

SENATE BILL NO. 944

June 26, 2024, Introduced by Senators BAYER, GEISS, MCMORROW, CAVANAGH, CHANG, IRWIN, MOSS and SHINK and referred to the Committee on Education.

A bill to amend 1976 PA 451, entitled "The revised school code," by amending sections 503c, 504a, 523c, 525, 553c, 557, and 1311h (MCL 380.503c, 380.504a, 380.523c, 380.525, 380.553c, 380.557, and 380.1311h), sections 503c, 523c, and 553c as added by 2011 PA 277, section 504a as amended and section 525 as added by 2003 PA 179, section 557 as added by 2009 PA 205, and section 1311h as amended by 2012 PA 620.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 503c. (1) ~~Beginning with management agreements described~~
2 ~~in this section that are entered into or renewed after the~~
3 ~~effective date of this section, if~~ **If** the board of directors of a
4 public school academy enters into or renews a management agreement
5 with an educational management organization to carry out the
6 operations of the public school academy, both of the following
7 apply:

8 (a) The management agreement ~~shall require~~ **must include a**
9 **requirement that** the educational management organization ~~to~~ provide
10 to the board of directors at least annually all of the same
11 information that a school district is required to disclose under
12 section 18(2) of the state school aid act of 1979, MCL 388.1618,
13 for the most recent school fiscal year for which that information
14 is available.

15 (b) Within 30 days after receiving the information under
16 subdivision (a), the board of directors shall make all of the
17 information it receives under subdivision (a) available through a
18 link on the public school academy's website homepage, in a form and
19 manner prescribed by the department.

20 **(2) In addition to the requirements under subsection (1),**
21 **beginning with management agreements described in this section that**
22 **are entered into or renewed after the effective date of the**
23 **amendatory act that added this sentence, if the board of directors**
24 **of a public school academy enters into or renews a management**
25 **agreement with an educational management organization to carry out**
26 **the operations of the public school academy, all of the following**
27 **apply:**

28 (a) **The management agreement must include a requirement that**
29 **the educational management organization provide to the board of**

1 directors, at least annually, audited financial statements for the
2 educational management organization that disclose the specific
3 financial expenditures of the money received by the educational
4 management organization under the management agreement.

5 (b) The management agreement must include a requirement that
6 the educational management organization provide to the board of
7 directors, for each employee, officer, or board member of the
8 educational management organization whose compensation exceeds
9 \$100,000.00 per year, a list providing a description and cost of
10 each fringe benefit that is included in the individual's
11 compensation package.

12 (c) Within 30 days after receiving the information under
13 subdivisions (a) and (b), the board of directors shall make all of
14 the information it receives under subdivisions (a) and (b) and the
15 management agreement available through a link on the public school
16 academy's website homepage, in a form and manner prescribed by the
17 department.

18 (3) ~~(2)~~—As used in this section:

19 (a) "Educational management organization" means an entity that
20 enters into a management agreement with a public school academy.

21 (b) "Entity" means a partnership, nonprofit or business
22 corporation, or any other association, corporation, trust, or other
23 legal entity.

24 (c) "Management agreement" means an agreement to provide
25 comprehensive educational, administrative, management, or
26 instructional services or staff to a public school academy.

27 (d) "School fiscal year" means the period that begins July 1
28 and ends June 30.

29 Sec. 504a. In addition to other powers set forth in this part,

1 a public school academy may take action to carry out the purposes
2 for which it was incorporated under this part, including, but not
3 limited to, all of the following:

4 (a) To sue and be sued in its name.

5 (b) Subject to section 503b, to acquire, hold, and own in its
6 own name real and personal property, or interests in real or
7 personal property, for educational purposes by purchase, gift,
8 grant, devise, bequest, lease, sublease, installment purchase
9 agreement, land contract, option, or condemnation, and subject to
10 mortgages, security interests, or other liens; and to sell or
11 convey the property as the interests of the public school academy
12 require.

13 (c) To receive, disburse, and pledge funds for lawful
14 purposes.

15 (d) To enter into binding legal agreements with persons or
16 entities as necessary for the operation, management, financing, and
17 maintenance of the public school academy, **if the agreement is in**
18 **compliance with sections 7 and 18 of the state school aid act of**
19 **1979, MCL 388.1607 and 388.1618.**

20 (e) To incur temporary debt in accordance with section 1225.

21 (f) To solicit and accept any grants or gifts for educational
22 purposes and to establish or permit to be established on its behalf
23 1 or more nonprofit corporations the purpose of which is to assist
24 the public school academy in the furtherance of its public
25 purposes.

