under this subsection, the
19 authorizing body shall revoke the urban high school academy's
20 contract, effective at the end of the current school year.

21 (6) The decision of an authorizing body to issue, not issue,
22 or reconstitute a contract under this part, or to terminate or
23 revoke a contract under this section, is solely within the
24 discretion of the authorizing body, is final, and is not subject to
25 review by a court or any state agency. An authorizing body that
26 issues, does not issue, or reconstitutes a contract under this
27 part, or that terminates or revokes a contract under this section,

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

5 (7) Except as otherwise provided in ~~subsection (5)~~, **THIS**
6 **SECTION**, before an authorizing body revokes a contract, the
7 authorizing body may consider and take corrective measures to avoid
8 revocation. An authorizing body may reconstitute the urban high
9 school academy in a final attempt to improve student educational
10 performance or to avoid interruption of the educational process. An
11 authorizing body shall include a reconstituting provision in the
12 contract that identifies these corrective measures, including, but
13 not limited to, removing 1 or more members of the board of
14 directors, withdrawing approval to contract under section 527, or
15 appointing a new board of directors or a trustee to take over
16 operation of the urban high school academy.

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

1 educational performance and information.

2 ~~—— (9) If an authorizing body revokes a contract issued under~~
3 ~~this part, the authorizing body may issue a new contract within the~~
4 ~~1 year period following the revocation without the new contract~~
5 ~~counting toward the maximum number of contracts that may be issued~~
6 ~~under this part.~~

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

13 (10) ~~(11)~~ If an urban high school academy's contract
14 terminates or is revoked, title to all real and personal property,
15 interest in real or personal property, and other assets owned by
16 the urban high school academy shall revert to the state. This
17 property shall be distributed in accordance with the following:

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

24 (b) The urban high school academy shall file a certificate of
25 dissolution with the ~~bureau of commercial services~~ **DEPARTMENT OF**
26 **LICENSING AND REGULATORY AFFAIRS** within 10 business days following
27 board approval.

1 (c) Simultaneously with the filing of the certificate of
2 dissolution under subdivision (b), the urban high school academy
3 board of directors shall provide a copy of the board of directors'
4 plan of distribution of assets to the state treasurer for approval.
5 Within 30 days, the state treasurer, or his or her designee, shall
6 review and approve the board of directors' plan of distribution of
7 assets. If the proposed plan of distribution of assets is not
8 approved within 30 days, the state treasurer, or his or her
9 designee, shall provide the board of directors with an acceptable
10 plan of distribution of assets.

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

15 (e) As part of the plan of distribution of assets, the urban
16 high school academy board of directors shall designate the director
17 of the department of technology, management, and budget, or his or
18 her designee, to dispose of all real property of the urban high
19 school academy corporation in accordance with the directives
20 developed for disposition of surplus land and facilities under
21 section 251 of the management and budget act, 1984 PA 431, MCL
22 18.1251.

23 (f) If the board of directors of an urban high school academy
24 fails to take any necessary action under this section, the state
25 treasurer, or his or her designee, may suspend the urban high
26 school academy board of directors and appoint a trustee to carry
27 out the board's plan of distribution of assets. Upon appointment,

1 the trustee shall have all the rights, powers, and privileges under
2 law that the urban high school academy board of directors had
3 before being suspended.

4 (g) Following the sale of the real or personal property or
5 interests in the real or personal property, and after payment of
6 any urban high school academy debt secured by the property or
7 interest in property, whether real or personal, the urban high
8 school academy board of directors, or a trustee appointed under
9 this section, shall forward any remaining money to the state
10 treasurer. Following receipt, the state treasurer, or his or her
11 designee, shall deposit this remaining money in the state school
12 aid fund.

13 Sec. 551. (1) A school of excellence is a public school under
14 section 2 of article VIII of the state constitution of 1963, is a
15 school district for the purposes of section 11 of article IX of the
16 state constitution of 1963 and for the purposes of section 1225 and
17 section 1351a, and is subject to the leadership and general
18 supervision of the state board over all public education under
19 section 3 of article VIII of the state constitution of 1963. A
20 school of excellence is a body corporate and is a governmental
21 agency. The powers granted to a school of excellence under this
22 part constitute the performance of essential public purposes and
23 governmental functions of this state.

24 (2) As used in this part:

25 (a) "Authorizing body" means any of the following that issues
26 a contract as provided in this part:

27 (i) The board of a school district. ~~that operates grades K to~~

1 ~~12.~~

2 (ii) An intermediate school board.

3 (iii) The board of a community college.

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

5 (v) Two or more of the public agencies described in
6 subparagraphs (i) to (iv) exercising power, privilege, or authority
7 jointly pursuant to an interlocal agreement under the urban
8 cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to
9 124.512.

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

13 (c) "Community college" means a community college organized
14 under the community college act of 1966, 1966 PA 331, MCL 389.1 to
15 389.195, or a federal tribally controlled community college that is
16 recognized under the tribally controlled colleges and universities
17 assistance act of 1978, 25 USC 1801 to ~~1852~~, **1864**, and is
18 determined by the department to meet the requirements for
19 accreditation by a recognized regional accrediting body.

20 (d) "Contract" means the executive act taken by an authorizing
21 body that evidences the authorization of a school of excellence and
22 that establishes, subject to the constitutional powers of the state
23 board and applicable law, the written instrument executed by an
24 authorizing body conferring certain rights, franchises, privileges,
25 and obligations on a school of excellence, as provided by this
26 part, and confirming the status of a school of excellence as a
27 public school in this state.

1 (e) "Cyber school" means a school of excellence established
2 under this part that has been issued a contract to be organized and
3 operated as a cyber school under section 552(2) and that provides
4 full-time instruction to pupils through online learning or
5 otherwise on a computer or other technology, which instruction and
6 learning may be remote from a school facility.

7 (f) "Educational management organization" means an entity that
8 enters into an agreement with the governing board of a public
9 school to provide comprehensive educational, administrative,
10 management, or instructional services or staff to the public
11 school.

12 (g) "Entity" means a partnership, nonprofit or business
13 corporation, labor organization, or any other association,
14 corporation, trust, or other legal entity.

15 (h) "State public university" means a state university
16 described in section 4, 5, or 6 of article VIII of the state
17 constitution of 1963.

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

22 (a) The issuance of the contract must be approved by the
23 superintendent of public instruction. The superintendent of public
24 instruction shall approve issuance of a contract if he or she
25 determines that the proposed school of excellence is modeled after
26 a high-performing school or program.

27 (b) The first 5 contracts issued by all authorizing bodies

1 under this subsection shall be for schools of excellence that offer
2 1 or more of high school grades 9 to 12, or any combination of
3 those grades, as specified in the contract.

4 (c) A school of excellence authorized under this subsection
5 shall not be located in a school district that has a graduation
6 rate of over 75%, on average, for the most recent 3 school years
7 for which the data are available, as determined by the department.

