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BILL ANALYSIS



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Senate Bills 943 and 944 (Substitute S-1 as reported)
Sponsor: Senator Dayna Polehanki (S.B. 943)
Senator Rosemary Bayer (S.B. 944)
Committee: Education

CONTENT

Senate Bill 944 (S-1) would amend the Revised School Code to do the following:

- Require a management agreement entered by a strict discipline academy to include a requirement that the educational management organization provide to the strict discipline academy's board of directors at least annually the same information a traditional public school district is required to disclose.
- Require a management agreement entered or renewed after the bill's effective date to include provisions requiring an educational management organization to annually provide to a charter school's board of directors an audited financial statement concerning the previous fiscal year and a description of each fringe benefit included in an employee, officer, or board member's compensation package if that individual made over \$100,000 per year and was involved in the day-to-day operations and staffing of the charter school.
- Require this information to be made publicly available on a charter school's website.

Senate Bill 943 (S-1) would amend the State School Aid Act to require a school district or intermediate school district (ISD) that was a public school academy (PSA) to make available on its public website audited financial statements provided by an educational management organization, detailed accountings provided by the authorizing body of a charter school concerning expenditures, the annual oversight report required by Senate Bill 946 (S-1), the management agreement, and notices of noncompliance with applicable education standards, guidelines, or rules.

Senate Bill 943 is tie-barred to Senate Bills 944 and 946. Senate Bill 946 would amend the Revised School Code to require an authorizing body of a charter school to perform specific oversight of that charter school. Each bill would take effect 90 days after its enactment.

MCL 388.1618 (S.B. 943); 380.503c et al. (S.B. 944)

BRIEF RATIONALE

Public school academies, schools of excellence, urban high school academies, and strict discipline academies are referred to as charter schools because they are created by charter contracts approved by an authorizing body. While traditional public schools are run by superintendents, many charter schools are operated by private for-profit companies called educational management organizations; however, charter schools receive State appropriations. Private companies are not subject to Freedom of Information Act requests and other disclosure requirements, and some believe this creates a lack of transparency surrounding charter school finances that allows educational management organizations to unduly profit from public funds. Accordingly, some have suggested that charter schools be required to publicly disclose certain financial information.

FISCAL IMPACT

The bills would have a fiscal impact on the Michigan Department of Education (MDE) and a minor fiscal impact on charter schools. The bills would increase costs to the MDE to collect and report the information provided by charter school academies and education management organizations. The MDE's Fiscal Year 2024-25 budget includes \$150,000 to maintain a charter school transparency database.

Date Completed: 11-25-24

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