

**HOUSE SUBSTITUTE FOR
SENATE BILL NO. 393**

A bill to amend 1976 PA 451, entitled
"The revised school code,"
by amending the title and sections 5, 501, and 504a (MCL 380.5,
380.501, and 380.504a), the title and sections 501 and 504a as
amended by 1995 PA 289 and section 5 as amended by 1999 PA 23,
and by adding section 503b and part 6c.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1

TITLE

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An act to provide a system of public instruction and
elementary and secondary schools; to revise, consolidate, and
clarify the laws relating to elementary and secondary education;
to provide for the organization, regulation, and maintenance of
schools, school districts, public school academies, ~~and~~
intermediate school districts, **and other public school entities;**
to prescribe rights, powers, duties, and privileges of schools,

1 school districts, public school academies, ~~and~~ intermediate
2 school districts, **and other public school entities**; to provide
3 for the regulation of school teachers and certain other school
4 employees; to provide for school elections and to prescribe
5 powers and duties with respect thereto; to provide for the levy
6 and collection of taxes; to provide for the borrowing of money
7 and issuance of bonds and other evidences of indebtedness; to
8 establish a fund and provide for expenditures from that fund; to
9 provide for and prescribe the powers and duties of certain state
10 departments, the state board of education, and certain other
11 boards and officials; to provide for licensure of boarding
12 schools; to prescribe penalties; and to repeal acts and parts of
13 acts.

14 Sec. 5. (1) "Local act school district" or "special act
15 school district" means a district governed by a special or local
16 act or chapter of a local act. "Local school district" and
17 "local school district board" as used in article 3 include a
18 local act school district and a local act school district board.

19 (2) "Membership" means the number of full-time equivalent
20 pupils in a public school as determined by the number of pupils
21 registered for attendance plus pupils received by transfer and
22 minus pupils lost as defined by rules promulgated by the state
23 board.

24 (3) "Nonpublic school" means a private, denominational, or
25 parochial school.

26 (4) "Objectives" means measurable pupil academic skills and
27 knowledge.

1 (5) "Public school" means a public elementary or secondary
2 educational entity or agency that is established under this act,
3 has as its primary mission the teaching and learning of academic
4 and vocational-technical skills and knowledge, and is operated by
5 a school district, local act school district, special act school
6 district, intermediate school district, public school academy
7 corporation, strict discipline academy corporation, **urban high**
8 **school academy corporation**, or by the department or state board.
9 Public school also includes a laboratory school or other
10 elementary or secondary school that is controlled and operated by
11 a state public university described in section 4, 5, or 6 of
12 article VIII of the state constitution of 1963.

13 (6) "Public school academy" means a public school academy
14 established under part 6a and, except as used in part 6a, also
15 includes **an urban high school academy established under part 6c**
16 **and** a strict discipline academy established under sections 1311b
17 to 1311f.

18 (7) "Pupil membership count day" of a school district means
19 that term as defined in section 6 of the state school aid act of
20 1979, MCL 388.1606.

21 (8) "Reorganized intermediate school district" means an
22 intermediate school district formed by consolidation or
23 annexation of 2 or more intermediate school districts under
24 sections 701 and 702.

25 (9) "Rule" means a rule promulgated pursuant to the
26 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
27 24.328.

1 Sec. 501. (1) A public school academy is a public school
 2 under section 2 of article VIII of the state constitution of
 3 1963, is a school district for the purposes of section 11 of
 4 article IX of the state constitution of 1963 and for the purposes
 5 of section 1225 **and section 1351a**, and is subject to the
 6 leadership and general supervision of the state board over all
 7 public education under section 3 of article VIII of the state
 8 constitution of 1963. A public school academy is a body
 9 corporate and is a governmental agency. The powers granted to a
 10 public school academy under this part constitute the performance
 11 of essential public purposes and governmental functions of this
 12 state.

13 (2) As used in this part:

14 (a) "Authorizing body" means any of the following that issues
 15 a contract as provided in this part:

16 (i) The board of a school district that operates grades K to
 17 12.

18 (ii) An intermediate school board.

19 (iii) The board of a community college.

20 (iv) The governing board of a state public university.

21 (b) "Certificated teacher" means an individual who holds a
 22 valid teaching certificate issued by the ~~state board~~
 23 **superintendent of public instruction** under section 1531.

