

**SUBSTITUTE FOR
HOUSE BILL NO. 4166**

A bill to amend 1976 PA 451, entitled
"The revised school code,"
by amending sections 392, 502, 503, 507, 522, 528, 552, and 561
(MCL 380.392, 380.502, 380.503, 380.507, 380.522, 380.528, 380.552,
and 380.561), as amended by 2018 PA 601; and to repeal acts and
parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 392. The board of a community district shall not open a
2 new school if both of the following circumstances exist:

3 (a) The proposed school would operate at the same location as
4 a public school that currently is on the list under ~~section~~
5 ~~1280e(1) or 1280g(3), as applicable,~~ **federal accountability**
6 **requirements as provided under the every student succeeds act,**

1 **Public Law 114-95**, of the public schools in this state ~~that~~
2 determined to be among the lowest achieving **5% of** public schools in
3 this state or has been on the list under ~~section 1280e(1) or~~
4 ~~1280g(3), as applicable,~~ **federal accountability requirements as**
5 **provided under the every student succeeds act, Public Law 114-95,**
6 during the immediately preceding 3-year period **of the public**
7 **schools in this state determined to be among the lowest achieving**
8 **5% of public schools in this state.**

9 (b) The proposed school would have substantially the same
10 leadership and substantially the same curriculum offerings as the
11 school that previously operated at that location.

12 Sec. 502. (1) A public school academy ~~shall~~**must** be organized
13 and administered under the direction of a board of directors in
14 accordance with this part and with bylaws adopted by the board of
15 directors. A public school academy corporation ~~shall~~**must** be
16 organized under the nonprofit corporation act, 1982 PA 162, MCL
17 450.2101 to 450.3192, except that a public school academy
18 corporation is not required to comply with sections 170 to 177 of
19 1931 PA 327, MCL 450.170 to 450.177. To the extent disqualified
20 under the state or federal constitution, a public school academy
21 ~~shall~~**must** not be organized by a church or other religious
22 organization and ~~shall~~**must** not have any organizational or
23 contractual affiliation with or constitute a church or other
24 religious organization.

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

28 (a) The board of a school district. However, the board of a
29 school district shall not issue a contract for a public school

1 academy to operate outside the school district's boundaries, and a
2 public school academy authorized by the board of a school district
3 shall not operate outside that school district's boundaries.

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

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

1 least 10 years.

2 (d) The governing board of a state public university. ~~However,~~
3 ~~the combined total number of contracts for public school academies~~
4 ~~issued by all state public universities shall not exceed 300~~
5 ~~through December 31, 2012 and shall not exceed 500 through December~~
6 ~~31, 2014. After December 31, 2014, there~~ **There** is no limit on the
7 combined total number of contracts for public school academies that
8 may be issued by all state public universities.

9 (e) Two or more of the public agencies described in
10 subdivisions (a) to (d) exercising power, privilege, or authority
11 jointly pursuant to an interlocal agreement under the urban
12 cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to
13 124.512.

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

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

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

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

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

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

28 This language ~~shall~~ **must** provide that the public school academy is
29 incorporated ~~pursuant to~~ **under** this part and that the public school

1 academy corporation is a governmental entity.

2 (iii) The name of the authorizing body.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

28 (a) An authorizing body shall not issue a contract to organize
29 and operate a new public school academy to be located in a

1 community district unless, before issuing the contract, the
2 governing board of the authorizing body has certified to the
3 department that the authorizing body has been accredited as an
4 authorizing body by a nationally recognized accreditation body. For
5 an authorizing body described in subsection (2)(e), the authorizing
6 body shall not issue a contract to organize and operate a new
7 public school academy to be located in a community district unless,
8 before issuing the contract, the governing board of each of the
9 public agencies that is party to the interlocal agreement has
10 certified to the department that the public agency has been
11 accredited as an authorizing body by a nationally recognized
12 accreditation body.

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

16 (i) Either of the following:

17 (A) The proposed public school academy would operate at the
18 same location as a public school that currently is on the list
19 under ~~section 1280c(1) or 1280g(3), as applicable,~~ **federal**
20 **accountability requirements as provided under the every student**
21 **succeeds act, Public Law 114-95,** of the public schools in this
22 state determined to be among the lowest achieving **5% of** public
23 schools in this state or has been on the list under ~~section~~
24 ~~1280c(1) or 1280g(3), as applicable,~~ **federal accountability**
25 **requirements as provided under the every student succeeds act,**
26 **Public Law 114-95, of the public schools in this state determined**
27 **to be among the lowest achieving 5% of public schools in this state**
28 during the immediately preceding 3-year period.