26 (g) To borrow money and issue bonds in accordance with section
27 1351a and in accordance with part VI of the revised municipal
28 finance act, 2001 PA 34, MCL 141.2601 to 141.2613, except that the
29 borrowing of money and issuance of bonds by a public school academy

1 is not subject to section 1351a(4) or section 1351(2) to (4). Bonds
2 issued under this section ~~shall~~**must** be full faith and credit
3 obligations of the public school academy, pledging the general
4 funds or any other money available for such a purpose. Bonds issued
5 under this section are subject to the revised municipal finance
6 act, 2001 PA 34, MCL 141.2101 to 141.2821.

7 Sec. 523c. (1) ~~Beginning with management agreements described~~
8 ~~in this section that are entered into or renewed after the~~
9 ~~effective date of this section, if~~**If** the board of directors of an
10 urban high school academy enters into or renews a management
11 agreement with an educational management organization to carry out
12 the operations of the urban high school academy, both of the
13 following apply:

14 (a) The management agreement ~~shall require~~**must include a**
15 **requirement that** the educational management organization ~~to~~ provide
16 to the board of directors at least annually all of the same
17 information that a school district is required to disclose under
18 section 18(2) of the state school aid act of 1979, MCL 388.1618,
19 for the most recent school fiscal year for which that information
20 is available.

21 (b) Within 30 days after receiving the information under
22 subdivision (a), the board of directors shall make all of the
23 information it receives under subdivision (a) available through a
24 link on the urban high school academy's website homepage, in a form
25 and manner prescribed by the department.

26 **(2) In addition to the requirements under subsection (1),**
27 **beginning with management agreements described in this section that**
28 **are entered into or renewed after the effective date of the**
29 **amendatory act that added this sentence, if the board of directors**

1 of an urban high school academy enters into or renews a management
2 agreement with an educational management organization to carry out
3 the operations of the urban high school academy, all of the
4 following apply:

5 (a) The management agreement must include a requirement that
6 the educational management organization provide to the board of
7 directors, at least annually, audited financial statements for the
8 educational management organization that disclose the specific
9 financial expenditures of the money received by the educational
10 management organization under the management agreement.

11 (b) The management agreement must include a requirement that
12 the educational management organization provide to the board of
13 directors, for each employee, officer, or board member of the
14 educational management organization whose compensation exceeds
15 \$100,000.00 per year, a list providing a description and cost of
16 each fringe benefit that is included in the individual's
17 compensation package.

18 (c) Within 30 days after receiving the information under
19 subdivisions (a) and (b), the board of directors shall make all of
20 the information it receives under subdivisions (a) and (b) and the
21 management agreement available through a link on the urban high
22 school academy's website homepage, in a form and manner prescribed
23 by the department.

24 (3) ~~(2)~~—As used in this section:

25 (a) "Educational management organization" means an entity that
26 enters into a management agreement with an urban high school
27 academy.

28 (b) "Entity" means a partnership, nonprofit or business
29 corporation, or any other association, corporation, trust, or other

1 legal entity.

2 (c) "Management agreement" means an agreement to provide
3 comprehensive educational, administrative, management, or
4 instructional services or staff to an urban high school academy.

5 (d) "School fiscal year" means the period that begins July 1
6 and ends June 30.

7 Sec. 525. In addition to other powers set forth in this part,
8 an urban high school academy may take action to carry out the
9 purposes for which it was incorporated under this part, including,
10 but not limited to, all of the following:

11 (a) To sue and be sued in its name.

12 (b) Subject to section 523a, to acquire, hold, and own in its
13 own name real and personal property, or interests in real or
14 personal property, for educational purposes by purchase, gift,
15 grant, devise, bequest, lease, sublease, installment purchase
16 agreement, land contract, option, or condemnation, and subject to
17 mortgages, security interests, or other liens; and to sell or
18 convey the property as the interests of the urban high school
19 academy require.

20 (c) To receive, disburse, and pledge funds for lawful
21 purposes.

22 (d) To enter into binding legal agreements with persons or
23 entities as necessary for the operation, management, financing, and
24 maintenance of the urban high school academy, **if the agreement is**
25 **in compliance with sections 7 and 18 of the state school aid act of**
26 **1979, MCL 388.1607 and 388.1618.**

27 (e) To incur temporary debt in accordance with section 1225.

28 (f) To solicit and accept any grants or gifts for educational
29 purposes and to establish or permit to be established on its behalf

1 1 or more nonprofit corporations the purpose of which is to assist
2 the urban high school academy in the furtherance of its public
3 purposes.