24 (c) "Community college" means a community college organized
 25 under the community college act of 1966, ~~Act No. 331 of the~~
 26 ~~Public Acts of 1966, being sections 389.1 to 389.195 of the~~
 27 ~~Michigan Compiled Laws~~ **1966 PA 331, MCL 389.1 to 389.195**, or a

1 federal tribally controlled community college that is recognized
2 under the tribally controlled community college assistance act of
3 1978, Public Law 95-471, 92 Stat. 1325, and is determined by the
4 department to meet the requirements for accreditation by a
5 recognized regional accrediting body.

6 (d) "Contract" means the executive act taken by an
7 authorizing body that evidences the authorization of a public
8 school academy and that establishes, subject to the
9 constitutional powers of the state board and applicable law, the
10 written instrument executed by an authorizing body conferring
11 certain rights, franchises, privileges, and obligations on a
12 public school academy, as provided by this part, and confirming
13 the status of a public school academy as a public school in this
14 state.

15 (e) "Entity" means a partnership, nonprofit or business
16 corporation, labor organization, or any other association,
17 corporation, trust, or other legal entity.

18 (f) "State public university" means a **state** university
19 described in section 4, 5, or 6 of article VIII of the state
20 constitution of 1963.

21 **Sec. 503b. (1) An agreement, mortgage, loan, or other**
22 **instrument of indebtedness entered into by a public school**
23 **academy and a third party does not constitute an obligation,**
24 **either general, special, or moral, of this state or an**
25 **authorizing body. The full faith and credit or the taxing power**
26 **of this state or any agency of this state, or the full faith and**
27 **credit of an authorizing body, may not be pledged for the payment**

1 of any public school academy bond, note, agreement, mortgage,
2 loan, or other instrument of indebtedness.

3 (2) This part does not impose any liability on this state or
4 on an authorizing body for any debt incurred by a public school
5 academy.

6 Sec. 504a. In addition to other powers set forth in this
7 part, a public school academy may take action to carry out the
8 purposes for which it was incorporated under this part,
9 including, but not limited to, all of the following:

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

11 (b) ~~To~~ **Subject to section 503b, to** acquire, hold, and own
12 in its own name real and personal property, or interests in real
13 or personal property, for educational purposes by purchase, gift,
14 grant, devise, bequest, lease, sublease, installment purchase
15 agreement, land contract, option, or condemnation, and subject to
16 mortgages, security interests, or other liens; and to sell or
17 convey the property as the interests of the public school academy
18 require.

19 (c) To receive, ~~and~~ disburse, **and pledge** funds for lawful
20 purposes.

21 (d) To enter into binding legal agreements with persons or
22 entities as necessary for the operation, management, **financing,**
23 and maintenance of the public school academy.

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

25 (f) To solicit and accept any grants or gifts for educational
26 purposes and to establish or permit to be established on its
27 behalf 1 or more nonprofit corporations the purpose of which is

1 to assist the public school academy in the furtherance of its
2 public purposes.

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

14 PART 6C

15 URBAN HIGH SCHOOL ACADEMIES

16 Sec. 521. (1) An urban high school academy is a public
17 school under section 2 of article VIII of the state constitution
18 of 1963, is a school district for the purposes of section 11 of
19 article IX of the state constitution of 1963 and for the purposes
20 of sections 1225 and 1351a, and is subject to the leadership and
21 general supervision of the state board over all public education
22 under section 3 of article VIII of the state constitution of
23 1963. An urban high school academy is a body corporate and is a
24 governmental agency. The powers granted to an urban high school
25 academy under this part constitute the performance of essential
26 public purposes and governmental functions of this state.

27 (2) As used in this part:

1 (a) "Authorizing body" means the governing board of a state
2 public university that issues a contract as provided in this
3 part.

4 (b) "Certificated teacher" means an individual who holds a
5 valid teaching certificate issued by the superintendent of public
6 instruction under section 1531.

7 (c) "Contract" means the executive act taken by an
8 authorizing body that evidences the authorization of an urban
9 high school academy and that establishes, subject to the
10 constitutional powers of the state board and applicable law, the
11 written instrument executed by an authorizing body conferring
12 certain rights, franchises, privileges, and obligations on an
13 urban high school academy, as provided by this part, and
14 confirming the status of an urban high school academy as a public
15 school in this state.