29 (B) The proposed public school academy would operate at the

1 same location as a public school academy, urban high school
2 academy, school of excellence, or strict discipline academy that
3 has had its contract revoked or terminated by an authorizing body
4 under the applicable part or section.

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

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

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

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

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

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

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

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

27 (g) The number of schools in the proximity of a proposed
28 location of the proposed public school academy that are on the list
29 under ~~section 1280c(1) or 1280g(3), as applicable,~~**federal**

1 **accountability requirements as provided under the every student**
2 **succeeds act, Public Law 114-95**, of the public schools in this
3 state determined to be among the lowest achieving **5% of** public
4 schools in this state.

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

8 (2) An authorizing body may give priority to a proposed public
9 school academy that is intended to replace a public school academy
10 that has been closed pursuant to section 507(5), that will operate
11 all of the same grade levels as the public school academy that has
12 been closed, and that will work toward operating all of grades 9 to
13 12 within 6 years after it begins operations unless a matriculation
14 agreement has been entered into with another public school that
15 provides grades 9 to 12.

16 (3) If a person or entity applies to the board of a school
17 district for a contract to organize and operate 1 or more public
18 school academies within the boundaries of the school district and
19 the board does not issue the contract, the person or entity may
20 petition the board to place the question of issuing the contract on
21 the ballot to be decided by the school electors of the school
22 district. The petition ~~shall~~**must** contain all of the information
23 required to be in the contract application under section 502 and
24 ~~shall~~**must** be signed by a number of school electors of the school
25 district equal to at least 5% of the total number of school
26 electors of that school district. The petition ~~shall~~**must** be filed
27 with the school district filing official. If the board receives a
28 petition meeting the requirements of this subsection, the board
29 shall have the question of issuing the contract placed on the

1 ballot at its next regular school election held at least 60 days
2 after receiving the petition. If a majority of the school electors
3 of the school district voting on the question vote to issue the
4 contract, the board shall issue the contract.

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

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

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

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

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

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

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

1 contract.

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

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

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

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

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

27 (j) A requirement that the board of directors of the public
28 school academy shall ensure compliance with the requirements of
29 1968 PA 317, MCL 15.321 to 15.330.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 (n) A requirement that the authorizing body must review and
25 may disapprove any agreement between the board of directors of the
26 public school academy and an educational management organization
27 before the agreement is final and valid. An authorizing body may
28 disapprove an agreement described in this subdivision only if the
29 agreement is contrary to the contract or applicable law.

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

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

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

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

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

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

18 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to
19 15.246.

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

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

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

26 (8) A public school academy and its incorporators, board
27 members, officers, employees, and volunteers have governmental
28 immunity as provided in section 7 of 1964 PA 170, MCL 691.1407. An
29 authorizing body and its board members, officers, and employees are

1 immune from civil liability, both personally and professionally,
2 for an act or omission in authorizing a public school academy if
3 the authorizing body or the person acted or reasonably believed he
4 or she acted within the authorizing body's or the person's scope of
5 authority.

6 (9) A public school academy is exempt from all taxation on its
7 earnings and property. Instruments of conveyance to or from a
8 public school academy are exempt from all taxation including taxes
9 imposed by 1966 PA 134, MCL 207.501 to 207.513. Unless the property
10 is already fully exempt from real and personal property taxes under
11 the general property tax act, 1893 PA 206, MCL 211.1 to 211.155,
12 property occupied by a public school academy and used exclusively
13 for educational purposes is exempt from real and personal property
14 taxes levied for school operating purposes under section 1211, to
15 the extent exempted under that section, and from real and personal
16 property taxes levied under the state education tax act, 1993 PA
17 331, MCL 211.901 to 211.906. A public school academy may not levy
18 ad valorem property taxes or another tax for any purpose. However,
19 operation of 1 or more public school academies by a school district
20 or intermediate school district does not affect the ability of the
21 school district or intermediate school district to levy ad valorem
22 property taxes or another tax.