4 (g) To borrow money and issue bonds in accordance with section
5 1351a and in accordance with part VI of the revised municipal
6 finance act, 2001 PA 34, MCL 141.2601 to 141.2613, except that the
7 borrowing of money and issuance of bonds by an urban high school
8 academy are not subject to section 1351a(4) or section 1351(2) to
9 (4). Bonds issued under this section ~~shall~~**must** be full faith and
10 credit obligations of the urban high school academy, pledging the
11 general funds or any other money available for such a purpose.
12 Bonds issued under this section are subject to the revised
13 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

14 Sec. 553c. (1) ~~Beginning with management agreements described~~
15 ~~in this section that are entered into or renewed after the~~
16 ~~effective date of this section, if~~**If** the board of directors of a
17 school of excellence enters into or renews a management agreement
18 with an educational management organization to carry out the
19 operations of the school of excellence, both of the following
20 apply:

21 (a) The management agreement ~~shall require~~**must include a**
22 **requirement that** the educational management organization ~~to~~ provide
23 to the board of directors at least annually all the same
24 information that a school district is required to disclose under
25 section 18(2) of the state school aid act of 1979, MCL 388.1618,
26 for the most recent school fiscal year for which that information
27 is available.

28 (b) Within 30 days after receiving the information under
29 subdivision (a), the board of directors shall make all of the

1 information it receives under subdivision (a) available through a
2 link on the school of excellence's website homepage, in a form and
3 manner prescribed by the department.

4 (2) In addition to the requirements under subsection (1),
5 beginning with management agreements described in this section that
6 are entered into or renewed after the effective date of the
7 amendatory act that added this sentence, if the board of directors
8 of a school of excellence enters into or renews a management
9 agreement with an educational management organization to carry out
10 the operations of the school of excellence, all of the following
11 apply:

12 (a) The management agreement must include a requirement that
13 the educational management organization provide to the board of
14 directors, at least annually, audited financial statements for the
15 educational management organization that disclose the specific
16 financial expenditures of the money received by the educational
17 management organization under the management agreement.

18 (b) The management agreement must include a requirement that
19 the educational management organization provide to the board of
20 directors, for each employee, officer, or board member of the
21 educational management organization whose compensation exceeds
22 \$100,000.00 per year, a list providing a description and cost of
23 each fringe benefit that is included in the individual's
24 compensation package.

25 (c) Within 30 days after receiving the information under
26 subdivisions (a) and (b), the board of directors shall make all of
27 the information it receives under subdivisions (a) and (b) and the
28 management agreement available through a link on the school of
29 excellence's website homepage, in a form and manner prescribed by

1 **the department.**

2 (3) ~~(2)~~—As used in this section:

3 (a) "Educational management organization" means an entity that
4 enters into a management agreement with a school of excellence.

5 (b) "Entity" means a partnership, nonprofit or business
6 corporation, or any other association, corporation, trust, or other
7 legal entity.

8 (c) "Management agreement" means an agreement to provide
9 comprehensive educational, administrative, management, or
10 instructional services or staff to a school of excellence.

11 (d) "School fiscal year" means the period that begins July 1
12 and ends June 30.

13 Sec. 557. In addition to other powers set forth in this part,
14 a school of excellence may take action to carry out the purposes
15 for which it was incorporated under this part, including, but not
16 limited to, all of the following:

17 (a) To sue and be sued in its name.

18 (b) Subject to section 555, to acquire, hold, and own in its
19 own name real and personal property, or interests in real or
20 personal property, for educational purposes by purchase, gift,
21 grant, devise, bequest, lease, sublease, installment purchase
22 agreement, land contract, option, or condemnation, and subject to
23 mortgages, security interests, or other liens; and to sell or
24 convey the property as the interests of the school of excellence
25 require.

26 (c) To receive, disburse, and pledge funds for lawful
27 purposes.

28 (d) To enter into binding legal agreements with persons or
29 entities as necessary for the operation, management, financing, and

1 maintenance of the school of excellence, **if the agreement is in**
 2 **compliance with sections 7 and 18 of the state school aid act of**
 3 **1979, MCL 388.1607 and 388.1618.**

4 (e) To incur temporary debt in accordance with section 1225.

5 (f) To solicit and accept any grants or gifts for educational
 6 purposes and to establish or permit to be established on its behalf
 7 1 or more nonprofit corporations the purpose of which is to assist
 8 the school of excellence in the furtherance of its public purposes.

9 (g) To borrow money and issue bonds in accordance with section
 10 1351a and in accordance with part VI of the revised municipal
 11 finance act, 2001 PA 34, MCL 141.2601 to 141.2613, except that the
 12 borrowing of money and issuance of bonds by a school of excellence
 13 is not subject to section 1351a(4) or section 1351(2) to (4). Bonds
 14 issued under this section ~~shall~~**must** be full faith and credit
 15 obligations of the school of excellence, pledging the general funds
 16 or any other money available for such a purpose. Bonds issued under
 17 this section are subject to the revised municipal finance act, 2001
 18 PA 34, MCL 141.2101 to 141.2821.