16 (d) "Educational management company" means an entity that
17 enters into an agreement with the governing board of a public
18 school to provide comprehensive educational, administrative,
19 management, or instructional services or staff to the public
20 school.

21 (e) "Entity" means a nonprofit corporation that is organized
22 under the nonprofit corporation act, 1982 PA 162, MCL 450.2101 to
23 450.3192, and that has been granted tax-exempt status under
24 section 509(a) of the internal revenue code of 1986.

25 (f) "State public university" means a state university
26 described in section 4, 5, or 6 of article VIII of the state
27 constitution of 1963.

1 Sec. 522. (1) An urban high school academy shall be
2 organized and administered under the direction of a board of
3 directors in accordance with this part and with bylaws adopted by
4 the board of directors. An urban high school academy corporation
5 shall be organized under the nonprofit corporation act, 1982 PA
6 162, MCL 450.2101 to 450.3192, except that an urban high school
7 academy corporation is not required to comply with sections 170
8 to 177 of 1931 PA 327, MCL 450.170 to 450.177. To the extent
9 disqualified under the state or federal constitution, an urban
10 high school academy shall not be organized by a church or other
11 religious organization and shall not have any organizational or
12 contractual affiliation with or constitute a church or other
13 religious organization.

14 (2) The governing board of a state public university may act
15 as an authorizing body to issue a contract for the organization
16 and operation of an urban high school academy under this part.
17 Subject to section 524(1), not more than 15 contracts may be
18 issued under this part. A contract issued under this part shall
19 be for an urban high school academy that will be located in a
20 school district of the first class. An urban high school academy
21 authorized under this part shall not operate outside the
22 boundaries of a school district of the first class.

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

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

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

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

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

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

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

22 (iii) The name of the authorizing body.

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

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

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

1 academy.

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 urban high school
5 academy.

6 (ii) A copy of the educational goals of the urban high school
7 academy and the curricula to be offered and methods of pupil
8 assessment to be used by the urban high school academy. To the
9 extent applicable, the progress of the pupils in the urban high
10 school academy shall be assessed using at least a Michigan
11 education assessment program (MEAP) test or an assessment
12 instrument developed under section 1279.

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

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

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

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

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

1 will be occupied by the urban high school academy that is issued
2 the contract.

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

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

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

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

27 (i) Considering applications and issuing or administering

1 contracts.

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

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

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

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

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

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

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

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

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

22 Sec. 523. (1) An authorizing body is not required to issue
23 a contract to any entity. Urban high school academy contracts
24 shall be issued on a competitive basis taking into consideration
25 the resources available for the proposed urban high school
26 academy, the population to be served by the proposed urban high
27 school academy, and the educational goals to be achieved by the

1 proposed urban high school academy. In evaluating if an
2 applicant is qualified, the authorizing body shall examine the
3 proposed performance standards, proposed academic program,
4 financial viability of the applicant, and the ability of the
5 proposed board of directors to meet the contract goals and
6 objectives. An authorizing body shall give priority to
7 applicants that demonstrate all of the following:

8 (a) The proposed school will operate at least all of grades 9
9 through 12 within 3 years after beginning operation.

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

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

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

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

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

21 (a) The educational goals the urban high school academy is to
22 achieve and the methods by which it will be held accountable. To
23 the extent applicable, the pupil performance of an urban high
24 school academy shall be assessed using at least a Michigan
25 education assessment program (MEAP) test or an assessment
26 instrument developed under section 1279.

27 (b) A description of the method to be used to monitor the

1 urban high school academy's compliance with applicable law and
2 its performance in meeting its targeted educational objectives.

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

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

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

13 (f) A description of and address for the proposed building or
14 buildings in which the urban high school academy will be
15 located.

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

20 (h) A requirement that the board of directors shall ensure
21 compliance with the requirements of 1968 PA 317, MCL 15.321 to
22 15.330.

23 (i) A requirement that the board of directors shall prohibit
24 specifically identified family relationships between members of
25 the board of directors, individuals who have an ownership
26 interest in or who are officers or employees of an educational
27 management company involved in the operation of the urban high

1 school academy, and employees of the urban high school academy.
2 The contract shall identify the specific prohibited relationships
3 consistent with applicable law.