23 (10) A public school academy may acquire by purchase, gift,
24 devise, lease, sublease, installment purchase agreement, land
25 contract, option, or by any other means, hold and own in its own
26 name buildings and other property for school purposes, and
27 interests therein, and other real and personal property, including,
28 but not limited to, interests in property subject to mortgages,
29 security interests, or other liens, necessary or convenient to

1 fulfill its purposes. For the purposes of condemnation, a public
2 school academy may proceed under the uniform condemnation
3 procedures act, 1980 PA 87, MCL 213.51 to 213.75, excluding
4 sections 6 to 9 of that act, MCL 213.56 to 213.59, or other
5 applicable statutes, but only with the express, written permission
6 of the authorizing body in each instance of condemnation and only
7 after just compensation has been determined and paid.

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

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

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

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

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

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

29 (e) Develop and implement a process for holding a public

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

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

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

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

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

18 (3) The authorizing body for a public school academy is the
19 fiscal agent for the public school academy. A state school aid
20 payment for a public school academy ~~shall~~**must** be paid to the
21 authorizing body that is the fiscal agent for that public school
22 academy, and the authorizing body shall then forward the payment to
23 the public school academy. Within 30 days after a contract is
24 submitted to the department by an authorizing body under subsection
25 (1), the department shall issue a district code to the public
26 school academy for which the contract was issued. If the department
27 does not issue a district code within 30 days after a contract is
28 filed, the state treasurer shall assign a temporary district code
29 in order for the public school academy to receive funding under the

1 state school aid act of 1979.

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

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

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

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

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

15 (5) Except for a public school academy that is an alternative
16 school serving a special student population, if the department
17 determines that a public school academy site that has been
18 operating for at least 4 years is among the lowest achieving **5% of**
19 public schools in this state for the immediately preceding 3 school
20 years, as determined under ~~section 1280c or 1280g, as applicable,~~
21 **federal accountability requirements as provided under the every**
22 **student succeeds act, Public Law 114-95**, not to include any
23 individualized education plan subgroup, the department shall notify
24 the public school academy's authorizing body. Subject to subsection
25 (6), if an authorizing body receives notice from the department
26 under this subsection, the authorizing body shall notify the public
27 school academy and amend the public school academy's contract to
28 eliminate the public school academy's authority to operate the
29 existing age and grade levels at the site and the public school

1 academy shall cease operating the existing age and grade levels at
2 the site, effective at the end of the current school year. Subject
3 to subsection (6), if the public school academy operates at only 1
4 site, and the authorizing body receives notice from the department
5 under this subsection, the authorizing body shall notify the public
6 school academy and revoke the public school academy's contract,
7 effective at the end of the current school year.

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

25 (7) Except as otherwise provided in section 502 or 503, the
26 decision of an authorizing body to issue, not issue, or
27 reconstitute a contract under this part, or to terminate or revoke
28 a contract under this section, is solely within the discretion of
29 the authorizing body, is final, and is not subject to review by a

1 court or any state agency. An authorizing body that issues, does
2 not issue, or reconstitutes a contract under this part, or that
3 terminates or revokes a contract under this section, is not liable
4 for that action to the public school academy, the public school
5 academy corporation, a pupil of the public school academy, the
6 parent or guardian of a pupil of the public school academy, or any
7 other person.

8 (8) Except as otherwise provided in this section, before an
9 authorizing body revokes a contract, the authorizing body may
10 consider and take corrective measures to avoid revocation. An
11 authorizing body may reconstitute the public school academy in a
12 final attempt to improve student educational performance or to
13 avoid interruption of the educational process. An authorizing body
14 shall include a reconstituting provision in the contract that
15 identifies these corrective measures, including, but not limited
16 to, canceling a contract with an educational management
17 organization, if any, withdrawing approval of a contract under
18 section 506, or appointing a new board of directors or a trustee to
19 take over operation of the public school academy.

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

1 a methodology established by the department and the center for
2 educational performance and information **created under section 94a**
3 **of the state school aid act of 1979, MCL 388.1694a.**

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

9 Sec. 522. (1) An urban high school academy ~~shall~~**must** be
10 organized and administered under the direction of a board of
11 directors in accordance with this part and with bylaws adopted by
12 the board of directors. An urban high school academy corporation
13 ~~shall~~**must** be organized under the nonprofit corporation act, 1982
14 PA 162, MCL 450.2101 to 450.3192, except that an urban high school
15 academy corporation is not required to comply with sections 170 to
16 177 of 1931 PA 327, MCL 450.170 to 450.177. To the extent
17 disqualified under the state or federal constitution, an urban high
18 school academy ~~shall~~**must** not be organized by a church or other
19 religious organization and ~~shall~~**must** not have any organizational
20 or contractual affiliation with or constitute a church or other
21 religious organization.

