February 24, 2022, Introduced by Reps. Camilleri, Kuppa, Steckloff, Hertel, Thander, Hope, Neeley, Ellison, Brenda Carter, Weiss, Bolden, Cavanagh, Stone, Clemente, Brabec, Sowerby, Aiyash, Cynthia Johnson, Cherry, Scott, Garza, Haadsma, Rabhi, Puri and Yancey and referred to the Committee on Education.

A bill to amend 1976 PA 451, entitled "The revised school code,"

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

(2) Subject to subsections (9) and (10), any of the following may act as an authorizing body to issue a contract to organize and operate 1 or more public school academies under this part:

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

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

(c) The board of a community college. However, except as otherwise provided in this subdivision, the board of a community
college shall not issue a contract for a public school academy to
operate in a school district organized as a school district of the
first class, a public school academy authorized by the board of a
community college shall not operate in a school district organized
as a school district of the first class, the board of a community
college shall not issue a contract for a public school academy to
operate outside the boundaries of the community college district,
and a public school academy authorized by the board of a community
college shall not operate outside the boundaries of the community
college district. The board of a community college also may issue a
contract for not more than 1 public school academy to operate on
the grounds of an active or closed federal military installation
located outside the boundaries of the community college district,
or may operate a public school academy itself on the grounds of
such a federal military installation, if the federal military
installation is not located within the boundaries of any community
college district and the community college has previously offered
courses on the grounds of the federal military installation for at
least 10 years.

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

(e) Two or more of the public agencies described in
subdivisions (a) to (d) exercising power, privilege, or authority
jointly pursuant to an interlocal agreement under the urban

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

(a) Identification of the applicant for the contract.

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

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

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

(ii) The purposes for the public school academy corporation. This language shall provide that the public school academy is incorporated pursuant to this part and that the public school academy corporation is a governmental entity.

(iii) The name of the authorizing body.

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

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

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

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

(i) The governance structure of the public school academy.
(ii) A copy of the educational goals of the public school academy and the curricula to be offered and methods of pupil assessment to be used by the public school academy. The educational goals must include demonstrated improved pupil academic achievement for all groups of pupils. To the extent applicable, the progress of the pupils in the public school academy shall be assessed using both the mathematics and reading portions of the Michigan student test of educational progress (M-STEP) or the Michigan merit examination under section 1279g, as applicable.

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

(iv) The school calendar and school day schedule.

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

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

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

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

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

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

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

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

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

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

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

(a) An authorizing body shall not issue a contract to organize
and operate a new public school academy to be located in a
community district unless, before issuing the contract, the
governing board of the authorizing body has certified to the
department that the authorizing body has been accredited as an
authorizing body by a nationally recognized accreditation body. For
an authorizing body described in subsection (2)(e), the authorizing
body shall not issue a contract to organize and operate a new
public school academy to be located in a community district unless,
before issuing the contract, the governing board of each of the
public agencies that is party to the interlocal agreement has
certified to the department that the public agency has been
accredited as an authorizing body by a nationally recognized
(b) An authorizing body shall not issue a contract for a new public school academy to be located in a community district if both of the following circumstances exist:

(i) Either of the following:

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

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

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

(10) An authorizing body shall not issue a new contract for the operation of a public school academy that will operate as the successor to a public school academy established under this part, urban high school academy established under part 6c, school of excellence established under part 6e, or strict discipline academy established under sections 1311b to 1311m that is currently being operated under a contract issued by another authorizing body and either currently is on the list under former section 1280c(1) or
section 1280g(3), as applicable, of the public schools in this state determined to be among the lowest achieving public schools in this state or is being subjected to corrective measures by the authorizing body as described in section 507(8), 528(8), or 561(8), as applicable.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(f) A description of and address for the proposed physical


plant in which the public school academy will be located. An
authorizing body may include a provision in the contract allowing
the board of directors of the public school academy to operate the
same configuration of age or grade levels at more than 1 site if
each configuration of age or grade levels and each site identified
in the contract are under the direction and control of the board of
directors.

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

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

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

(j) A requirement that the board of directors of the public
school academy shall ensure compliance with the requirements of

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(n) A requirement that the authorizing body must review and
may disapprove any agreement between the board of directors of the
public school academy and an educational management organization
before the agreement is final and valid. An authorizing body may
shall disapprove an agreement described in this subdivision only if
the agreement is contrary to the contract or applicable law or if
the educational management organization, or any educational
management organization affiliated with it, operates a public
school that currently is on the list under former section 1280c(1)
or section 1280g(3), as applicable, of public schools in this state
determined to be among the lowest achieving public schools in this
state.