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

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

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

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

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

27 (iv) A current list of teachers working at the urban high

1 school academy that includes their individual salaries; copies of
2 the teaching certificates or permits of current teaching staff;
3 and evidence of compliance with the criminal background and
4 records checks and unprofessional conduct check required under
5 sections 1230, 1230a, and 1230b for all teachers and
6 administrators working at the urban high school academy.

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

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

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

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

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

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

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

21 (l) A requirement that the authorizing body must review and
22 may disapprove any agreement between the board of directors and
23 an educational management company before the agreement is final
24 and valid. An authorizing body may disapprove an agreement
25 described in this subdivision only if the agreement is contrary
26 to the contract or applicable law.

27 (m) A requirement that the board of directors shall

1 demonstrate all of the following to the satisfaction of the
2 authorizing body with regard to its pupil admission process:

3 (i) That the urban high school academy has made a reasonable
4 effort to advertise its enrollment openings in a newspaper of
5 general circulation in the intermediate school district in which
6 the urban high school academy is located.

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

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

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

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

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

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

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

6 (a) The open meetings act, 1976 PA 267, MCL 15.261 to
7 15.275.

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

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

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

12 (e) 1978 PA 566, MCL 15.181 to 15.185.

13 (f) 1968 PA 317, MCL 15.321 to 15.330.

14 (g) The uniform budgeting and accounting act, 1968 PA 2, MCL
15 141.421 to 141.440a.

16 (h) The revised municipal finance act, 2001 PA 34, MCL
17 141.2101 to 141.2821.

18 (i) The federal no child left behind act of 2001, Public Law
19 107-110, 115 Stat. 1425.

20 (j) Sections 1134, 1135, 1146, 1153, 1263(3), 1267, 1274, and
21 1280.

22 (4) An urban high school academy and its incorporators, board
23 members, officers, employees, and volunteers have governmental
24 immunity as provided in section 7 of 1964 PA 170, MCL 691.1407.
25 An authorizing body and its board members, officers, and
26 employees are immune from civil liability, both personally and
27 professionally, for any acts or omissions in authorizing or

1 oversight of an urban high school academy if the authorizing body
2 or the person acted or reasonably believed he or she acted within
3 the authorizing body's or the person's scope of authority.

4 (5) An urban high school academy is exempt from all taxation
5 on its earnings and property. Instruments of conveyance to or
6 from an urban high school academy are exempt from all taxation,
7 including taxes imposed by 1966 PA 134, MCL 207.501 to 207.513.
8 An urban high school academy may not levy ad valorem property
9 taxes or any other tax for any purpose.

10 (6) An urban high school academy may acquire by purchase,
11 gift, devise, lease, sublease, installment purchase agreement,
12 land contract, option, or any other means, hold, and own in its
13 own name buildings and other property for school purposes, and
14 interests therein, and other real and personal property,
15 including, but not limited to, interests in property subject to
16 mortgages, security interests, or other liens, necessary or
17 convenient to fulfill its purposes. For the purposes of
18 condemnation, an urban high school academy may proceed under the
19 uniform condemnation procedures act, 1980 PA 87, MCL 213.51 to
20 213.75, excluding sections 6 to 9 of that act, MCL 213.56 to
21 213.59, or other applicable statutes, but only with the express,
22 written permission of the authorizing body in each instance of
23 condemnation and only after just compensation has been determined
24 and paid.

25 Sec. 523a. (1) An agreement, mortgage, loan, or other
26 instrument of indebtedness entered into by an urban high school
27 academy and a third party does not constitute an obligation,

1 either general, special, or moral, of this state or an
2 authorizing body. The full faith and credit or the taxing power
3 of this state or any agency of this state, or the full faith and
4 credit of an authorizing body, may not be pledged for the payment
5 of any urban high school academy bond, note, agreement, mortgage,
6 loan, or other instrument of indebtedness.

7 (2) This part does not impose any liability on this state or
8 on an authorizing body for any debt incurred by an urban high
9 school academy.

10 Sec. 524. (1) An urban high school academy may be located
11 in all or part of an existing public school building. Except as
12 otherwise provided in this subsection, an urban high school
13 academy shall not operate at a site other than the single site
14 requested for the configuration of grades that will use the site,
15 as specified in the contract. However, an authorizing body may
16 include a provision in the contract allowing an urban high school
17 academy to operate the same configuration of grades at more than
18 1 site. If an urban high school academy operates the same
19 configuration of grades at more than 1 site, each of those sites
20 shall be considered to be operated under a separate contract, and
21 the operation shall be equivalent to the issuance of a contract,
22 for the purposes of the limitation in section 522(2) on the
23 number of contracts that may be issued under this part. For the
24 purposes of this subsection, if an urban high school academy
25 operates classes at more than 1 location, the urban high school
26 academy shall be considered to be operating at a single site if
27 all of the locations are within a 1-mile radius of the urban high

1 school academy's central administrative office and if the total
2 number of pupils enrolled in any particular grade at all of the
3 locations does not exceed 125.