8 (2) Subject to the limitations in this subsection and
9 ~~subsection (14),~~ **SUBSECTIONS (14) AND (15)**, an authorizing body may
10 issue contracts under this subsection for 1 or more schools of
11 excellence that are cyber schools. ~~Until December 31, 2013, the~~
12 ~~combined total number of contracts that may be issued by all~~
13 ~~statewide authorizing bodies under this subsection for schools of~~
14 ~~excellence that are cyber schools shall not exceed 5. Until~~
15 ~~December 31, 2014, the combined total number of contracts that may~~
16 ~~be issued by all statewide authorizing bodies under this subsection~~
17 ~~for schools of excellence that are cyber schools shall not exceed~~
18 ~~10. After December 31, 2014, the~~ **THE** combined total number of
19 contracts issued by all statewide authorizing bodies under this
20 subsection for schools of excellence that are cyber schools shall
21 not exceed 15. The board of a school district, an intermediate
22 school board, the board of a community college that is not a
23 statewide authorizing body, or 2 or more public agencies acting
24 jointly as described in subsection (6) (e) may not act as the
25 authorizing body for more than 1 school of excellence that is a
26 cyber school. An authorizing body shall not issue a contract for a
27 school of excellence that is a cyber school unless the school of

1 excellence that is a cyber school meets all of the following
2 requirements:

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

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

5 (c) The entity applying for the school of excellence that is a
6 cyber school demonstrates experience in delivering a quality
7 education program that improves pupil academic achievement. In
8 determining whether this requirement is met, an authorizing body
9 shall refer to the standards for quality online learning
10 established by the national association of charter school
11 authorizers or other similar nationally recognized standards for
12 quality online learning.

13 (d) The enrollment in the school of excellence that is a cyber
14 school is limited to not more than 2,500 pupils in membership for
15 the first school year of operation of the school of excellence that
16 is a cyber school, not more than 5,000 pupils in membership for the
17 second school year of operation of the school of excellence that is
18 a cyber school, and not more than 10,000 pupils in membership for
19 the third and subsequent school years of operation of the school of
20 excellence that is a cyber school. As used in this subdivision,
21 "membership" means that term as defined in section 6 of the state
22 school aid act of 1979, MCL 388.1606.

23 (e) The school of excellence that is a cyber school offers
24 each pupil's family a computer and subsidizes the cost of internet
25 access.

26 (3) For a public school academy operating under part 6a that
27 meets the requirements of subsection (4), with the approval of its

1 authorizing body, the board of directors of the public school
2 academy may adopt a resolution choosing to convert the public
3 school academy to a school of excellence under this part. If the
4 board of directors of a public school academy that meets the
5 requirements of subsection (4) is issued a contract as a school of
6 excellence under this subsection, all the following apply:

7 (a) The public school academy shall cease to operate as a
8 public school academy under part 6a and shall operate as a school
9 of excellence upon the issuance of a contract or at another time as
10 determined by the authorizing body.

11 (b) The public school academy shall be considered to be a
12 school of excellence for all purposes upon the issuance of a
13 contract or at another time as determined by the authorizing body,
14 but shall retain its corporate identity.

15 (c) The conversion of a public school academy under part 6a to
16 a school of excellence operating under this part shall not impair
17 any agreement, mortgage, loan, bond, note or other instrument of
18 indebtedness, or any other agreement entered into by a public
19 school academy while it was operating under part 6a.

20 (d) The contract issued to the public school academy under
21 part 6a shall automatically terminate upon the issuance of a
22 contract or at another time as determined by the authorizing body.

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

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

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

6 (ii) On average over a 3-year period, at least 70% of the
7 pupils enrolled in the public school academy achieved a score of
8 proficient or better on the Michigan education assessment program
9 mathematics and reading tests or successor state assessment program
10 and at least 50% of the pupils enrolled in the public school
11 academy met the income eligibility criteria for the federal free or
12 reduced-price lunch program, as determined under the Richard B.
13 Russell national school lunch act, 42 USC 1751 to ~~1769i~~, **1769J**, and
14 reported to the department.

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

20 (5) A school of excellence shall be organized and administered
21 under the direction of a board of directors in accordance with this
22 part and with bylaws adopted by the board of directors. A school of
23 excellence shall be organized under the nonprofit corporation act,
24 1982 PA 162, MCL 450.2101 to 450.3192, except that a school of
25 excellence is not required to comply with sections 170 to 177 of
26 1931 PA 327, MCL 450.170 to 450.177. To the extent disqualified
27 under the state or federal constitution, a school of excellence

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

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

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

17 (b) An intermediate school board. However, except as otherwise
18 provided in this subdivision, the board of an intermediate school
19 district shall not issue a contract for a school of excellence to
20 operate outside the intermediate school district's boundaries, and
21 a school of excellence authorized by the board of an intermediate
22 school district shall not operate outside that intermediate school
23 district's boundaries. If the board of an intermediate school
24 district issues a contract for a school of excellence that is a
25 cyber school, the contract may authorize the school of excellence
26 that is a cyber school to operate outside that intermediate school
27 district's boundaries.

1 (c) The board of a community college. Except as otherwise
2 provided in this subdivision, the board of a community college
3 shall not issue a contract for a school of excellence to operate
4 outside the boundaries of the community college district, and a
5 school of excellence authorized by the board of a community college
6 shall not operate outside the boundaries of the community college
7 district. If the board of a community college issues a contract for
8 a school of excellence that is a cyber school, the contract may
9 authorize the school of excellence that is a cyber school to
10 operate outside the boundaries of the community college district.
11 The board of a community college also may issue a contract for not
12 more than 1 school of excellence to operate on the grounds of an
13 active or closed federal military installation located outside the
14 boundaries of the community college district, or may operate a
15 school of excellence itself on the grounds of such a federal
16 military installation, if the federal military installation is not
17 located within the boundaries of any community college district and
18 the community college has previously offered courses on the grounds
19 of the federal military installation for at least 10 years.

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

21 (e) Two or more of the public agencies described in
22 subdivisions (a) to (d) exercising power, privilege, or authority
23 jointly pursuant to an interlocal agreement under the urban
24 cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to
25 124.512.

26 (7) To obtain a contract to organize and operate 1 or more
27 schools of excellence, 1 or more persons or an entity may apply to

1 an authorizing body described in this section. The application
2 shall include at least all of the following:

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

4 (b) Subject to the resolution adopted by the authorizing body
5 under section 553(4), a list of the proposed members of the board
6 of directors of the school of excellence and a description of the
7 qualifications and method for appointment or election of members of
8 the board of directors.

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

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

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

13 This language shall provide that the school of excellence is
14 incorporated pursuant to this part and that the school of
15 excellence is a governmental entity.

16 (iii) The name of the authorizing body.

17 (iv) The proposed time when the articles of incorporation will
18 be effective.

19 (v) Other matters considered expedient to be in the articles
20 of incorporation.

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

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

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

25 (ii) A copy of the educational goals of the school of
26 excellence and the curricula to be offered and methods of pupil
27 assessment to be used by the school of excellence. The educational

1 goals shall include demonstrated improved pupil academic
2 achievement for all groups of pupils. To the extent applicable, the
3 progress of the pupils in the school of excellence shall be
4 assessed using ~~at least a Michigan education assessment program~~
5 ~~(MEAP) test~~ **BOTH THE MATHEMATICS AND READING PORTIONS OF THE**
6 **MICHIGAN STUDENT TEST OF EDUCATIONAL PROGRESS (M-STEP)** or the
7 Michigan merit examination under section 1279g, as applicable.

8 (iii) The admission policy and criteria to be maintained by
9 the school of excellence. The admission policy and criteria shall
10 comply with section 556. This part of the application also shall
11 include a description of how the applicant will provide to the
12 general public adequate notice that a school of excellence is being
13 created and adequate information on the admission policy, criteria,
14 and process.

15 (iv) Except for a school of excellence that is a cyber school,
16 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 school
19 of excellence 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 school district and intermediate school
23 district in which the school of excellence will be located.