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

26 (3) A contract issued under this part ~~shall~~**must** be issued for
27 an initial term of 10 years. If the urban high school academy meets
28 the educational goals set forth in the contract and operates in
29 substantial compliance with this part, the authorizing body shall

1 automatically renew the contract for a subsequent 10-year term.

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

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

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

14 (c) The proposed articles of incorporation ~~, which shall~~**that**
15 **must** include at least all of the following:

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

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

23 (iii) The name of the authorizing body.

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

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

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

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

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

4 (ii) A copy of the educational goals of the urban high school
5 academy and the curricula to be offered and methods of pupil
6 assessment to be used by the urban high school academy. The
7 educational goals ~~shall~~**must** include demonstrated improved pupil
8 academic achievement for all groups of pupils. To the extent
9 applicable, the progress of the pupils in the urban high school
10 academy ~~shall~~**must** be assessed using both the mathematics and
11 reading portions of the Michigan student test of educational
12 progress (M-STEP) or the Michigan merit examination under section
13 1279g, as applicable.

14 (iii) The admission policy and criteria to be maintained by the
15 urban high school academy. The admission policy and criteria ~~shall~~
16 **must** comply with section 524. This part of the application also
17 ~~shall~~**must** include a description of how the applicant will provide
18 to the general public adequate notice that an urban high school
19 academy is being created and adequate information on the admission
20 policy, criteria, and process.

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

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

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

25 (g) A description of and address for the proposed building or
26 buildings in which the urban high school academy will be located,
27 and a financial commitment by the entity applying for the contract
28 to construct or renovate the building or buildings that will be
29 occupied by the urban high school academy that is issued the

1 contract.

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

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

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

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

25 (i) Considering applications and issuing or administering
26 contracts.

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

29 (iii) Training for urban high school academy applicants,

1 administrators, and boards of directors.

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

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

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

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

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

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

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

18 (9) Both of the following apply to the issuance of a contract
19 for an urban high school academy to be located within a community
20 district:

21 (a) An authorizing body shall not issue a contract to organize
22 and operate a new urban high school academy to be located in a
23 community district unless, before issuing the contract, the
24 governing board of the authorizing body has certified to the
25 department that the authorizing body has been accredited as an
26 authorizing body by a nationally recognized accreditation body.

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

1 (i) Either of the following:

2 (A) The proposed urban high school academy would operate at
 3 the same location as a public school that currently is on the list
 4 under ~~section 1280c(1) or 1280g(3), as applicable,~~ **federal**
 5 **accountability requirements as provided under the every student**
 6 **succeeds act, Public Law 114-95**, of the public schools in this
 7 state determined to be among the lowest achieving **5% of** public
 8 schools in this state or has been on that list during the
 9 immediately preceding 3-year period.

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

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

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

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

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

26 (c) Adopt a resolution establishing the method of selection,
 27 length of term, and number of members of the board of directors of
 28 each urban high school academy that it authorizes. The resolution
 29 ~~shall~~ **must** be written or amended as necessary to include a

1 requirement that each member of the board of directors must be a
2 citizen of the United States.

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

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

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

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

23 (h) Ensure that the board of directors of the urban high
24 school academy maintains and releases information as necessary to
25 comply with applicable law.

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

29 (3) The authorizing body for an urban high school academy is

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

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

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

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

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

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

26 (5) Except for an urban high school academy that is an
27 alternative school serving a special student population, if the
28 department determines that an urban high school academy site that
29 has been operating for at least 4 years is among the lowest

1 achieving **5% of** public schools in this state for the immediately
2 preceding 3 school years, as determined under ~~section 1280e or~~
3 ~~1280g, as applicable,~~ **federal accountability requirements as**
4 **provided under the every student succeeds act, Public Law 114-95,**
5 not to include any individualized education plan subgroup, the
6 department shall notify the urban high school academy's authorizing
7 body. Subject to subsection (6), if an authorizing body receives
8 notice from the department under this subsection, the authorizing
9 body shall notify the urban high school academy and amend the urban
10 high school academy's contract to eliminate the urban high school
11 academy's authority to operate the existing age and grade levels at
12 the site and the urban high school academy shall cease operating
13 the existing age and grade levels at the site, effective at the end
14 of the current school year. Subject to subsection (6), if the urban
15 high school academy operates at only 1 site, and the authorizing
16 body receives notice from the department under this subsection, the
17 authorizing body shall notify the urban high school academy and
18 revoke the urban high school academy's contract, effective at the
19 end of the current school year.