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

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

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

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

(q) If the contract permits the public school academy to operate at more than 1 site, a requirement that the public school academy may only exercise that authority after establishing that none of its current sites are currently on the list under former section 1280c(1) or section 1280g(3), as applicable, of public schools in this state determined to be among the lowest achieving public schools in this state.

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

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

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

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

(d) Sections 1134, 1135, 1146, 1153, 1263(3), 1267, and 1274.
(e) Laws concerning participation in state assessments, data collection systems, state level student growth models, state accountability and accreditation systems, and other public comparative data collection required for public schools.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(5) Except for a public school academy that is an alternative
school serving a special student population, if the department
determines that a public school academy site that has been
operating for at least 4 years is among the lowest achieving public
schools in this state for the immediately preceding 3 school years,
as determined under former section 1280c or section 1280g, as
applicable, not to include any individualized education plan
subgroup, the department shall notify the public school academy's
authorizing body. Subject to subsection (6), if an authorizing body
receives notice from the department under this subsection, the
authorizing body shall notify the public school academy and amend
the public school academy's contract to eliminate the public school
academy's authority to operate the existing age and grade levels at
the site and the public school academy shall cease operating the
existing age and grade levels at the site, effective at the end of
the current school year. Subject to subsection (6), if the public
school academy operates at only 1 site, and the authorizing body
receives notice from the department under this subsection, the
authorizing body shall notify the public school academy and revoke
the public school academy's contract, effective at the end of the
current school year. **Failure of an authorizing body to comply with
this subsection is a failure by the authorizing body to engage in
appropriate continuing oversight for the purposes of section 502(5).**

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

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

(8) Except as otherwise provided in this section, before an
authorizing body revokes a contract, the authorizing body may
consider and take corrective measures to avoid revocation. An
authorizing body may reconstitute the public school academy in a
final attempt to improve student educational performance or to
avoid interruption of the educational process. An authorizing body
shall include a reconstituting provision in the contract that
identifies these corrective measures, including, but not limited
to, canceling a contract with an educational management
organization, if any, withdrawing approval of a contract under
section 506, or appointing a new board of directors or a trustee to
take over operation of the public school academy.
(9) If an authorizing body revokes a contract, the authorizing body shall work with a school district or another public school, or with a combination of these entities, to ensure a smooth transition for the affected pupils. If the revocation occurs during the school year, the authorizing body, as the fiscal agent for the public school academy under this part, shall return any school aid funds held by the authorizing body that are attributable to the affected pupils to the state treasurer for deposit into the state school aid fund. The state treasurer shall distribute funds to the public school in which the pupils enroll after the revocation pursuant to a methodology established by the department and the center for educational performance and information.

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

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

(2) Subject to subsection subsections (9) and (10), the governing board of a state public university may act as an authorizing body to issue a contract for the organization and operation of an urban high school academy under this part.

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

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

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

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

(c) The proposed articles of incorporation shall must include at least all of the following:

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

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

(iii) The name of the authorizing body.

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

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

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

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

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

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

(iii) The admission policy and criteria to be maintained by the urban high school academy. The admission policy and criteria shall comply with section 524. This part of the application also shall include a description of how the applicant will provide to the general public adequate notice that an urban high school academy is being created and adequate information on the admission policy, criteria, and process.
(iv) The school calendar and school day schedule.
(v) The age or grade range of pupils to be enrolled.
(f) Descriptions of staff responsibilities and of the urban high school academy's governance structure.
(g) A description of and address for the proposed building or buildings in which the urban high school academy will be located, and a financial commitment by the entity applying for the contract to construct or renovate the building or buildings that will be occupied by the urban high school academy that is issued the contract.

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

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

(7) An authorizing body shall not charge a fee, or require reimbursement of expenses, for considering an application for a contract, for issuing a contract, or for providing oversight of a contract for an urban high school academy in an amount that exceeds a combined total of 3% of the total state school aid received by
the urban high school academy in the school year in which the fees
or expenses are charged. All of the following apply to this
fee:

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

(i) Considering applications and issuing or administering
contracts.

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

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

(iv) Technical assistance to urban high school academies.

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

(vi) Evaluation of urban high school academy performance.