24 (h) An agreement that the school of excellence 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.

1 (i) A description of and address for the proposed physical
2 plant in which the school of excellence will be located. An
3 applicant may request the authorizing body to issue a contract
4 allowing the board of directors of the school of excellence to
5 operate the same configuration of age or grade levels at more than
6 1 site.

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

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

24 (10) An authorizing body shall not charge a fee, or require
25 reimbursement of expenses, for considering an application for a
26 contract, for issuing a contract, or for providing oversight of a
27 contract for a school of excellence in an amount that exceeds a

1 combined total of 3% of the total state school aid received by the
2 school of excellence in the school year in which the fees or
3 expenses are charged. The authorizing body may provide other
4 services for a school of excellence and charge a fee for those
5 services, but shall not require such an arrangement as a condition
6 to issuing the contract authorizing the school of excellence.

7 (11) A school of excellence shall be presumed to be legally
8 organized if it has exercised the franchises and privileges of a
9 public school academy for at least 2 years.

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

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

18 (14) If the department determines that the combined total
19 statewide final audited membership for all pupils in membership in
20 schools of excellence that are cyber schools for the 2012-2013
21 state fiscal year exceeds a number equal to 1% of the combined
22 total statewide final audited membership for all pupils in
23 membership in public schools for the 2011-2012 state fiscal year,
24 then all of the following apply:

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

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

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

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

15 (b) Subject to subdivision (c), a school of excellence that is
16 a cyber school may not enroll any new pupils in the school of
17 excellence that is a cyber school in a school year that begins
18 after that determination is made.

19 (c) If the department determines that the combined total
20 statewide final audited membership for all pupils in membership in
21 schools of excellence that are cyber schools for a state fiscal
22 year does not exceed a number equal to 2% of the combined total
23 statewide final audited membership for all pupils in membership in
24 public schools for the 2011-2012 state fiscal year, then
25 subdivisions (a) and (b) do not apply for a school year that begins
26 after that determination is made unless the department makes a new
27 determination that the membership limits under this subsection have

1 been exceeded.

2 (16) For the purposes of subsections (14) and (15), ~~not later~~
3 ~~than July 1, 2012, and by~~ not later than July 1 of each year,
4 ~~thereafter~~, the department shall determine the percentage of the
5 combined total statewide final audited membership for all pupils in
6 membership in public schools that are pupils in membership in
7 schools of excellence that are cyber schools for the state fiscal
8 year that includes that July 1.

9 (17) As used in this section:

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

12 (b) "Statewide authorizing body" means the governing board of
13 a state public university or the board of a federally
14 controlled community college that is recognized under the federally
15 controlled colleges and universities assistance act of 1978, 25 USC
16 1801 to ~~1852~~, **1864**, and is determined by the department to meet the
17 requirements for accreditation by a recognized regional accrediting
18 body.

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

27 (a) Textbooks, instructional materials, and supplies,

1 including electronic instructional material.

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

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

5 (d) Purchased courses and curricula.

6 (e) Fees associated with oversight and regulation.

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

9 (g) Facilities costs.

10 (h) Costs associated with special education.

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

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

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

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

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

1 month.

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

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

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

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

15 (c) Establish the method of selection, length of term, and
16 number of members of the board of directors of each school of
17 excellence that it authorizes. The authorizing body shall ensure
18 that the board of directors includes representation from the local
19 community.

20 (d) Oversee the operations of each school of excellence
21 operating under a contract issued by the authorizing body. The
22 oversight shall be sufficient to ensure that the school of
23 excellence is in compliance with the terms of the contract and with
24 applicable law. This subdivision does not relieve any other
25 governmental entity of its enforcement or supervisory
26 responsibility.

27 (e) Develop and implement a process for holding a school of

1 excellence board of directors accountable for meeting applicable
2 academic performance standards set forth in the contract and for
3 implementing corrective action for a school of excellence that does
4 not meet those standards.

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

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

12 (h) Ensure that the board of directors of the school of
13 excellence maintains and releases information as necessary to
14 comply with applicable law.

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

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

12 (c) Failure of the school of excellence 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 school of excellence that is an alternative
18 school serving a special student population, if the ~~superintendent~~
19 ~~of public instruction~~ **STATE SCHOOL REFORM/REDESIGN OFFICER**
20 determines that a school of excellence site that has been operating
21 for at least 4 years is among the lowest achieving 5% of all public
22 schools in this state **FOR 3 OF THE PRECEDING 5 SCHOOL YEARS**, as
23 ~~defined for the purposes of the federal incentive grant program~~
24 ~~created under sections 14005 and 14006 of title XIV of the American~~
25 ~~recovery and reinvestment act of 2009, Public Law 111-5, is in year~~
26 ~~2 of restructuring sanctions under the no child left behind act of~~
27 ~~2001, Public Law 107-110, DETERMINED UNDER SECTION 1280C~~, not to

1 include ~~the~~ **ANY** individualized education plan subgroup, and is not
2 currently undergoing reconstitution under this section **OR PART 7C**,
3 the ~~superintendent of public instruction~~ **STATE SCHOOL**
4 **REFORM/REDESIGN OFFICER** shall notify the school of excellence's
5 authorizing body. If an authorizing body receives notice from the
6 ~~superintendent of public instruction~~ **STATE SCHOOL REFORM/REDESIGN**
7 **OFFICER** under this subsection, the authorizing body shall amend the
8 school of excellence's contract to eliminate the school of
9 excellence's authority to operate the existing age and grade levels
10 at the site and the school of excellence shall cease operating the
11 existing age and grade levels at the site, effective at the end of
12 the current school year. If the school of excellence operates at
13 only 1 site or is a cyber school, and the authorizing body receives
14 notice from the ~~superintendent of public instruction~~ **STATE SCHOOL**
15 **REFORM/REDESIGN OFFICER** under this subsection, the authorizing body
16 shall revoke the school of excellence's contract, effective at the
17 end of the current school year.

18 (6) Except for a contract issued by a school district pursuant
19 to a vote by the school electors on a ballot question under section
20 553(2), the decision of the authorizing body to issue, not issue,
21 or reconstitute a contract under this part, or to terminate or
22 revoke a contract under this section, is solely within the
23 discretion of the authorizing body, is final, and is not subject to
24 review by a court or any other state agency. If the authorizing
25 body issues, does not issue, or reconstitutes a contract under this
26 part, or terminates or revokes a contract under this section, the
27 authorizing body is not liable for that action to the school of

1 excellence, the school of excellence corporation, a pupil of the
2 school of excellence, the parent or guardian of a pupil of the
3 school of excellence, or any other person.

4 (7) Except as otherwise provided in ~~subsection (5)~~, **THIS**
5 **SECTION**, before the authorizing body revokes a contract, the
6 authorizing body may consider and take corrective measures to avoid
7 revocation. The authorizing body may reconstitute the school of
8 excellence in a final attempt to improve student educational
9 performance or to avoid interruption of the educational process.
10 The authorizing body shall include a reconstituting provision in
11 the contract that identifies these corrective measures, including,
12 but not limited to, canceling a contract with an educational
13 management organization, if any, withdrawing approval to contract
14 under section 560, or appointing a new board of directors or a
15 trustee to take over operation of the school of excellence.

