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Senate Bills 946 and 947 (as introduced 6-26-24)
Sponsor: Senator Darrin Camilleri (S.B. 946)
Senator Dayna Polehanki (S.B. 947)
Committee: Education

Date Completed: 11-11-24

CONTENT

Senate Bill 946 would amend the Revised School Code to require an authorizing body to perform specific oversight for each public school academy (PSA), urban high school academy, or school of excellence that it authorized.

Senate Bill 947 would amend the Revised School Code to do the following:

- **Require the board of directors of a PSA, urban high school academy, school of excellence, or strict discipline academy to ensure that the terms of a lease or purchase agreement for real property reflected market conditions, as determined by an appraisal.**
- **Prohibit the board of directors of a PSA, urban high school academy, school of excellence, or strict discipline academy from entering a lease or purchase agreement with the school's educational management organization or any person or entity affiliated with that educational management organization.**
- **Require a PSA, urban high school academy, school of excellence, or strict discipline academy's authorizing body to review the terms of a lease or purchase agreement and notify the Superintendent of Public Instruction or State Board of Education if these requirements were not being followed.**

Senate Bill 946

The Code allows an authorizing body to contract with an interested person or entity for the creation of a PSA, school of excellence, strict discipline academy, or urban high school academy. As these schools are created by *charter* contracts, they are referred to as charter schools. (For more information, see **BACKGROUND**).

Generally, the board of a school district, the board of an intermediate school district, the board of a community college, the board of a public university in the State, or two or more of these bodies working jointly under an agreement may serve as an authorizing body for a PSA, school of excellence, or strict discipline academy. An urban high school academy may only be authorized by the board of a State public university.

Currently, if an authorizing body issues a contract for a PSA, urban high school academy, or school of excellence, the authorizing body must fulfill certain requirements, such as ensuring that the contract complies with applicable requirements, establishing the board of directors of the charter school, and overseeing the charter school's operations, among other responsibilities. The bill would further require an authorizing body to do the following:

- Ensure that a representative of the authorizing body attended each meeting of the board of directors of a PSA, urban high school academy, or school of excellence it authorized.

- At least twice a year, prepare a report detailing the authorizing body's efforts to provide oversight of a PSA, urban high school academy, or school of excellence.
- At least twice a year, present the report at a meeting of the board of directors of a PSA, urban high school academy, or school of excellence each year.
- Ensure that bylaws adopted by the board of directors of a PSA, urban high school academy, or school of excellence included a requirement that any act of the board of directors be approved by a majority of the members serving on the board.
- Oversee all contracts entered by a PSA, urban high school academy, or school of excellence to ensure that all terms and conditions of the contract were fulfilled.

Senate Bill 947

Under the Code, a PSA, urban high school academy, school of excellence, or strict discipline academy may take action to carry out the purposes for which it was incorporated, such as by leasing or purchasing property.

The bill would provide that, if a PSA, urban high school academy, school of excellence, or strict discipline academy leased or purchased real property, the board of directors of the charter school would have to approve the terms of the lease or purchase agreement for real property and ensure that the terms of the lease or purchase agreement for real property reflected the market conditions that existed at the time of the lease or purchase transaction, as determined by an appraisal conducted by a licensed independent real estate appraiser.

Additionally, the bill would prohibit a PSA, urban high school academy, school of excellence, or strict discipline academy from leasing or purchasing real property from any of the following:

- An educational management organization with which the charter school had a management agreement.
- A real estate holding company that was affiliated with such an educational management organization.
- Any person affiliated with a real estate holding company that, in turn, was affiliated with such an educational management organization.

The board of directors of a PSA, urban high school academy, school of excellence, or strict discipline academy could not enter into a lease or purchase agreement for real property unless the agreement was reviewed by the charter school's authorizing body. The authorizing body would have to notify the Superintendent of Public Instruction and the State Board of Education if it had reason to suspect that the lease or purchase agreement did not comply with the provisions above.

MCL 380.507 et al. (S.B. 946)
380.504a et al. (S.B. 947)

Legislative Analyst: Abby Schneider

PREVIOUS LEGISLATION

(This section does not provide a comprehensive account of previous legislative efforts on this subject matter.)

Senate Bill 946 is similar to Senate Bill 680 of the 2017-2018 Legislative Session and Senate Bill 933 of the 2021-2022 Legislative Session. Senate Bill 947 is a reintroduction of Senate Bill 681 of the 2017-2018 Legislative Session and Senate Bill 934 of the 2021-2022 Legislative Session.

BACKGROUND

The Code requires the Superintendent of Public Instruction to approve a school of excellence if the proposed school is modelled on a high-performing school or program. An authorizing body may operate a school of excellence as a cyber school if the school's education management organization demonstrates experience in delivering a quality education program that improves pupil academic achievement, among other requirements. The Code allows for the creation of up to 15 cyber schools of excellence. Additionally, a PSA that demonstrates superior academic performance may be converted to a school of excellence. Strict discipline academies are established to serve suspended, expelled, or incarcerated young people.

FISCAL IMPACT

Senate Bill 946 would have no fiscal impact on the State and would have a negative fiscal impact on local governmental entities that are charter school authorizers. Authorizers would see increased costs to ensure that representatives could attend each meeting of the board of directors for each PSA it authorized. There would also be administrative costs to prepare and present the reports required under the bill. If the authorizer needed to hire additional staff to comply with the requirements, it would see increased costs. The amount of increased costs would be proportional to the number of PSAs authorized by a given charter school authorizer.

Senate Bill 947 would have no fiscal impact on the State and would have an indeterminate fiscal impact on affected PSAs. While the provisions of the bill would likely have some effect on the cost to lease or purchase real property for a given PSA, there is no way to determine whether the provisions would increase the costs, decrease the costs, or have no effect.

Fiscal Analyst: Ryan Bergan

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.