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

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

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

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

(9) Both of the following apply to the issuance of a contract
for an urban high school academy to be located within a community
district:
   (a) An authorizing body shall not issue a contract to organize
and operate a new urban high school academy to be located in a
community district unless, before issuing the contract, the
governing board of the authorizing body has certified to the
department that the authorizing body has been accredited as an
authorizing body by a nationally recognized accreditation body.
   (b) An authorizing body shall not issue a contract for a new
urban high school academy to be located in a community district if
both of the following circumstances exist:
      (i) Either of the following:
         (A) The proposed urban high school academy would operate at
the same location as a public school that currently is on the list
under former section 1280c(1) or section 1280g(3), as applicable,
of the public schools in this state determined to be among the
lowest achieving public schools in this state or has been on that
list during the immediately preceding 3-year period.
         (B) The proposed urban high school academy would operate at
the same location as a public school academy, urban high school
academy, school of excellence, or strict discipline academy that
has had its contract revoked or terminated by an authorizing body
under the applicable part or section.
      (ii) The proposed urban high school academy would have
substantially the same board of directors, substantially the same
leadership, and substantially the same curriculum offerings as the
public school that previously operated at that location.
    (10) An authorizing body shall not issue a new contract for
the operation of an urban high school academy that will operate as
the successor to a public school academy established under part 6a,
urban high school academy established under this part, school of excellence established under part 6e, or strict discipline academy established under sections 1311b to 1311m that is currently being operated under a contract issued by another authorizing body and either currently is on the list under former section 1280c(1) or section 1280g(3), as applicable, of public schools in this state determined to be among the lowest achieving public schools in this state or is being subjected to corrective measures by the authorizing body as described in section 507(8), 528(8), or 561(8), as applicable.

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

(a) The proposed school will operate at least all of grades 9 through 12 within 5 years after beginning operation.

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

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

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

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

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

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

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

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

(d) A certification, signed by an authorized member of the urban high school academy board of directors, that the urban high school academy will comply with the contract and all applicable law.

(e) Procedures for revoking the contract and grounds for revoking the contract.

(f) A description of and address for the proposed building or buildings in which the urban high school academy will be located.
(g) Requirements and procedures for financial audits. The financial audits must be conducted at least annually by an independent certified public accountant in accordance with generally accepted governmental auditing principles.

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

(i) A requirement that the board of directors shall prohibit specifically identified family relationships between members of the board of directors, individuals who have an ownership interest in or who are officers or employees of an educational management company involved in the operation of the urban high school academy, and employees of the urban high school academy. The contract must identify the specific prohibited relationships consistent with applicable law.

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

(k) A requirement that the board of directors of the urban high school academy shall collect, maintain, and make available to the public and the authorizing body, in accordance with applicable law and the contract, at least all of the following information concerning the operation and management of the urban high school academy:

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

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

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

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

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

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

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

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

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

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

(xi) Any other information specifically required under this
(l) A requirement that the authorizing body must review and may disapprove any agreement between the board of directors and an educational management company before the agreement is final and valid. An authorizing body may shall disapprove an agreement described in this subdivision only if the agreement is contrary to the contract or applicable law or if the educational management company, or any educational management company affiliated with it, operates a public school that currently is on the list under former section 1280c(1) or section 1280g(3), as applicable, of public schools in this state determined to be among the lowest achieving public schools in this state.

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

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

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

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

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

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

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

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

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

(q) If the contract permits the urban high school academy to operate at more than 1 site, a requirement that the urban high school academy may only exercise that authority after establishing that none of its current sites are currently on the list under former section 1280c(1) or section 1280g(3), as applicable, of public schools in this state determined to be among the lowest achieving public schools in this state.

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

(a) The open meetings act, 1976 PA 267, MCL 15.261 to 15.275.
(b) The freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.
(c) 1947 PA 336, MCL 423.201 to 423.217.
(d) 1965 PA 166, MCL 408.551 to 408.558.
(d)  (e) 1978 PA 566, MCL 15.181 to 15.185.
(e)  (f) 1968 PA 317, MCL 15.321 to 15.330.
(f)  (g) The uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a.
(g)  (h) The revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.
(i)  (j) Sections 1134, 1135, 1146, 1153, 1263(3), 1267, 1274, and 1280.
(j)  (k) Laws concerning participation in state assessments, data collection systems, state level student growth models, state accountability and accreditation systems, and other public comparative data collection required for public schools.

(4) An urban high school academy and its incorporators, board members, officers, employees, and volunteers have governmental immunity as provided in section 7 of 1964 PA 170, MCL 691.1407. An authorizing body and its board members, officers, and employees are immune from civil liability, both personally and professionally, for any acts or omissions in authorizing or oversight of an urban high school academy if the authorizing body or the person acted or reasonably believed he or she acted within the authorizing body's or the person's scope of authority.