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

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

6 (10) If a school of excellence's contract terminates or is
7 revoked, title to all real and personal property, interest in real
8 or personal property, and other assets owned by the school of
9 excellence shall revert to the state. This property shall be
10 distributed in accordance with the following:

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

17 (b) The school of excellence shall file a certificate of
18 dissolution with the ~~bureau of commercial services~~ **DEPARTMENT OF**
19 **LICENSING AND REGULATORY AFFAIRS** within 10 business days following
20 board approval.

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

1 approved within 30 days, the state treasurer, or his or her
2 designee, shall provide the board of directors with an acceptable
3 plan of distribution of assets.

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

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

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

23 (g) Following the sale of the real or personal property or
24 interests in the real or personal property, and after payment of
25 any school of excellence debt secured by the property or interest
26 in property, whether real or personal, the school of excellence
27 board of directors, or a trustee appointed under this section,

1 shall forward any remaining money to the state treasurer. Following
 2 receipt, the state treasurer, or his or her designee, shall deposit
 3 this remaining money in the state school aid fund.

4 Sec. 654. (1) ~~In~~ **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION**
 5 **(2), IN** a constituent district not employing a superintendent the
 6 intermediate superintendent shall **DO ALL OF THE FOLLOWING:**

7 (a) Recommend in writing all teachers to the **SCHOOL** board of
 8 ~~education~~ **THE CONSTITUENT DISTRICT.**

9 (b) Suspend a teacher for cause until the **SCHOOL** board of
 10 ~~education~~ of the constituent district employing the teacher
 11 considers the suspension.

12 (c) Supervise and direct the work of the teachers.

13 (d) Classify and control the promotion of pupils.

14 **(2) SUBSECTION (1) DOES NOT APPLY TO A CONSTITUENT DISTRICT IF**
 15 **ANY OF THE FOLLOWING APPLY:**

16 **(A) THE CONSTITUENT DISTRICT IS NOT REQUIRED TO EMPLOY A**
 17 **SUPERINTENDENT AS AN EMPLOYEE OF THE DISTRICT UNDER SECTION 1229.**

18 **(B) ALL OF THE PUBLIC SCHOOLS WITHIN THE CONSTITUENT DISTRICT**
 19 **HAVE BEEN TRANSFERRED TO 1 OR MORE OTHER SCHOOL DISTRICTS OR PUBLIC**
 20 **ENTITIES.**

21 Sec. 705. (1) Beginning in 1997, and in each year after 1997,
 22 a regional enhancement property tax may be levied by an
 23 intermediate school district at a rate not to exceed 3 mills to
 24 enhance other state and local funding for local school district
 25 operations if approved by a majority of the intermediate school
 26 electors voting on the question.

27 (2) If a resolution requesting that the question of a regional

1 enhancement property tax be submitted to the voters is adopted
2 within a 180-day period and transmitted to the intermediate school
3 board by 1 or more boards of its constituent ~~school~~-districts
4 representing a majority of the combined membership of the
5 constituent ~~school~~-districts as of the most recent pupil membership
6 count day and if those resolutions all contain an identical
7 specified number of mills to be levied under this section and an
8 identical specified number of years for which the tax shall be
9 levied, the question of levying a regional enhancement property tax
10 by the intermediate school district shall be placed on the ballot
11 by the intermediate school district at the next regular school
12 election held in each of the constituent districts. If the question
13 is to be submitted to the intermediate school electors of an
14 intermediate school district having a population of more than
15 1,400,000, the intermediate school board shall call a special
16 election to be held at the next state primary or general election.
17 If the resolution requirement is met more than 180 days before the
18 next regular school district elections, and if requested in the
19 resolutions, the intermediate school board shall submit the
20 question of levying a regional enhancement property tax within the
21 intermediate school district on the ballot at a special election
22 called by the intermediate school board for that purpose not
23 earlier than 90 days after the resolution requirements are met.

24 (3) Not later than 10 days after receipt by the intermediate
25 school district of the revenue from the regional enhancement
26 property tax, the intermediate school district shall calculate and
27 pay to each of its constituent ~~school~~-districts an amount of the

1 revenue calculated by dividing the total amount of the revenue by
2 the combined membership of the constituent ~~school~~-districts within
3 the intermediate **SCHOOL** district, as of the most recent pupil
4 membership count day, and multiplying that quotient by the
5 constituent ~~school~~-district's membership, as of the most recent
6 pupil membership count day for which a final department-audited
7 pupil count is available. **IF A CONSTITUENT DISTRICT HAS ENTERED**
8 **INTO AN AGREEMENT WITH ANOTHER SCHOOL DISTRICT OR PUBLIC ENTITY TO**
9 **PERFORM THE FUNCTIONS AND RESPONSIBILITIES OF THE CONSTITUENT**
10 **DISTRICT FOR OPERATING A PUBLIC SCHOOL OF THE CONSTITUENT DISTRICT,**
11 **THE PUPILS IN MEMBERSHIP IN THAT PUBLIC SCHOOL SHALL BE COUNTED IN**
12 **MEMBERSHIP IN THE CONSTITUENT DISTRICT AND THE REVENUE PAYABLE TO**
13 **THE CONSTITUENT DISTRICT UNDER THIS SECTION SHALL BE TRANSFERRED BY**
14 **THE CONSTITUENT DISTRICT TO THE SCHOOL DISTRICT OR PUBLIC ENTITY**
15 **PERFORMING THE FUNCTIONS AND RESPONSIBILITIES OF THE CONSTITUENT**
16 **DISTRICT FOR OPERATING THE PUBLIC SCHOOL. REVENUE FROM A REGIONAL**
17 **ENHANCEMENT PROPERTY TAX UNDER THIS SECTION SHALL NOT BE ALLOCATED**
18 **OR PAID TO A CONSTITUENT DISTRICT THAT DOES NOT OPERATE A PUBLIC**
19 **SCHOOL DIRECTLY BUT RETAINS A LIMITED SEPARATE IDENTITY FOR**
20 **PURPOSES OF SECTION 12, 12B, 863, 903, OR 947.**

21 (4) Regional enhancement property tax under this section may
22 be levied for a term not to exceed 20 years, as specified in the
23 ballot question, and may be renewed for the same term with the
24 approval of a majority of the intermediate school electors voting
25 on the question.

26 (5) The question of levying a regional enhancement property
27 tax under this section shall be presented to the intermediate

1 school electors as a separate question.

2 Sec. 921. (1) ~~Annually~~ **SUBJECT TO SUBSECTION (2), ANNUALLY** on
3 June 1 each intermediate superintendent shall compile a list of
4 constituent districts ~~which~~ **THAT** did not operate school within the
5 **CONSTITUENT** district during the preceding 2 or more years. ~~Not~~
6 ~~later than~~ **BEFORE** June 10, the intermediate superintendent shall
7 direct in writing the board of each constituent district **ON THIS**
8 **LIST** to comply with this section and section 922. ~~Before the~~
9 ~~expiration of 1 year following this official notification~~ **WITHIN 1**
10 **YEAR AFTER ISSUANCE OF THIS DIRECTIVE BY THE INTERMEDIATE**
11 **SUPERINTENDENT**, the constituent district shall ~~either~~ **DO 1 OF THE**
12 **FOLLOWING:**

13 (a) Attach itself either totally or in part to 1 or more
14 operating school districts, **INCLUDING, BUT NOT LIMITED TO, A**
15 **REORGANIZATION UNDER SECTION 12 OR 12B.**

16 **(B) TRANSFER THE FUNCTIONS AND RESPONSIBILITIES OF THE**
17 **CONSTITUENT DISTRICT RELATING TO OPERATING PUBLIC SCHOOLS TO 1 OR**
18 **MORE OTHER PUBLIC ENTITIES AUTHORIZED TO OPERATE PUBLIC SCHOOLS,**
19 **INCLUDING, BUT NOT LIMITED TO, ANOTHER SCHOOL DISTRICT OR AN**
20 **INTERMEDIATE SCHOOL DISTRICT.**

21 (C) ~~(b)~~ Reopen and operate its own school.