4 (2) An urban high school academy shall not charge tuition.
5 Except as otherwise provided in this section, an urban high
6 school academy shall not discriminate in its pupil admissions
7 policies or practices on the basis of intellectual or athletic
8 ability, measures of achievement or aptitude, status as a
9 handicapped person, or any other basis that would be illegal if
10 used by a school district. However, an urban high school academy
11 may limit admission to pupils who are within a particular range
12 of age or grade level or on any other basis that would be legal
13 if used by a school district and may give enrollment priority as
14 provided in subsection (4).

15 (3) Except for a foreign exchange student who is not a United
16 States citizen, an urban high school academy shall not enroll a
17 pupil who is not a resident of this state. Enrollment in an
18 urban high school academy shall be open to all pupils who reside
19 in this state who meet the admission policy. Subject to
20 subsection (4), if there are more applications to enroll in the
21 urban high school academy than there are spaces available, pupils
22 shall be selected to attend using a random selection process. An
23 urban high school academy shall allow any pupil who was enrolled
24 in the urban high school academy in the immediately preceding
25 school year to enroll in the urban high school academy in the
26 appropriate grade unless the appropriate grade is not offered at
27 that urban high school academy.

1 (4) An urban high school academy may give enrollment priority
2 to 1 or more of the following:

3 (a) A sibling of a pupil enrolled in the urban high school
4 academy.

5 (b) A child of a person who is employed by or at the urban
6 high school academy or who is on the board of directors of the
7 urban high school academy. As used in this subdivision, "child"
8 includes an adopted child or a legal ward.

9 (5) Subject to the terms of the contract authorizing the
10 urban high school academy, an urban high school academy shall
11 include at least grades 9 through 12 within 5 years after
12 beginning operations and may include other grades or any
13 configuration of those grades, including kindergarten and early
14 childhood education, as specified in its contract. If specified
15 in its contract, an urban high school academy may also operate an
16 adult basic education program, adult high school completion
17 program, or general education development testing preparation
18 program.

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

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

24 (b) Subject to section 523a, to acquire, hold, and own in its
25 own name real and personal property, or interests in real or
26 personal property, for educational purposes by purchase, gift,
27 grant, devise, bequest, lease, sublease, installment purchase

1 agreement, land contract, option, or condemnation, and subject to
2 mortgages, security interests, or other liens; and to sell or
3 convey the property as the interests of the urban high school
4 academy require.

5 (c) To receive, disburse, and pledge funds for lawful
6 purposes.

7 (d) To enter into binding legal agreements with persons or
8 entities as necessary for the operation, management, financing,
9 and maintenance of the urban high school academy.

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

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

16 (g) To borrow money and issue bonds in accordance with
17 section 1351a and in accordance with part VI of the revised
18 municipal finance act, 2001 PA 34, MCL 141.2601 to 141.2613,
19 except that the borrowing of money and issuance of bonds by an
20 urban high school academy are not subject to section 1351a(4) or
21 section 1351(2) to (4). Bonds issued under this section shall be
22 full faith and credit obligations of the urban high school
23 academy, pledging the general funds or any other money available
24 for such a purpose. Bonds issued under this section are subject
25 to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to
26 141.2821.

27 Sec. 526. (1) Except as otherwise provided by law, an urban

1 high school academy shall use certificated teachers according to
2 state board rule.

3 (2) An urban high school academy may use noncertificated
4 individuals to teach as follows:

5 (a) The urban high school academy may use as a classroom
6 teacher in any grade a faculty member who is employed full-time
7 by the state public university that is the authorizing body and
8 who has been granted institutional tenure, or has been designated
9 as being on tenure track, by that state public university.

10 (b) In any other situation in which a school district is
11 permitted under this act to use noncertificated teachers.