(5) An urban high school academy is exempt from all taxation on its earnings and property. Unless the property is already fully exempt from real and personal property taxes under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, property occupied by an urban high school academy and used exclusively for educational purposes is exempt from real and personal property
taxes levied for school operating purposes under section 1211, to
the extent exempted under that section, and from real and personal
property taxes levied under the state education tax act, 1993 PA
331, MCL 211.901 to 211.906. Instruments of conveyance to or from
an urban high school academy are exempt from all taxation,
including taxes imposed by 1966 PA 134, MCL 207.501 to 207.513. An
urban high school academy may not levy ad valorem property taxes or
any other tax for any purpose.

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

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

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

(b) Within 10 days after issuing the contract, submit to the
department a copy of the contract.
(c) Adopt a resolution establishing the method of selection, length of term, and number of members of the board of directors of each urban high school academy that it authorizes. The resolution shall must be written or amended as necessary to include a requirement that each member of the board of directors must be a citizen of the United States.

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

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

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

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

(h) Ensure that the board of directors of the urban high school academy maintains and releases information as necessary to comply with applicable law.
(2) An authorizing body may enter into an agreement with 1 or more other authorizing bodies to carry out any function of an authorizing body under this act.

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

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

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

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

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

(d) The existence of 1 or more other grounds for revocation as specified in the contract.
(5) Except for an urban high school academy that is an alternative school serving a special student population, if the department determines that an urban high school academy site that has been operating for at least 4 years is among the lowest achieving public schools in this state for the immediately preceding 3 school years, as determined under former section 1280c or section 1280g, as applicable, not to include any individualized education plan subgroup, the department shall notify the urban high school academy's authorizing body. Subject to subsection (6), if an authorizing body receives notice from the department under this subsection, the authorizing body shall notify the urban high school academy and amend the urban high school academy's contract to eliminate the urban high school academy's authority to operate the existing age and grade levels at the site and the urban high school academy shall cease operating the existing age and grade levels at the site, effective at the end of the current school year. Subject to subsection (6), if the urban high school academy operates at only 1 site, and the authorizing body receives notice from the department under this subsection, the authorizing body shall notify the urban high school academy and revoke the urban high school academy's contract, effective at the end of the current school year. Failure of an authorizing body to comply with this subsection is a failure by the authorizing body to engage in appropriate continuing oversight for the purposes of section 522(6).

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

(7) Except as otherwise provided in section 522, the decision of an authorizing body to
issue, not issue, or reconstitute a contract under this part, or to
terminate or revoke a contract under this section, is solely within
the discretion of the authorizing body, is final, and is not
subject to review by a court or any state agency. An authorizing
body that issues, does not issue, or reconstitutes a contract under
this part, or that terminates or revokes a contract under this
section, is not liable for that action to the urban high school
academy, the urban high school academy corporation, a pupil of the
urban high school academy, the parent or guardian of a pupil of the
urban high school academy, or any other person.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) Is available for enrollment to all pupils in this state.
(b) Offers some configuration of or all of grades K to 12.
(c) The entity applying for the school of excellence that is a
cyber school demonstrates experience in delivering a quality education program that improves pupil academic achievement. In determining whether this requirement is met, an authorizing body shall refer to the standards for quality online learning established by the National Association of Charter School Authorizers or other similar nationally recognized standards for quality online learning.

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

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

(3) For a public school academy operating under part 6a that meets the requirements of subsection (4), with the approval of its authorizing body, the board of directors of the public school academy may adopt a resolution choosing to convert the public school academy to a school of excellence under this part. If the board of directors of a public school academy that meets the requirements of subsection (4) is issued a contract as a school of excellence under this subsection, all the following apply:
(a) The public school academy shall cease to operate as a public school academy under part 6a and shall operate as a school of excellence upon the issuance of a contract or at another time as determined by the authorizing body.

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

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

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

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

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

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

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

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

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

(6) Any Subject to subsections (14), (19), and (20), any of the following may act as an authorizing body to issue a contract to organize and operate 1 or more schools of excellence under this part:

(a) The board of a school district. However, except as
otherwise provided in this subdivision, the board of a school
district shall not issue a contract for a school of excellence to
operate outside the school district's boundaries, and a school of
excellence authorized by the board of a school district shall not
operate outside that school district's boundaries. If the board of
a school district issues a contract for a school of excellence that
is a cyber school, the contract may authorize the school of
excellence that is a cyber school to operate outside that school
district's boundaries.

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

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

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

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

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

(a) Identification of the applicant for the contract.

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

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

(i) The name of the proposed school of excellence.
(ii) The purposes for the school of excellence corporation.

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

(iii) The name of the authorizing body.