19 Sec. 1311h. **(1)** In addition to other powers set forth in
 20 sections 1311b to ~~1311l, 1311m~~, a strict discipline academy may take
 21 action to carry out the purposes for which it was incorporated
 22 under sections 1311b to ~~1311l, 1311m~~, including, but not limited to,
 23 all of the following:

24 (a) To sue and be sued in its name.

25 (b) To acquire, hold, and own in its own name real and
 26 personal property, or interests in real or personal property, for
 27 educational purposes by purchase, gift, grant, devise, bequest,
 28 lease, sublease, installment purchase agreement, land contract,
 29 option, or condemnation, and subject to mortgages, security

1 interests, or other liens; and to sell or convey the property as
2 the interests of the strict discipline academy require.

3 (c) To receive and disburse funds for lawful purposes.

4 (d) ~~To~~ **Subject to subsections (2) and (3),** to enter into
5 binding legal agreements with persons or entities as necessary for
6 the operation, management, financing, and maintenance of the strict
7 discipline academy, **if the agreement is in compliance with sections**
8 **7 and 18 of the state school aid act of 1979, MCL 388.1607 and**
9 **388.1618.**

10 (e) To incur temporary debt in accordance with section 1225.

11 (f) To solicit and accept any grants or gifts for educational
12 purposes and to establish or permit to be established on its behalf
13 1 or more nonprofit corporations the purpose of which is to assist
14 the strict discipline academy in the furtherance of its public
15 purposes.

16 (g) To borrow money and issue bonds in accordance with section
17 1351a and in accordance with part VI of the revised municipal
18 finance act, 2001 PA 34, MCL 141.2601 to 141.2613, except that the
19 borrowing of money and issuance of bonds by a strict discipline
20 academy is not subject to section 1351a(4) or section 1351(2) to
21 (4). Bonds issued under this section ~~shall~~ **must** be full faith and
22 credit obligations of the strict discipline academy, pledging the
23 general funds or any other money available for such a purpose.
24 Bonds issued under this section are subject to the revised
25 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

26 **(2) Beginning with management agreements that are entered into**
27 **or renewed after the effective date of the amendatory act that**
28 **added this sentence, if the board of directors of a strict**
29 **discipline academy enters into or renews a management agreement**

1 with an educational management organization to carry out the
2 operations of the strict discipline academy, both of the following
3 apply:

4 (a) The management agreement must include a requirement that
5 the educational management organization provide to the board of
6 directors at least annually all the same information that a school
7 district is required to disclose under section 18(2) of the state
8 school aid act of 1979, MCL 388.1618, for the most recent school
9 fiscal year for which that information is available.

10 (b) Within 30 days after receiving the information under
11 subdivision (a), the board of directors shall make all of the
12 information it receives under subdivision (a) available through a
13 link on the strict discipline academy's website homepage, in a form
14 and manner prescribed by the department.

15 (3) Beginning with management agreements that are entered into
16 or renewed after the effective date of the amendatory act that
17 added this sentence, if the board of directors of a strict
18 discipline academy enters into or renews a management agreement
19 with an educational management organization to carry out the
20 operations of the strict discipline academy, all of the following
21 apply:

22 (a) The management agreement must include a requirement that
23 the educational management organization provide to the board of
24 directors, at least annually, audited financial statements for the
25 educational management organization that disclose the specific
26 financial expenditures of the money received by the educational
27 management organization under the management agreement.

28 (b) The management agreement must include a requirement that
29 the educational management organization provide to the board of

1 directors, for each employee, officer, or board member of the
2 educational management organization whose compensation exceeds
3 \$100,000.00 per year, a list providing a description and cost of
4 each fringe benefit that is included in the individual's
5 compensation package.

6 (c) Within 30 days after receiving the information under
7 subdivisions (a) and (b), the board of directors shall make all of
8 the information it receives under subdivisions (a) and (b) and the
9 management agreement available through a link on the strict
10 discipline academy's website homepage, in a form and manner
11 prescribed by the department.

12 (4) As used in this section:

13 (a) "Educational management organization" means an entity that
14 enters into a management agreement with a strict discipline
15 academy.

16 (b) "Entity" means a partnership, nonprofit or business
17 corporation, or any other association, corporation, trust, or other
18 legal entity.

19 (c) "Management agreement" means an agreement to provide
20 comprehensive educational, administrative, management, or
21 instructional services or staff to a strict discipline academy.

22 (d) "School fiscal year" means the period that begins July 1
23 and ends June 30.

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