20 (6) For an urban high school academy or site that is subject
21 to a notice to its authorizing body under subsection (5), the
22 department shall consider other public school options available to
23 pupils in the grade levels offered by the urban high school academy
24 or site who reside in the geographic area served by the urban high
25 school academy or site. If the department determines that closure
26 of the urban high school academy or site would result in an
27 unreasonable hardship to these pupils because there are
28 insufficient other public school options reasonably available for
29 these pupils, the department may rescind the notice. If the

1 department rescinds a notice subjecting an urban high school
2 academy or site to closure, the department shall do so before the
3 end of the school year. If the department rescinds a notice
4 subjecting an urban high school academy or site to closure, the
5 department shall require the urban high school academy or site to
6 implement a school improvement plan that includes measures to
7 increase pupil growth and improve pupil proficiency, with growth
8 and proficiency measured by performance on state assessments.

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

21 (8) Except as otherwise provided in this section, before an
22 authorizing body revokes a contract, the authorizing body may
23 consider and take corrective measures to avoid revocation. An
24 authorizing body may reconstitute the urban high school academy in
25 a final attempt to improve student educational performance or to
26 avoid interruption of the educational process. An authorizing body
27 shall include a reconstituting provision in the contract that
28 identifies these corrective measures, including, but not limited
29 to, removing 1 or more members of the board of directors,

1 withdrawing approval to contract under section 527, or appointing a
2 new board of directors or a trustee to take over operation of the
3 urban high school academy.

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

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

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

27 (a) Within 30 days following the termination or revocation,
28 the board of directors of an urban high school academy shall hold a
29 public meeting to adopt a plan of distribution of assets and to

1 approve the dissolution of the urban high school academy
2 corporation, all in accordance with chapter 8 of the nonprofit
3 corporation act, 1982 PA 162, MCL 450.2801 to 450.2864.

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

7 (c) Simultaneously with the filing of the certificate of
8 dissolution under subdivision (b), the urban high school academy
9 board of directors shall provide a copy of the board of directors'
10 plan of distribution of assets to the state treasurer for approval.
11 Within 30 days, the state treasurer, or ~~his or her~~ **the state**
12 **treasurer's** designee, shall review and approve the board of
13 directors' plan of distribution of assets. If the proposed plan of
14 distribution of assets is not approved within 30 days, the state
15 treasurer, or ~~his or her~~ **the state treasurer's** designee, shall
16 provide the board of directors with an acceptable plan of
17 distribution of assets.

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

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

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

9 (g) Following the sale of the real or personal property or
10 interests in the real or personal property, and after payment of
11 any urban high school academy debt secured by the property or
12 interest in property, whether real or personal, the urban high
13 school academy board of directors, or a trustee appointed under
14 this section, shall forward any remaining money to the state
15 treasurer. Following receipt, the state treasurer, or ~~his or her~~
16 **the state treasurer's** designee, shall deposit this remaining money
17 in the state school aid fund.

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

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

27 (b) The first 5 contracts issued by all authorizing bodies
28 under this subsection ~~shall~~ **must** be for schools of excellence that
29 offer 1 or more of high school grades 9 to 12, or any combination

1 of those grades, as specified in the contract.

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

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

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

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

23 (c) The entity applying for the school of excellence that is a
24 cyber school demonstrates experience in delivering a quality
25 education program that improves pupil academic achievement. In
26 determining whether this requirement is met, an authorizing body
27 shall refer to the standards for quality online learning
28 established by the national association of charter school
29 authorizers or other similar nationally recognized standards for

1 quality online learning.

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

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

15 (3) For a public school academy operating under part 6a that
16 meets the requirements of subsection (4), with the approval of its
17 authorizing body, the board of directors of the public school
18 academy may adopt a resolution choosing to convert the public
19 school academy to a school of excellence under this part. If the
20 board of directors of a public school academy that meets the
21 requirements of subsection (4) is issued a contract as a school of
22 excellence under this subsection, all the following apply:

23 (a) The public school academy shall cease to operate as a
24 public school academy under part 6a and shall operate as a school
25 of excellence upon the issuance of a contract or at another time as
26 determined by the authorizing body.