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

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

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

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

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

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

(iii) The admission policy and criteria to be maintained by the school of excellence. The admission policy and criteria shall comply with section 556. This part of the application also shall include a description of how the applicant will provide to the general public adequate notice that a school of excellence is being created and adequate information on the admission policy, criteria, and process.
(iv) Except for a school of excellence that is a cyber school, the school calendar and school day schedule.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(16) As used in this section:

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

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

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

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

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

c) Salaries and benefits for the online learning employees.

(d) Purchased courses and curricula.

e) Fees associated with oversight and regulation.

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

(g) Facilities costs.

(h) Costs associated with special education.

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

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

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

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

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

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

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

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

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

(i) Either of the following:
(A) The proposed school of excellence would operate at the same location as a public school that currently is on the list under former section 1280c(1) or section 1280g(3), as applicable, of the public schools in this state determined to be among the lowest achieving public schools in this state or has been on that list during the immediately preceding 3-year period.

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

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

(20) An authorizing body shall not issue a new contract for the operation of a school of excellence that will operate as the successor to a public school academy established under part 6a, urban high school academy established under part 6c, school of excellence established under this part, or strict discipline academy established under sections 1311b to 1311m that is currently being operated under a contract issued by another authorizing body and either currently is on the list under former section 1280c(1) or section 1280g(3), as applicable, of public schools in this state determined to be among the lowest achieving public schools in this state or is being subjected to corrective measures by the authorizing body as described in section 507(8), 528(8), or 561(8), as applicable.
contract to any person or entity. Schools of excellence contracts
shall must be issued on a competitive basis taking into
consideration the resources available for the proposed school of
excellence, the population to be served by the proposed school of
excellence, the educational goals to be achieved by the proposed
school of excellence, and the applicant's track record, if any, in
operating public school academies or other public schools.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(m) A requirement that the authorizing body must review and may disapprove any agreement between the board of directors and an educational management organization before the agreement is final and valid. An authorizing body may disapprove an agreement described in this subdivision only if the agreement is contrary to contract or applicable law or if the educational management organization, or any educational management organization affiliated with it, operates a public school that currently is on the list under former section 1280c(1) or section 1280g(3), as applicable, of public schools in this state determined to be among the lowest achieving public schools in this state.

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

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

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

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

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

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

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

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

(q) If the contract permits the school of excellence to operate at more than 1 site, a requirement that the school of excellence may only exercise that authority after establishing that none of its current sites are currently on the list under former section 1280c(1) or section 1280g(3), as applicable, of public schools in this state determined to be among the lowest achieving public schools in this state.

(6) A school of excellence shall comply with all applicable law, including all of the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(5) Except for a school of excellence that is an alternative school serving a special student population, if the department determines that a school of excellence site that has been operating for at least 4 years is among the lowest achieving public schools
in this state for the immediately preceding 3 school years, as determined under former section 1280c or section 1280g, as applicable, not to include any individualized education plan subgroup, the department shall notify the school of excellence's authorizing body. Subject to subsection (6), if an authorizing body receives notice from the department under this subsection, the authorizing body shall notify the school of excellence and amend the school of excellence's contract to eliminate the school of excellence's authority to operate the existing age and grade levels at the site and the school of excellence shall cease operating the existing age and grade levels at the site, effective at the end of the current school year. Subject to subsection (6), if the school of excellence operates at only 1 site or is a cyber school, and the authorizing body receives notice from the department under this subsection, the authorizing body shall notify the school of excellence and revoke the school of excellence's contract, effective at the end of the current school year. Failure of an authorizing body to comply with this subsection is a failure by the authorizing body to engage in appropriate continuing oversight for the purposes of section 552(9).

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

(7) Except for a contract issued by a school district pursuant to a vote by the school electors on a ballot question under section 553(2), subject to subsection (5), and except as otherwise provided in section 552, the decision of the authorizing body to issue, not issue, or reconstitute a contract under this part, or to terminate or revoke a contract under this section, is solely within the discretion of the authorizing body, is final, and is not subject to review by a court or any other state agency. If the authorizing body issues, does not issue, or reconstitutes a contract under this part, or terminates or revokes a contract under this section, the authorizing body is not liable for that action to the school of excellence, the school of excellence corporation, a pupil of the school of excellence, the parent or guardian of a pupil of the school of excellence, or any other person.

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

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

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

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

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

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

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

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

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

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

(g) Following the sale of the real or personal property or
interests in the real or personal property, and after payment of
any school of excellence debt secured by the property or interest
in property, whether real or personal, the school of excellence
board of directors, or a trustee appointed under this section,
shall forward any remaining money to the state treasurer. Following
receipt, the state treasurer, or his or her designee, shall deposit
this remaining money in the state school aid fund.

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