12 (3) An urban high school academy may develop and implement
13 new teaching techniques or methods or significant revisions to
14 known teaching techniques or methods and shall report those to
15 the authorizing body and state board to be made available to the
16 public. An urban high school academy may use any instructional
17 technique or delivery method that may be used by a school
18 district.

19 Sec. 527. An urban high school academy, with the approval
20 of the authorizing body, may employ or contract with personnel,
21 or enter into a contract with another party to furnish teachers
22 or other personnel, as necessary for the operation of the urban
23 high school academy, prescribe their duties, and fix their
24 compensation.

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

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

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

5 (c) Adopt a resolution establishing the method of selection,
6 length of term, and number of members of the board of directors
7 of each urban high school academy that it authorizes.

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

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

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

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

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

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

7 (3) The authorizing body for an urban high school academy is
8 the fiscal agent for the urban high school academy. A state
9 school aid payment for an urban high school academy shall be paid
10 to the authorizing body that is the fiscal agent for that urban
11 high school academy, which shall then forward the payment to the
12 urban high school academy. Within 30 days after a contract is
13 submitted to the department by an authorizing body under
14 subsection (1), the department shall issue a district code to the
15 urban high school academy for which the contract was issued. If
16 the department does not issue a district code within 30 days
17 after a contract is filed, the state treasurer shall assign a
18 temporary district code in order for the urban high school
19 academy to receive funding under the state school aid act of
20 1979.

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

24 (a) Failure of the urban high school academy to abide by and
25 meet the educational goals set forth in the contract.

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

1 (c) Failure of the urban high school academy to meet
2 generally accepted public sector accounting principles.

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

5 (5) The decision of an authorizing body to issue, reissue, or
6 reconstitute a contract under this part, or to revoke a contract
7 under this section, is solely within the discretion of the
8 authorizing body, is final, and is not subject to review by a
9 court or any state agency. An authorizing body that does not
10 issue, reissue, or reconstitute a contract under this part, or
11 that revokes a contract under this section, is not liable for
12 that action to the urban high school academy, the urban high
13 school academy corporation, a pupil of the urban high school
14 academy, the parent or guardian of a pupil of the urban high
15 school academy, or any other person.

16 (6) Before an authorizing body revokes a contract, the
17 authorizing body shall consider and take corrective measures to
18 avoid revocation. An authorizing body shall reconstitute the
19 urban high school academy in a final attempt to improve student
20 educational performance or to avoid interruption of the
21 educational process. An authorizing body shall include a
22 reconstituting provision in the contract that identifies these
23 corrective measures, including, but not limited to, removing 1 or
24 more members of the board of directors, withdrawing approval to
25 contract under section 525 for an agreement described in section
26 1320, or appointing a new board of directors or a trustee to take
27 over operation of the urban high school academy.

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

14 (8) If an authorizing body revokes a contract issued under
15 this part, the authorizing body may issue a new contract within
16 the 1-year period following the revocation without the new
17 contract counting toward the maximum number of contracts that may
18 be issued under this part.

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

25 (10) If an urban high school academy's contract terminates or
26 is revoked, title to all real and personal property, interest in
27 real or personal property, and other assets owned by the urban

1 high school academy shall revert to the state. This property
2 shall be distributed in accordance with the following:

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

9 (b) The urban high school academy shall file a certificate of
10 dissolution with the department of consumer and industry services
11 within 10 business days following board approval.

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

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

26 (e) As part of the plan of distribution of assets, the urban
27 high school academy board of directors shall designate the

1 director of the department of management and budget, or his or
2 her designee, to dispose of all real property of the urban high
3 school academy corporation in accordance with the directives
4 developed for disposition of surplus land and facilities under
5 section 251 of the management and budget act, 1984 PA 431, MCL
6 18.1251.

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

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

24 Sec. 529. An authorizing body and urban high school academy
25 may include provisions in the contract that permit the entity
26 that applied for the contract to do any of the following:

27 (a) Participate in the recruiting, interviewing, and

1 nominating process for urban high school academy board members.

2 (b) Conduct an independent educational review, on a periodic
3 basis, to determine whether the urban high school academy is
4 successful in implementing the educational goals set forth in the
5 contract.

6 (c) Serve as contract administrator between the urban high
7 school academy board of directors and any educational management
8 company contracted to operate the urban high school academy.

9 (d) Make recommendations to the authorizing body and urban
10 high school academy on how to improve the urban high school
11 academy's operation.