27 (b) The public school academy ~~shall be~~ **is** considered to be a
28 school of excellence for all purposes upon the issuance of a
29 contract or at another time as determined by the authorizing body,

1 but ~~shall retain~~**retains** its corporate identity.

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

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

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

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

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

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

29 (b) If the public school academy operates grades 9 to 12, at

1 least 80% of the school's pupils graduate from high school or are
2 determined by the department to be on track to graduate from high
3 school, the school has at least 80% average attendance, and the
4 school has at least an 80% postsecondary enrollment rate.

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

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

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

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

12 (c) The board of a community college. Except as otherwise
13 provided in this subdivision, the board of a community college
14 shall not issue a contract for a school of excellence to operate
15 outside the boundaries of the community college district, and a
16 school of excellence authorized by the board of a community college
17 shall not operate outside the boundaries of the community college
18 district. If the board of a community college issues a contract for
19 a school of excellence that is a cyber school, the contract may
20 authorize the school of excellence that is a cyber school to
21 operate outside the boundaries of the community college district.
22 The board of a community college also may issue a contract for not
23 more than 1 school of excellence to operate on the grounds of an
24 active or closed federal military installation located outside the
25 boundaries of the community college district, or may operate a
26 school of excellence itself on the grounds of such a federal
27 military installation, if the federal military installation is not
28 located within the boundaries of any community college district and
29 the community college has previously offered courses on the grounds

1 of the federal military installation for at least 10 years.

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

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

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

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

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

18 (c) The proposed articles of incorporation ~~, which shall~~**that**
19 **must** include at least all of the following:

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

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

22 This language ~~shall~~**must** provide that the school of excellence is
23 incorporated pursuant to this part and that the school of
24 excellence is a governmental entity.

25 (iii) The name of the authorizing body.

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

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

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

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

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

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

14 (iii) The admission policy and criteria to be maintained by the
15 school of excellence. The admission policy and criteria ~~shall~~**must**
16 comply with section 556. This part of the application also ~~shall~~
17 **must** include a description of how the applicant will provide to the
18 general public adequate notice that a school of excellence is being
19 created and adequate information on the admission policy, criteria,
20 and process.

21 (iv) Except for a school of excellence that is a cyber school,
22 the school calendar and school day schedule.

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

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

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

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

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

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

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

28 (10) An authorizing body shall not charge a fee, or require
29 reimbursement of expenses, for considering an application for a

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

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

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

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

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

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

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

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

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

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

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

29 (16) For the purposes of subsections (14) and (15), not later

1 than July 1 of each year, the department shall determine the
2 percentage of the combined total statewide final audited membership
3 for all pupils in membership in public schools that are pupils in
4 membership in schools of excellence that are cyber schools for the
5 state fiscal year that includes that July 1.

6 (17) As used in this section:

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

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

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

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

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

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

29 (d) Purchased courses and curricula.

1 (e) Fees associated with oversight and regulation.

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

4 (g) Facilities costs.

5 (h) Costs associated with special education.

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

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

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

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

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

24 (21) The board of directors of a school of excellence that is
25 a cyber school shall ensure that, when a pupil enrolls in the
26 school of excellence that is a cyber school, the pupil and ~~his or~~
27 ~~her~~ **the pupil's** parent or legal guardian are provided with a
28 parent-student orientation. If the pupil is at least ~~age~~ **18 years**
29 **of age** or is an emancipated minor, the orientation may be provided

1 to just the pupil.

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

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

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

21 (i) Either of the following:

22 (A) The proposed school of excellence would operate at the
23 same location as a public school that currently is on the list
24 under ~~section 1280c(1) or 1280g(3), as applicable,~~ **federal**
25 **accountability requirements as provided under the every student**
26 **succeeds act, Public Law 114-95**, of the public schools in this
27 state determined to be among the lowest achieving **5% of** public
28 schools in this state or has been on that list during the
29 immediately preceding 3-year period.

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

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

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

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

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

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

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

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

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

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

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

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

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

18 (3) The authorizing body for a school of excellence is the
19 fiscal agent for the school of excellence. A state school aid
20 payment for a school of excellence ~~shall~~**must** be paid to the
21 authorizing body as the fiscal agent for that school of excellence,
22 and the authorizing body shall then forward the payment to the
23 school of excellence. Within 30 days after a contract is submitted
24 to the department by the authorizing body under subsection (1), the
25 department shall issue a district code to the school of excellence
26 for which the contract was issued. If the department does not issue
27 a district code within 30 days after a contract is filed, the state
28 treasurer shall assign a temporary district code in order for the
29 school of excellence to receive funding under the state school aid

1 act of 1979.