22 **(2) FOR THE PURPOSES OF THIS SECTION, A CONSTITUENT DISTRICT**
23 **SHALL BE CONSIDERED TO HAVE OPERATED A SCHOOL WITHIN THE SCHOOL**
24 **DISTRICT IF THE CONSTITUENT DISTRICT DID EITHER OR BOTH OF THE**
25 **FOLLOWING:**

26 **(A) DIRECTLY OPERATED 1 OR MORE SCHOOLS ON ITS OWN.**

27 **(B) CAUSED PUBLIC EDUCATION SERVICES TO BE PROVIDED WITHIN THE**

1 SCHOOL DISTRICT TO RESIDENTS OF THE SCHOOL DISTRICT THROUGH AN
2 AGREEMENT, CONTRACT, OR OTHER COOPERATIVE AGREEMENT WITH ANOTHER
3 PUBLIC ENTITY, INCLUDING, BUT NOT LIMITED TO, ANOTHER SCHOOL
4 DISTRICT OR AN INTERMEDIATE SCHOOL DISTRICT.

5 Sec. 1147. (1) A child who is a resident of a school district
6 that does not provide kindergarten and who is at least 5 years of
7 age on the first day of enrollment of the school year may attend
8 school in **A PUBLIC SCHOOL OPERATED BY** the school district **OR, FOR A**
9 **COMMUNITY DISTRICT OR A SCHOOL DISTRICT THAT DOES NOT DIRECTLY**
10 **OPERATE SCHOOLS ON ITS OWN, IN ANOTHER PUBLIC SCHOOL LOCATED WITHIN**
11 **THE GEOGRAPHIC BOUNDARIES OF THE SCHOOL DISTRICT.**

12 ~~(2) Subject to subsection (3), for the 2013-2014 school year,~~
13 ~~a child who resides in the school district may enroll in~~
14 ~~kindergarten if the child is at least 5 years of age on November 1,~~
15 ~~2013. Subject to subsection (3), for the 2014-2015 school year, a~~
16 ~~child who resides in the school district may enroll in kindergarten~~
17 ~~if the child is at least 5 years of age on October 1, 2014. Subject~~
18 ~~to subsection (3), beginning with the 2015-2016 school year, a~~
19 **child WHO IS AT LEAST 5 YEARS OF AGE ON SEPTEMBER 1 OF THE SCHOOL**
20 **YEAR OF ENROLLMENT AND** who resides in the school district may
21 enroll in kindergarten ~~if the child is at least 5 years of age on~~
22 ~~September 1 of the school year of enrollment.~~**IN A PUBLIC SCHOOL**
23 **OPERATED BY THE SCHOOL DISTRICT OR, FOR A COMMUNITY DISTRICT OR A**
24 **SCHOOL DISTRICT THAT DOES NOT DIRECTLY OPERATE SCHOOLS ON ITS OWN,**
25 **IN ANOTHER PUBLIC SCHOOL LOCATED WITHIN THE GEOGRAPHIC BOUNDARIES**
26 **OF THE SCHOOL DISTRICT.**

27 (3) If a child residing in the school district or a child

1 eligible to enroll in and be counted in membership in the school
2 district under section 105 or 105c of the state school aid act of
3 1979, MCL 388.1705 and 388.1705c, is not 5 years of age on the
4 enrollment eligibility date specified in subsection (2), but will
5 be 5 years of age not later than December 1 of a school year, the
6 parent or legal guardian of that child may enroll the child in
7 kindergarten for that school year **IN A PUBLIC SCHOOL OPERATED BY**
8 **THE SCHOOL DISTRICT OR, FOR A COMMUNITY DISTRICT OR A SCHOOL**
9 **DISTRICT THAT DOES NOT DIRECTLY OPERATE SCHOOLS ON ITS OWN, IN**
10 **ANOTHER PUBLIC SCHOOL LOCATED WITHIN THE GEOGRAPHIC BOUNDARIES OF**
11 **THE SCHOOL DISTRICT** if the parent or legal guardian notifies the
12 ~~school district~~**PUBLIC SCHOOL** in writing that he or she intends to
13 enroll the child in kindergarten for that school year. A ~~school~~
14 ~~district~~**PUBLIC SCHOOL** that receives this written notification may
15 make a recommendation to the parent or legal guardian of a child
16 described in this subsection that the child is not ready to enroll
17 in kindergarten due to the child's age or other factors. However,
18 regardless of this recommendation, the parent or legal guardian
19 retains the sole discretion to determine whether or not to enroll
20 the child in kindergarten under this subsection.

21 (4) The ages prescribed in this section for a child's
22 eligibility for enrollment in a ~~school district~~**PUBLIC SCHOOL** also
23 apply to a child's eligibility to enroll in a public school
24 academy.

25 (5) If a ~~school district or public school academy~~**PUBLIC**
26 **SCHOOL** enrolls any children in kindergarten for a school year under
27 subsection (3), the ~~school district or public school academy~~**PUBLIC**

1 SCHOOL shall notify the department of the number of those children
2 enrolled by not later than December 31 of that school year.

3 (6) THIS SECTION DOES NOT REQUIRE A SCHOOL DISTRICT TO OPERATE
4 A PUBLIC SCHOOL DIRECTLY ON ITS OWN.

5 (7) THIS SECTION DOES NOT APPLY TO A SCHOOL DISTRICT THAT DOES
6 NOT OPERATE A PUBLIC SCHOOL DIRECTLY BUT RETAINS A LIMITED SEPARATE
7 IDENTITY FOR PURPOSES OF SECTION 12, 12B, 863, 903, OR 947.

8 (8) THIS SECTION DOES NOT REQUIRE A SCHOOL DISTRICT OR PUBLIC
9 SCHOOL ACADEMY THAT DOES NOT OTHERWISE PROVIDE KINDERGARTEN TO
10 PROVIDE KINDERGARTEN.

11 Sec. 1225. (1) Subject to restrictions of this section, a
12 school board or intermediate school board may borrow money and
13 issue notes of the school district or intermediate school district
14 for the borrowed money to secure funds for school operations or to
15 pay previous loans obtained for school operations under this or any
16 other statute. The school board or intermediate school board shall
17 pledge money to be received by it from state school aid for the
18 payment of notes issued under this section. A pledge of state
19 school aid by a school district or intermediate school district for
20 the payment of notes issued pursuant to this section is valid and
21 binding from the time when the pledge is made. A pledge made
22 pursuant to this section for the benefit of the holders of notes or
23 for the benefit of others is perfected without delivery, recording,
24 or notice. Notes issued pursuant to this section are full faith and
25 credit obligations of the school district or intermediate school
26 district and are payable from tax levies or from unencumbered funds
27 of the school district or intermediate school district in event of

1 the unavailability or insufficiency of state school aid for any
2 reason.