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

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

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

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

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

15 (5) Except for a school of excellence that is an alternative
16 school serving a special student population, if the department
17 determines that a school of excellence site that has been operating
18 for at least 4 years is among the lowest achieving **5% of** public
19 schools in this state for the immediately preceding 3 school years,
20 as determined under ~~section 1280c or 1280g, as applicable,~~ **federal**
21 **accountability requirements as provided under the every student**
22 **succeeds act, Public Law 114-95**, not to include any individualized
23 education plan subgroup, the department shall notify the school of
24 excellence's authorizing body. Subject to subsection (6), if an
25 authorizing body receives notice from the department under this
26 subsection, the authorizing body shall notify the school of
27 excellence and amend the school of excellence's contract to
28 eliminate the school of excellence's authority to operate the
29 existing age and grade levels at the site and the school of

1 excellence shall cease operating the existing age and grade levels
2 at the site, effective at the end of the current school year.
3 Subject to subsection (6), if the school of excellence operates at
4 only 1 site or is a cyber school, and the authorizing body receives
5 notice from the department under this subsection, the authorizing
6 body shall notify the school of excellence and revoke the school of
7 excellence's contract, effective at the end of the current school
8 year.

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

26 (7) Except for a contract issued by a school district pursuant
27 to a vote by the school electors on a ballot question under section
28 553(2), and except as otherwise provided in section 552, the
29 decision of the authorizing body to issue, not issue, or

1 reconstitute a contract under this part, or to terminate or revoke
2 a contract under this section, is solely within the discretion of
3 the authorizing body, is final, and is not subject to review by a
4 court or any other state agency. If the authorizing body issues,
5 does not issue, or reconstitutes a contract under this part, or
6 terminates or revokes a contract under this section, the
7 authorizing body is not liable for that action to the school of
8 excellence, the school of excellence corporation, a pupil of the
9 school of excellence, the parent or guardian of a pupil of the
10 school of excellence, or any other person.

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

23 (9) If the authorizing body revokes a contract, the
24 authorizing body shall work with a school district or another
25 public school, or with a combination of these entities, to ensure a
26 smooth transition for the affected pupils. If the revocation occurs
27 during the school year, the authorizing body, as the fiscal agent
28 for the school of excellence under this part, shall return any
29 school aid funds held by the authorizing body that are attributable

1 to the affected pupils to the state treasurer for deposit into the
2 state school aid fund. The state treasurer shall distribute funds
3 to the public school in which the pupils enroll after the
4 revocation pursuant to a methodology established by the department
5 and the center for educational performance and information.

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

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

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

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

25 (c) Simultaneously with the filing of the certificate of
26 dissolution under subdivision (b), the school of excellence board
27 of directors shall provide a copy of the board of directors' plan
28 of distribution of assets to the state treasurer for approval.
29 Within 30 days, the state treasurer, or ~~his or her~~ **the state**

1 **treasurer's** designee, shall review and approve the board of
2 directors' plan of distribution of assets. If the proposed plan of
3 distribution of assets is not approved within 30 days, the state
4 treasurer, or ~~his or her~~ **the state treasurer's** designee, shall
5 provide the board of directors with an acceptable plan of
6 distribution of assets.

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

11 (e) As part of the plan of distribution of assets, the school
12 of excellence board of directors shall designate the director of
13 the department of technology, management, and budget, or ~~his or her~~
14 **the director's** designee, to dispose of all real property of the
15 school of excellence corporation in accordance with the directives
16 developed for disposition of surplus land and facilities under
17 section 251 of the management and budget act, 1984 PA 431, MCL
18 18.1251.

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

27 (g) Following the sale of the real or personal property or
28 interests in the real or personal property, and after payment of
29 any school of excellence debt secured by the property or interest

1 in property, whether real or personal, the school of excellence
2 board of directors, or a trustee appointed under this section,
3 shall forward any remaining money to the state treasurer. Following
4 receipt, the state treasurer, or ~~his or her~~ **the state treasurer's**
5 designee, shall deposit this remaining money in the state school
6 aid fund.

7 Enacting section 1. Section 1280g of the revised school code,
8 1976 PA 451, MCL 380.1280g, is repealed.