3 (2) A school district or intermediate school district for
4 which an emergency manager has been appointed pursuant to the ~~local~~
5 ~~government and school district fiscal accountability act, 2011 PA~~
6 ~~4, MCL 141.1501 to 141.1531, LOCAL FINANCIAL STABILITY AND CHOICE~~
7 **ACT, 2012 PA 436, MCL 141.1541 TO 141.1575**, or a school district or
8 intermediate school district that has an approved deficit
9 elimination plan **OR AN ENHANCED DEFICIT ELIMINATION PLAN REQUIRED**
10 under section 102 of the state school aid act of 1979, MCL
11 388.1702, may enter into an agreement with the Michigan finance
12 authority in accordance with section 17a(4) of the state school aid
13 act of 1979, MCL 388.1617a, providing for the direct payment on
14 behalf of the school district or intermediate school district to
15 the Michigan finance authority, or to a trustee designated by the
16 Michigan finance authority, of state school aid pledged and to be
17 used for the sole purpose of paying the principal of and interest
18 on the notes issued pursuant to this section and secured by state
19 school aid.

20 (3) Notes issued under this section shall become due not later
21 than 372 days after the date on which they are issued, except as
22 otherwise provided in this section. Notes issued within a fiscal
23 year shall not exceed 70% of the difference between the total state
24 aid funds apportioned to the school district or intermediate school
25 district for that fiscal year and the portion already received or
26 pledged, except secondary pledges made under section 1356.

27 (4) A school district or intermediate school district that is

1 not able to redeem its notes within 372 days after the date on
2 which the notes were issued may enter into a multi-year agreement
3 with a lending institution to repay its obligation. A repayment
4 agreement shall not be executed without the prior approval of an
5 authorized representative of the state board or, for notes sold to
6 the Michigan finance authority only, without the approval of an
7 authorized representative of the department of treasury.

8 (5) During the last 4 months of a fiscal year, notes may be
9 issued pledging state school aid for the next succeeding fiscal
10 year. Except as otherwise provided in this subsection, the notes
11 shall not exceed 50% of the state school aid apportioned to the
12 school district or intermediate school district for the next
13 succeeding fiscal year or, if the apportionment has not been made,
14 50% of the apportionment for the then current fiscal year. The
15 notes shall mature not later than 372 days after the date of
16 issuance.

17 (6) Notes issued under this section are subject to the revised
18 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.
19 Failure of a school district or intermediate school district to
20 receive state school aid does not affect the validity or
21 enforceability of a note issued under this section.

22 (7) A school board or intermediate school board, **INCLUDING,**
23 **BUT NOT LIMITED TO, THE SCHOOL BOARD OF A COMMUNITY DISTRICT,** may
24 make more than 1 borrowing under this section during a school year.

25 (8) In addition to other powers under this section, with the
26 approval of the state treasurer, a school board or intermediate
27 school board, **INCLUDING, BUT NOT LIMITED TO, THE SCHOOL BOARD OF A**

1 **COMMUNITY DISTRICT**, may obtain a line of credit to secure funds for
2 school operations or to pay previous loans obtained for school
3 operations under this or any other statute. The school board or
4 intermediate school board shall pledge not more than 30% of the
5 state school aid apportioned to the school district or intermediate
6 school district for that fiscal year for repayment of funds
7 received pursuant to a line of credit obtained under this
8 subsection. However, the school board or intermediate school board
9 shall not borrow against the line of credit an amount greater than
10 the difference, as of the date of the borrowing, between the total
11 state school aid funds apportioned to the school district or
12 intermediate school district for that fiscal year and the portion
13 already received or pledged, except secondary pledges made under
14 section 1356. To obtain approval for obtaining a line of credit
15 under this subsection, a school board or intermediate school board
16 shall apply to the state treasurer in the form and manner
17 prescribed by the state treasurer, and shall provide information as
18 requested by the state treasurer for evaluating the application.
19 The state treasurer shall approve or disapprove an application and
20 notify the school board or intermediate school board within 20
21 business days after receiving a proper application. If the state
22 treasurer disapproves an application, the state treasurer shall
23 include the reasons for disapproval in the notification to the
24 school board or intermediate school board.

25 Sec. 1229. (1) Except as otherwise provided in subsection (4),
26 the board of a school district, other than a school district that
27 was organized as a primary school district during the 1995-1996

1 school year, or of an intermediate school district shall employ a
2 superintendent of schools, who shall meet the requirements of
3 section 1246. The superintendent shall not be a member of the
4 board. Employment of a superintendent shall be by written contract.
5 The term of the superintendent's contract shall be fixed by the
6 board, not to exceed 5 years. If written notice of nonrenewal of
7 the contract of a superintendent is not given at least 90 days
8 before the termination of the contract, the contract is renewed for
9 an additional 1-year period.

10 (2) The board of a school district or intermediate school
11 district may employ assistant superintendents, principals,
12 assistant principals, guidance directors, and other administrators
13 who do not assume tenure in that position under 1937 (Ex Sess) PA
14 4, MCL 38.71 to 38.191. The employment shall be by written
15 contract. The term of the employment contract shall be fixed by the
16 board, not to exceed 3 years. The board shall prescribe the duties
17 of a person described in this subsection. If written notice of
18 nonrenewal of the contract of a person described in this subsection
19 is not given at least 60 days before the termination date of the
20 contract, the contract is renewed for an additional 1-year period.

21 (3) A notification of nonrenewal of contract of a person
22 described in subsection (2) may be given only for a reason that is
23 not arbitrary or capricious. The board shall not issue a notice of
24 nonrenewal under this section unless the affected person has been
25 provided with not less than 30 days' advance notice that the board
26 is considering the nonrenewal together with a written statement of
27 the reasons the board is considering the nonrenewal. After the

1 issuance of the written statement, but before the nonrenewal
2 statement is issued, the affected person shall be given the
3 opportunity to meet with not less than a majority of the board to
4 discuss the reasons stated in the written statement. The meeting
5 shall be open to the public or a closed session, as the affected
6 person elects under section 8 of the open meetings act, 1976 PA
7 267, MCL 15.268. If the board fails to provide for a meeting with
8 the board, or if a court finds that the reason for nonrenewal is
9 arbitrary or capricious, the affected person's contract is renewed
10 for an additional 1-year period. This subsection does not apply to
11 the nonrenewal of the contract of a superintendent of schools
12 described in subsection (1).

13 (4) A school district, instead of directly employing a
14 superintendent of schools, may contract with its intermediate
15 school district for the intermediate superintendent to serve as the
16 superintendent of schools for the school district or for the
17 intermediate school district to provide another person to serve as
18 superintendent of schools for the school district **OR MAY CONTRACT**
19 **WITH ANOTHER PERSON, INCLUDING, BUT NOT LIMITED TO, THE**
20 **SUPERINTENDENT OF ANOTHER SCHOOL DISTRICT, TO SERVE AS**
21 **SUPERINTENDENT OF SCHOOLS FOR THE SCHOOL DISTRICT. IF A SCHOOL**
22 **DISTRICT DOES NOT OPERATE A PUBLIC SCHOOL DIRECTLY ON ITS OWN, THE**
23 **SCHOOL DISTRICT IS NOT REQUIRED TO EMPLOY A SUPERINTENDENT.**

24 Sec. 1231. (1) ~~The~~ **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION**
25 **(5), THE** board of a school district shall hire and contract with
26 qualified teachers. Contracts with teachers shall be in writing and
27 signed on behalf of the school district by a majority of the board,

1 by the president and secretary of the board, or by the
2 superintendent of schools or an authorized representative of the
3 board. The contracts shall specify the wages agreed upon.

4 (2) A teacher's contract shall be filed with the secretary of
5 the board and a duplicate copy of the contract shall be furnished
6 to the teacher.

7 (3) Except as otherwise provided under this act, a contract
8 with a teacher is not valid unless the person holds a valid
9 teaching certificate at the time the contractual period begins. A
10 contract shall terminate if the certificate expires by limitation
11 and is not renewed immediately or if it is suspended or revoked by
12 proper legal authority.

13 (4) The board of a school district, after a teacher has been
14 employed at least 2 consecutive years by the board, may enter into
15 a continuing contract with a certificated teacher.

16 (5) **THE SCHOOL BOARD OF A SCHOOL DISTRICT THAT IS A COMMUNITY**
17 **DISTRICT MAY EMPLOY OR CONTRACT FOR, OR BOTH, QUALIFIED TEACHERS**
18 **AND OTHER QUALIFIED INSTRUCTIONAL PERSONNEL AT A PUBLIC SCHOOL THAT**
19 **FORMERLY OPERATED AS AN ACHIEVEMENT SCHOOL, AS DEFINED IN SECTION 3**
20 **OF THE STATE SCHOOL AID ACT OF 1979, MCL 388.1603, AS NECESSARY TO**
21 **CARRY OUT THE PURPOSES OF THE COMMUNITY DISTRICT.**

22 (6) ~~(5)~~As used in this section, "teacher" does not include a
23 substitute teacher.

24 **SEC. 1284C. THE GOVERNING BODY FOR A PUBLIC SCHOOL THAT**
25 **OPERATES A YEAR-ROUND PROGRAM OR OPERATES AS A YEAR-ROUND SCHOOL**
26 **MAY DESIGNATE A DATE AFTER MAY 31 AND BEFORE THE FIRST MONDAY IN**
27 **SEPTEMBER AS THE END OF THE SCHOOL YEAR FOR THE PUBLIC SCHOOL. A**

1 DATE ADOPTED BY THE GOVERNING BODY OF A PUBLIC SCHOOL UNDER THIS
2 SECTION SHALL BE THE END OF THE SCHOOL YEAR FOR THE PUBLIC SCHOOL
3 FOR PURPOSES OF THIS ACT AND OTHER LAWS OF THIS STATE.

4 Sec. 1351a. (1) Beginning with bonds issued after May 1, 1994,
5 a school district, **INCLUDING, BUT NOT LIMITED TO, A SCHOOL DISTRICT**
6 **THAT IS A COMMUNITY DISTRICT**, shall not borrow money and issue
7 bonds of the district under section 1351(1). However, a school
8 district, **INCLUDING, BUT NOT LIMITED TO, A SCHOOL DISTRICT THAT IS**
9 **A COMMUNITY DISTRICT**, may borrow money and issue bonds of the
10 district to defray all or a part of the cost of purchasing,
11 erecting, completing, remodeling, or equipping or reequipping,
12 except for equipping or reequipping for technology, school
13 buildings, including library buildings, structures, athletic
14 fields, playgrounds, or other facilities, or parts of or additions
15 to those facilities; furnishing or refurnishing new or remodeled
16 school buildings; acquiring, preparing, developing, or improving
17 sites, or parts of or additions to sites, for school buildings,
18 including library buildings, structures, athletic fields,
19 playgrounds, or other facilities; purchasing school buses;
20 acquiring, installing, or equipping or reequipping school buildings
21 for technology; or accomplishing a combination of the purposes set
22 forth in this subsection. Section 1351(2) to (4) applies to bonds
23 issued under this section.

24 (2) The proceeds of bonds issued under this section or under
25 section 11i of the state school aid act of 1979, ~~1979 PA 94, MCL~~
26 ~~388.1611i~~, shall be used for capital expenditures and to pay costs
27 of bond issuance, and shall not be used for maintenance costs.

1 Except as otherwise provided in this subsection, a school district
2 that issues bonds under this section or under section 11i of the
3 state school aid act of 1979, ~~1979 PA 94,~~ MCL 388.1611i, shall have
4 an independent audit, using generally accepted accounting
5 principles, of its bonding activities under these sections
6 conducted within 120 days after completion of all projects financed
7 by the proceeds of the bonds and shall submit the audit report to
8 the department of treasury. For bonds issued under section 11i of
9 the state school aid act of 1979, ~~1979 PA 94,~~ MCL 388.1611i, the
10 independent audit required under this subsection may be conducted
11 and submitted with the annual report required under the revised
12 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

13 (3) A school district, **INCLUDING, BUT NOT LIMITED TO, A SCHOOL**
14 **DISTRICT THAT IS A COMMUNITY DISTRICT**, shall not borrow money and
15 issue notes or bonds under this section to defray all or part of
16 the costs of any of the following:

17 (a) Upgrades to operating system or application software.

18 (b) Media, including diskettes, compact discs, video tapes,
19 and disks, unless used for the storage of initial operating system
20 software or customized application software included in the
21 definition of technology under this section.

22 (c) Training, consulting, maintenance, service contracts,
23 software upgrades, troubleshooting, or software support.

24 (4) A resident of a school district, **INCLUDING, BUT NOT**
25 **LIMITED TO, A SCHOOL DISTRICT THAT IS A COMMUNITY DISTRICT**, has
26 standing to bring suit against the school district to enforce the
27 provisions of this section in a court having jurisdiction.

1 (5) As used in this section, "technology" means any of the
2 following:

3 (a) Hardware and communication devices that transmit, receive,
4 or compute information for pupil instructional purposes.

5 (b) The initial purchase of operating system software or
6 customized application software, or both, accompanying the purchase
7 of hardware and communication devices under subdivision (a).

8 (c) The costs of design and installation of the hardware,
9 communication devices, and initial operating system software or
10 customized application software authorized under this subsection.

11 Sec. 1356. (1) Notwithstanding section 1351, a school district
12 that has an operating or projected operating deficit ~~in excess of~~
13 ~~\$100.00 per membership pupil~~ **OR THAT HAS OUTSTANDING STATE AID**
14 **ANTICIPATION NOTES ISSUED UNDER SECTION 1225 THROUGH THE MICHIGAN**
15 **FINANCE AUTHORITY** may, **WITH THE APPROVAL OF THE STATE TREASURER,**
16 borrow and issue ~~its negotiable interest bearing notes or bonds~~ for
17 the purpose of ~~funding~~ **ELIMINATING** the deficit **OR REFUNDING OR**
18 **REFINANCING THE STATE AID ANTICIPATION NOTES** in accordance with
19 this section. **NOTES OR BONDS ISSUED UNDER THIS SECTION SHALL BE**
20 **KNOWN AS SCHOOL FINANCING STABILITY BONDS.** This authority is in
21 addition to and not in derogation of any power granted to a school
22 district by any other provision of this act. ~~However, except for~~
23 ~~the purpose of funding an operating or projected operating deficit~~
24 ~~resulting from a state tax tribunal order or a court order, a~~
25 ~~school district shall not initiate the procedures to borrow money~~
26 ~~or issue notes or bonds under this section after January 1, 1994.~~

27 (2) Before a ~~board of a~~ school district issues notes or bonds

1 under this section, the board **OF THE SCHOOL DISTRICT** shall provide
2 by resolution for the submission of the following certified and
3 substantiated information to the department of treasury:

4 (a) There exists or will exist an operating deficit in the
5 school district ~~in excess of \$100.00 per membership pupil.~~ **OR THE**
6 **SCHOOL DISTRICT HAS OUTSTANDING STATE AID ANTICIPATION NOTES ISSUED**
7 **UNDER SECTION 1225 THROUGH THE MICHIGAN FINANCE AUTHORITY.**

8 (b) ~~During~~ **IF THE SCHOOL DISTRICT HAS A DEFICIT, DURING** or
9 before the fiscal year in which the application is made, the school
10 district has made every available effort to offset the deficit. ~~7~~
11 ~~including submission of a question to the school electors of the~~
12 ~~district to increase the rate of ad valorem property taxes levied~~
13 ~~in the school district.~~

14 (c) The school district has a plan approved by the ~~school~~
15 ~~board~~ **STATE TREASURER** that outlines actions to be taken to balance
16 future expenditures with anticipated revenues **AND TO REPAY ANY**
17 **BONDS OR NOTES ISSUES UNDER THIS SECTION. THE STATE TREASURER MAY**
18 **RECOGNIZE A DEFICIT ELIMINATION PLAN OR AN ENHANCED DEFICIT**
19 **ELIMINATION PLAN AUTHORIZED UNDER SECTION 102 OF THE STATE SCHOOL**
20 **AID ACT OF 1979, MCL 388.1702, AS SATISFYING THE REQUIREMENTS FOR**
21 **AN APPROVED PLAN UNDER THIS SUBDIVISION.**

22 (3) The existence of ~~the~~ **AN** operating or projected operating
23 deficit, ~~and~~ the amount of the operating or projected operating
24 deficit, **AND THE AMOUNT NECESSARY TO REFUND OR REFINANCE ANY SCHOOL**
25 **AID ANTICIPATION NOTES ISSUED UNDER SECTION 1225 THROUGH THE**
26 **MICHIGAN FINANCE AUTHORITY** shall be determined by the department of
27 treasury, using normal school accounting practices. If a financial

1 audit is required to arrive at a conclusive determination as to the
2 amount of ~~the~~ **A** deficit, the state treasurer shall charge all
3 necessary expenses for the audit, including per diem and travel
4 expenses, to the school district, and the school district shall
5 make payment to the state treasurer for these expenses. ~~The~~ **A**
6 determination by the department of treasury **UNDER THIS SUBSECTION**
7 is final and conclusive. ~~as to the existence of an operating or~~
8 ~~projected operating deficit, the amount of the deficit, and the~~
9 ~~amount of the deficit per membership pupil.~~

10 (4) The notes or bonds may be issued in 1 or more series by
11 resolution adopted by the school board, which resolution in each
12 case shall make reference to the determination of the department of
13 treasury **UNDER SUBSECTION (3)**. The amount of a note or bond issued
14 shall not exceed the amount ~~of the operating deficit as shown by~~
15 ~~the determination.~~ **DETERMINED BY THE DEPARTMENT OF TREASURY UNDER**
16 **SUBSECTION (3)**.

17 (5) The school district ~~shall~~ **MAY** pledge as ~~secondary~~ security
18 for the **REPAYMENT OF PRINCIPAL AND INTEREST ON** notes or bonds
19 ~~future~~ **ISSUED UNDER THIS SECTION MONEY FROM** state school aid
20 payments, ~~if any,~~ **PAID OR PAYABLE TO THE SCHOOL DISTRICT, REVENUE**
21 **FORM TAXES LEVIED BY THE SCHOOL DISTRICT FOR SCHOOL OPERATING**
22 **PURPOSES UNDER SECTION 1211, and other funds** **TAX REVENUE OR MONEY**
23 of the district legally available as security. **A PLEDGE UNDER THIS**
24 **SUBSECTION IS VALID AND BINDING FROM THE TIME THE PLEDGE IS MADE. A**
25 **PLEDGE UNDER THIS SUBSECTION FOR THE BENEFIT OF THE HOLDERS OF**
26 **NOTES OR BONDS OR FOR THE BENEFIT OF OTHERS IS PERFECTED WITHOUT**
27 **DELIVERY, RECORDING, OR NOTICE. A SCHOOL DISTRICT MAY ENTER INTO AN**

1 AGREEMENT WITH THE DEPARTMENT OF TREASURY OR THE MICHIGAN FINANCE
2 AUTHORITY, OR BOTH, PROVIDING FOR THE DIRECT PAYMENT ON BEHALF OF
3 THE SCHOOL DISTRICT TO THE MICHIGAN FINANCE AUTHORITY OR A
4 DESIGNATED TRUSTEE OF STATE SCHOOL AID PLEDGED FOR THE REPAYMENT OF
5 PRINCIPAL AND INTEREST ON NOTES OR BONDS ISSUED UNDER THIS SECTION
6 IN THE SAME MANNER AS AN AGREEMENT UNDER SECTION 17A(4) OF THE
7 STATE SCHOOL AID ACT OF 1979, MCL 388.1617A.

8 (6) The notes or bonds shall mature serially with annual
9 maturities not more than ~~10~~25 years from their date and shall bear
10 interest, payable annually or semiannually, at a rate or rates not
11 exceeding a rate determined by the school board in the school
12 district's borrowing resolution. The first principal installment on
13 the notes or bonds shall be due not more than 18 months from the
14 date of the **ISSUANCE OF THE** notes or bonds. ~~, and a principal~~
15 ~~installment on the notes shall not be less than 1/3 of the~~
16 ~~principal amount of a subsequent principal installment.~~ The notes
17 or bonds may be made subject to redemption before maturity with or
18 without premium in a manner and at times provided in the resolution
19 authorizing the issuance of the notes or bonds.

20 (7) Notes or bonds issued under this section are valid and
21 binding general obligations of the school district, it being the
22 intent and purpose that the notes or bonds and the interest on the
23 notes or bonds be promptly paid when due from the first money
24 available to the **SCHOOL** district not pledged for other indebtedness
25 and except to the extent that the use is restricted by the state
26 constitution of 1963 or the laws of the United States. **IF A SCHOOL**
27 **DISTRICT DOES NOT RECEIVE STATE SCHOOL AID, THE VALIDITY OF A NOTE**

1 **OR BOND ISSUED UNDER THIS SECTION IS NOT AFFECTED.**

2 (8) Except as otherwise provided in this section, bonds and
3 notes issued under this section are subject to the revised
4 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

5 (9) The proceeds of the sale of notes **OR BONDS** authorized
6 under this section, after payment of the costs of issuance of the
7 notes or bonds and interest on the notes or bonds, ~~for a period not~~
8 ~~to exceed 9 months,~~ shall be used solely for the purpose of paying
9 necessary operating expenses of the school district, including the
10 payment of principal of and interest on notes or bonds of the
11 school district issued for operating purposes under this or any
12 other act.

13 (10) A board of a school district that borrows ~~pursuant to~~
14 ~~subsections (1) to (9)~~ **UNDER THIS SECTION** shall submit its budget
15 for review and approval to the department of education. **TREASURY.**
16 The department of education **TREASURY** shall take necessary steps,
17 subject to the school district's contracts and statutory
18 obligations, to assure that the expenditures of a school district
19 that receives money under this part shall not exceed revenues on an
20 annual basis and that the school district maintains a balanced
21 budget.

22 Enacting section 1. Part 5a and sections 403, 404, 412, 416a,
23 420, 421, 449, and 485 of the revised school code, 1976 PA 451, MCL
24 380.371 to 380.376, 380.403, 380.404, 380.412, 380.416a, 380.420,
25 380.421, 380.449, and 380.485, are repealed.